

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

LCB File No. R117-09

Effective June 30, 2010

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

AUTHORITY: §§1-8, NRS 354.107 and 354.594.

A REGULATION relating to the financial administration of local governments; requiring the reporting and reconciliation of the amount of ad valorem property taxes received by a county and the amount of those taxes distributed to the county school district; and providing other matters properly relating thereto.

Section 1. Chapter 354 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 8, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 and 4 of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Central assessment roll” means the central assessment roll described in NRS 361.3205.*

Sec. 4. *“Property tax receipts” means receipts from ad valorem property taxes, including, without limitation, any receipts from:*

- 1. Taxes on real and personal property which are paid pursuant to NRS 361.483;*
- 2. Deferred taxes on real property previously held for agricultural or open-space use which are assessed pursuant to NRS 361A.280;*

3. *Taxes on any property that is not on the secured tax roll which are assessed pursuant to NRS 361.505, 361.767, 361.769 or 361.770;*

4. *Taxes on any property that is valued by the Nevada Tax Commission pursuant to NRS 361.320 which are collected pursuant to NRS 361.3205; and*

5. *Taxes on the net proceeds of minerals which are appropriated to a county pursuant to NRS 362.170,*

↳ except that the term does not include any franchise fees, payments for oil or gas leases, fees for hunting or fishing, or payments by the Federal Government in lieu of taxes.

Sec. 5. *On or before August 1 of each fiscal year, the tax receiver of each county shall file with the Department, the Department of Education and the county school district a preliminary summary report of the total amount of property tax receipts for the immediately preceding fiscal year that were received by the county before July 1 of the current fiscal year. Except as otherwise provided in section 8 of this regulation, the report must not duplicate any amounts previously reported pursuant to sections 2 to 8, inclusive, of this regulation during the immediately preceding fiscal year.*

Sec. 6. *The preliminary summary report required by section 5 of this regulation must include:*

1. *The total amount of the property tax receipts of the county classified by type, including:*

(a) *The total amount of taxes collected for the immediately preceding fiscal year attributable to property on the secured tax roll;*

(b) *The total amount of taxes collected for the immediately preceding fiscal year attributable to property on the unsecured tax roll;*

- (c) The total amount of taxes collected for the immediately preceding fiscal year attributable to property on the central assessment roll;*
 - (d) The total amount of taxes on the net proceeds of minerals collected for the immediately preceding calendar year which was distributed to the county pursuant to NRS 362.170;*
 - (e) The total amount of taxes on the net proceeds of minerals collected for the current calendar year which was distributed to the county pursuant to NRS 362.170;*
 - (f) The total amount collected for delinquent taxes attributable to all the fiscal years ending on or before June 30, 2005;*
 - (g) The total amount collected for delinquent taxes attributable to all the fiscal years beginning on or after July 1, 2005, and before the commencement of the current fiscal year;*
 - (h) The total of all the amounts described in paragraphs (a) to (g), inclusive;*
 - (i) The total amount of the pertinent commission paid into the county treasury pursuant to NRS 361.530; and*
 - (j) The result obtained by subtracting the sum described in paragraph (i) from the sum described in paragraph (h).*
- 2. The portions of the property tax receipts of the county distributed for the operation of public schools, using a tax rate of 75 cents on each \$100 of assessed valuation of taxable property, including:*
- (a) The portion of the total amount of taxes collected for the immediately preceding fiscal year attributable to property on the secured tax roll which was distributed to the county school district;*

(b) The portion of the total amount of taxes collected for the immediately preceding fiscal year attributable to property on the unsecured tax roll which was distributed to the county school district;

(c) The portion of the total amount of taxes collected for the immediately preceding fiscal year attributable to property on the central assessment roll which was distributed to the county school district;

(d) The portion of the total amount of taxes on the net proceeds of minerals distributed to the county during the immediately preceding fiscal year pursuant to NRS 362.170 which is available to the county school district for use in the current fiscal year pursuant to subsection 2 of NRS 387.195;

(e) The portion of the total amount of taxes on the net proceeds of minerals collected for the immediately preceding calendar year which was distributed to the county pursuant to NRS 362.170 and subsequently distributed to the county school district;

(f) The portion of the total amount of taxes on the net proceeds of minerals collected for the current calendar year which was distributed to the county pursuant to NRS 362.170 and subsequently distributed to the county school district;

(g) The portion of the total amount collected for delinquent taxes attributable to all the fiscal years ending on or before June 30, 2005, which was distributed to the county school district;

(h) The portion of the total amount collected for delinquent taxes attributable to all the fiscal years beginning on or after July 1, 2005, and before the commencement of the current fiscal year which was distributed to the county school district;

(i) The total of all the amounts described in paragraphs (a) to (h), inclusive;

(j) The total amount of the pertinent commission paid into the county treasury pursuant to NRS 361.530; and

(k) The result obtained by subtracting the sum described in paragraph (j) from the sum described in paragraph (i).

