

LCB File No. R044-06

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

(This draft replaces the one posted 3/20/2006)

Chapter 361 of NAC is amended by adding the provisions of Sections 1 to 4 hereof.

Section 1. Statement of Purpose.

1. Pursuant to NRS 361.4733, the Committee on Local Government Finance has the authority to adopt such regulations as it determines to be appropriate for the administration and interpretation of the provisions of NRS 361.472, NRS 361.4731 and NRS 361.4733, which governs allocations of reductions in property tax revenues among taxing entities.

2. The principal sought to be achieved by allocation of reductions in ad valorem property tax revenues among taxing entities as a result of application of NRS 361.471 to 361.4735, inclusive, is that reductions in property tax revenues should be allocated to the entity that would have received the benefit of the increase in property tax revenues if there was no reduction in property tax revenues, thus that no entity would suffer a reduction in property tax revenues caused by a property a tax increase made by another entity.

3. There is a need for interpretative regulations to be promulgated under NRS 361.473 and 361.4731 which, as permitted by Subsection 4 of NRS 361.4722, Subsection 3 of NRS 361.4723 and Subsection 3 of NRS 361.4724 would apply to allocations of property tax reductions made under those Sections.

Section 2. Entity Adjusted Parcel Tax Rate Defined “Entity adjusted parcel tax rate” with respect to an entity means the tax rate of that entity applied to a parcel in a fiscal year determined by dividing:

(a) the difference between

(i) the product of the actual tax rate levied by that entity in the fiscal year times the assessed value of the parcel for that fiscal year, minus

(ii) the property tax reduction allocated to the taxing entity for that parcel pursuant to the provisions of Subsection 3 of NRS 361.473 or paragraph (a) of Subsection 3 of NRS 361.4731

by

(b) the assessed value of the parcel for that fiscal year.

Section 3. *For purposes of allocating reductions in property taxes among taxing entities pursuant to Subsection 4 of NRS 361.4722, Subsection 3 of NRS 361.4723 and Subsection 3 of NRS 361.4724, the rate of ad valorem taxes levied in the county on the property by or on behalf a taxing entity for a fiscal year and 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 shall be determined using the entity adjusted parcel tax rates for each taxing entity for the fiscal year.*

Section 4. *The ad valorem tax rate of an entity in a preceding fiscal year for the purposes of computing any change in the combined overlapping tax rate or in that entity's tax rate for the purposes of NRS 361.473(1)(b)(2), 361.473(2)(b)(2), 361.473(3), NRS 361,4731(1)(a)(2)(II), 361.4731(2)(a)(2)(II), and NRS 316.4731(3)(a) shall be determined using the entity adjusted parcel tax rate of each entity for such immediately preceding fiscal year.*

Addition to Proposed Permanent Regulation of the Nevada Tax Commission

Authority: Chapter 419, Statutes of Nevada 2005, Section 16.

For purposes of exemption from the abatement due to a change in tax rate allowed by Section 16 of Chapter 419, Statutes of Nevada 2005, "annexation" by a taxing entity includes the expansion or inclusion of a parcel or other taxable unit of property by an existing taxing entity, a new taxing entity or by an existing taxing entity which takes over the functions of another dissolved entity.