

**ADOPTED REGULATION OF THE  
COMMITTEE ON LOCAL GOVERNMENT FINANCE**

**LCB File No. R044-06**

Effective May 4, 2006

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §1, NRS 361.4733; §2, NRS 361.473, 361.4731, 361.4733; §3, NRS 361.4732, 361.4733.

A REGULATION relating to the partial abatement of property taxes; providing for the administration and interpretation of the statutory provisions governing the allocation of certain portions of reductions in revenue resulting from certain partial abatements and the effect of the annexation of real property to a taxing entity; and providing other matters properly relating thereto.

**Section 1.** Chapter 361 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

**Sec. 2. 1.** *For the purpose of calculating any amount required to be deducted pursuant to subsection 4 of NRS 361.4722, subsection 3 of NRS 361.4723 or subsection 3 of NRS 361.4724 for a fiscal year from the amount any taxing entity would otherwise be entitled to receive from the ad valorem taxation of a parcel or other taxable unit of property, the entity-adjusted parcel tax rate of each taxing entity must be used to determine:*

*(a) The rate of ad valorem taxes levied in the county on that property by or on behalf of each taxing entity for that fiscal year; and*

*(b) The combined rate of all ad valorem taxes levied in the county on that property by or on behalf of all taxing entities for that fiscal year.*

*2. For the purpose of making the calculations required for each parcel or other taxable unit of property pursuant to NRS 361.473 or 361.4731, the entity-adjusted parcel tax rate of each taxing entity must be used to determine:*

*(a) The ad valorem tax rate of each taxing entity applicable to that property for the immediately preceding fiscal year; and*

*(b) The combined overlapping tax rate applicable to that property for the immediately preceding fiscal year.*

*3. For the purposes of this section, the “entity-adjusted parcel tax rate” of a taxing entity means the rate of ad valorem taxes imposed by or on behalf of that taxing entity upon a parcel or other taxable unit of property for a fiscal year, as calculated by:*

*(a) Multiplying the actual rate of ad valorem taxes levied by or on behalf of that taxing entity for that fiscal year by the assessed value of that property for that fiscal year;*

*(b) Subtracting from the amount determined pursuant to paragraph (a) any amount deducted for that fiscal year pursuant to subsection 3 of NRS 361.473 or paragraph (a) of subsection 3 of NRS 361.4731 from the amount that taxing entity would otherwise be entitled to receive from the ad valorem taxation of that property; and*

*(c) Dividing the amount determined pursuant to paragraph (b) by the assessed value of that property for that fiscal year to determine that entity-adjusted parcel tax rate.*

**Sec. 3.** *For the purpose of carrying out the provisions of NRS 361.4732, the annexation of a parcel or other taxable unit of real property to a taxing entity includes:*

*1. The inclusion of the property within the boundaries of an existing taxing entity as a result of a change in the boundaries of that taxing entity;*

*2. The inclusion of the property within the boundaries of a new taxing entity; and*

*3. The assumption by a taxing entity of the functions of another taxing entity that:*

*(a) Was entitled to levy or require the levy on its behalf of any ad valorem taxes on the property during the immediately preceding fiscal year; and*

*(b) Has been dissolved.*

**NOTICE OF ADOPTION OF PROPOSED REGULATION  
LCB File No. R044-06**

The Committee on Local Government Finance adopted permanent regulations on April 17, 2006, pertaining to Chapter 361 of the Nevada Administrative Code, LCB File No. R044-06, administration and interpretation of the statutory provisions governing the allocation of certain portions of reductions in revenue resulting from certain partial abatements and the effect of the annexation of real property to a taxing entity.

**Notice date:** 3/14/2006  
**Hearing date:** 4/17/2006

**Date of adoption by agency:** 4/17/2006  
**Filing date:** 5/4/2006

**INFORMATIONAL STATEMENT**

The following statement is submitted for adopted amendments to Nevada Administrative Code (NAC) 361 with regard to the allocation of reductions in revenue resulting from certain partial abatements and the effect of the annexation of real property to a taxing entity:

- 1. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.**

The Department of Taxation (Department), as staff to the Committee on Local Government Finance (CLGF), solicited comments from the public by sending notice of workshops and hearings by electronic or regular mail as follows:

<b><u>Date of Notice</u></b>	<b><u>Workshop/ Hearing</u></b>	<b><u>Date of Workshop</u></b>	<b><u>Number Notified</u></b>	<b><u>Representing Businesses</u></b>	
March 14, 2006		Workshop	April 17, 2006	351	80
March 14, 2006		Hearing	April 17, 2006	351	80

The mailing list included the interested parties list maintained by the Department, as well as officials of local jurisdictions subject to these regulations.

Oral comments and one written comment were received at the workshop. A copy of the audio taped comments or the record of proceedings may be obtained by calling the Department at (775) 684-2100 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at [lheyman@tax.state.nv.us](mailto:lheyman@tax.state.nv.us).

The proposed permanent regulation was submitted to the Legislative Counsel Bureau on March 10, 2006. The Legislative Counsel Bureau completed its review and revisions on April 6, 2006.

**2. The number persons who:**

**(a) Attended and testified at each workshop:**

<u>Date of Workshop</u>	<u>Attended</u>	<u>Testified</u>
April 17, 2006	28	5

**(b) Attended and testified at each hearing:**

<u>Date of Hearing</u>	<u>Commissioners/ Public Attended</u>	<u>Public Testified</u>
April 17, 2006	9 / 28	1

**(c) Written Comments submitted to the agency:**

<u>Date of Hearing</u>	<u>Number Received</u>
March 9, 2006	1

**3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.**

Comments were solicited from affected and interested businesses and persons, by notices posted at the Nevada State Library; various Department locations throughout the state; and at the Main Public Libraries in counties where an office of the Department is not located. Comments were also solicited by direct mail to finance officers of cities, counties, general improvement districts, hospitals, schools, as well as county clerks, county assessors and the interested parties list maintained by the Department. Approximately 23% of the approximately 351 direct mail notices were sent to individuals or associations representing business.

The Department, CLGF Members, County Finance Officers, Assessors and the general public commented on all of the proposed language changes during the workshop process. Members of the CLGF and the Department commented during the Adoption Hearing.

A copy of the audio taped comments or the record of proceedings may be obtained by calling the Department at (775) 684-2100 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at [lheyman@tax.state.nv.us](mailto:lheyman@tax.state.nv.us).

4. **If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The regulation was adopted as written by LCB.

5. **The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:**
  - (a) **Both adverse and beneficial effects; and**
  - (b) **Both immediate and long-term effects.**

The beneficial effect is to provide efficient procedures for the administration and distribution of revenue after certain partial abatements have been applied; to remove any negative effects to other entities caused by one entity raising property tax rates; and to assure that the effects of abatements are distributed to the appropriate entity.

6. **The estimated cost to the agency for enforcement of the adopted regulation.**

The Department anticipates additional cost to administer the regulations will be incurred to update programming.

7. **A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

There are no other state or government agency regulations that the proposed amendments duplicate.

8. **If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.**

There are no federal regulations regarding the valuation of property.

9. **If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The Committee on Local Government Finance is not aware of any provision in this regulation that provides for a new fee, or increases an existing fee.