Sec. 7. 1. *On or before August 10 of each fiscal year, a county school district shall provide to the Department, the Department of Education and the tax receiver of the county a report of all the receipts and deductions of the county school district for the immediately preceding fiscal year which pertain to the amounts included in the preliminary summary report filed pursuant to section 5 of this regulation. If the total amounts reported by the county school district pursuant to this subsection differ from the corresponding amounts included in the preliminary summary report by more than 3 percent in any category, representatives of the school district and the tax receiver must jointly determine the reasons for that difference.*

2. *On or before August 15 of each fiscal year, the tax receiver of each county shall:*

(a) Make any adjustments necessary to reconcile the amounts contained in the preliminary summary report filed pursuant to section 5 of this regulation for the immediately preceding fiscal year with the amounts contained in the report filed by the county school district pursuant to subsection 1;

(b) Include in the preliminary summary report an explanation of the reasons for any differences of greater than 3 percent determined pursuant to subsection 1; and

(c) Submit a copy of the preliminary summary report, as revised pursuant to this subsection, to the Department, the Department of Education and the county school district.

Sec. 8. 1. *On or before September 10 of each fiscal year, the tax receiver of each county shall file with the Department, the Department of Education and the county school district a*

final summary report of the total amount of property tax receipts for the immediately preceding fiscal year that were received by the county. The final summary report must include the information described in section 6 of this regulation and the total amount of any property tax receipts for the immediately preceding fiscal year that were received by the county during July and August of the current fiscal year.

2. The amounts reported pursuant to this section must not be duplicated in any preliminary summary report filed pursuant to section 5 of this regulation during any subsequent fiscal year, except that the total amount of any property tax receipts for the immediately preceding fiscal year that were received by the county during July and August of the current fiscal year must be included in and accounted for in the preliminary summary report filed during the next fiscal year.

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS AS REQUIRED BY
ADMINISTRATIVE PROCEDURES ACT, NRS 233B.066**

LCB FILE R117-09

Procedures for the Reporting of Property Tax Collections

The following statement is submitted for amendments, additions and deletions, to Nevada Administrative Code (NAC) Chapter 354 adopted by the Committee on Local Government Finance (CLGF), clarifying the procedures for the reporting of property tax collections, and providing other matters properly relating thereto.

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, as staff to CLGF, solicited comment from the public by sending notice of workshops and hearings by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/ Hearing</u>	<u>Date of Hearing/ Workshop</u>	<u>Number Notified</u>	<u>Representing Businesses</u>
Temporary Regulation				
5-18-09	Workshop	6-2-09	336	182
6-11-09	Hearing	7-15-09	336	182
Permanent Regulation				
10-16-09	Workshop	11-4-09	534	182
3-18-10	Hearing	4-19-10	534	182

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 were received at the workshops and hearing. A copy of the audio taped comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation 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 srains@tax.state.nv.us.

The Legislative Counsel Bureau completed its review and revisions on October 8, 2009.

2. **The number of persons who:**

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

<u>Date of Workshop</u>	<u>Attended</u>	<u>Testified</u>
6-2-09	12	3
11-4-09	20	5

(b) Attended and testified at each hearing:

<u>Date of Hearing</u>	<u>Commission/ Public Attended</u>	<u>Public Testified</u>
7-15-09	24	2
4-19-10	15	2

(c) Submitted to the agency written comments:

Date of Workshop / Hearing **Number Received**

No written comments were received for workshops or hearings.

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, local governments, and persons, by notices posted at the Nevada State Library; various Department of Taxation locations throughout the state; and at the Main Public Libraries in counties where an office of the Department of Taxation is not located. Comments were also solicited by direct mail to assessors and the interested parties list maintained by the Department. Approximately 34% of the approximately 534 direct mail or email notices were sent to individuals or associations representing business.

Members of the CLGF, officials of the Nevada Department of Taxation, local government officials, and members of the general public commented on some or all of the proposed language changes during the workshop process and during the Adoption Hearings.

A copy of the audio taped comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation 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 srains@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 permanent regulation was adopted with changes reflecting the verbal comments submitted to, or received by, the Department of Taxation primarily from government entities and CLGF members during the workshops and hearings listed above. CLGF adopted the permanent regulation as revised in a workshop and at the adoption hearing; and believed no changes other than those made were necessary.

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.

CLGF found that the regulation does not impose a direct and significant burden upon businesses and the public in Nevada. The regulation provides the process by which information regarding property tax collections is disseminated to the Department of Taxation, Department of Education, and to the school districts.

The regulations present no reasonably foreseeable or anticipated immediate or long-term negative economic effects to businesses. The immediate and long-term effects of the regulation are to provide procedures for the administration of county records of the county school district fund, to coordinate and confirm the accuracy of property tax collections with the local school district and to inform the Department of Taxation and the Department of Education as to the amount of property taxes collected for purposes of estimating the funds available for accurate calculation of distributions from the distributive school account.

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

The Department anticipates some additional cost for local governments to administer the regulation.

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.

CLGF is not aware of any provision in this regulation which is also governed by federal regulation.

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.

CLGF is not aware of any provision in this regulation that provides for a new fee, or increases an existing fee.

10. If the proposed regulation is likely to impose a direct and significant economic burden upon a small business or directly restricted the formation, operation or expansion of a small business? What methods did the agency use in determining the impact of the regulation on a small business?

The Director has determined that the proposed regulation does not impose a direct and significant economic burden upon a small business or restrict the formation, operation or expansion of a small business. In making this determination the Director considered the fact that the proposed amendment only applies to activity by local and state government officials and imposes no direct requirements on any private businesses.