

**ADOPTED REGULATION OF THE
STATE BOARD OF EQUALIZATION**

LCB File No. R153-09

§§2, 8, 10 and 23 effective April 20, 2010
§§1, 3 to 7, inclusive, 9 and 11 to 22, inclusive, effective October 1, 2010

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

AUTHORITY: §§1-23, NRS 361.375 and 361.395.

A REGULATION relating to taxation; establishing procedures for the equalization of property valuations by the State Board of Equalization; 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 to 21, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 21, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 8, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“County board” means a county board of equalization.*

Sec. 4. *“Equalize property valuations” means to ensure that the property in this State is assessed uniformly in accordance with the methods of appraisal and at the level of assessment required by law.*

Sec. 5. *“Interested person” means an owner of any relevant property, as indicated in the records of the county assessor of the county in which the property is located or, if the Commission establishes the valuation of the property, as indicated in the records of the Department.*

Sec. 6. *“Ratio study” means an evaluation of the quality and level of assessment of a class or group of properties in a county which compares the assessed valuation established by the county assessor for a sampling of those properties to:*

1. An estimate of the taxable value of the property by the Department or an independent appraiser; or

2. The sales price of the property,

↳ as appropriate.

Sec. 7. *“Secretary” means the Secretary of the State Board.*

Sec. 8. *“State Board” means the State Board of Equalization.*

Sec. 9. *The provisions of sections 2 to 21, inclusive, of this regulation govern the practice and procedure for proceedings before the State Board to carry out the provisions of NRS 361.395.*

Sec. 10. *1. The State Board hereby adopts by reference the Standard on Ratio Studies, July 2007 edition, published by the International Association of Assessing Officers. The Standard on Ratio Studies may be obtained from the International Association of Assessing Officers, 314 West 10th Street, Kansas City, Missouri 64105-1616, or on the Internet at <http://www.iaao.org/store>, for the price of \$10.*

2. If the publication adopted by reference in subsection 1 is revised, the State Board will review the revision to determine its suitability for this State. If the State Board determines that the revision is not suitable for this State, the State Board will hold a public hearing to review its determination and give notice of that hearing within 30 days after the date of the publication of the revision. If, after the hearing, the State Board does not revise its determination, the State Board will give notice that the revision is not suitable for this State

within 30 days after the hearing. If the State Board does not give such notice, the revision becomes part of the publication adopted by reference pursuant to subsection 1.

Sec. 11. 1. *During each annual session of the State Board, the State Board will hold one or more hearings to:*

- (a) Review the tax roll of each county, as corrected by the county board;*
- (b) Determine whether the property in this State has been assessed uniformly in accordance with the methods of appraisal and at the level of assessment required by law;*
- (c) Determine whether the taxable values specified in the tax roll of any county must be increased or decreased to equalize property valuations in this State; and*
- (d) Take such additional actions as it deems necessary to carry out the provisions of NRS 361.395.*

2. Subject to the time limitations specified in NRS 361.380, the State Board may adjourn its annual session from time to time until it has completed its duties pursuant to NRS 361.395 for the applicable fiscal year.

Sec. 12. *In determining whether the property in this State has been assessed uniformly in accordance with the methods of appraisal and at the level of assessment required by law, the State Board will consider:*

- 1. The tax roll of each county, as corrected by the county board and filed with the Secretary pursuant to NRS 361.390;*
- 2. The central assessment roll prepared pursuant to NRS 361.3205;*
- 3. The results of any relevant ratio study conducted by the Department pursuant to NRS 361.333;*

4. The results of any relevant audit of the work practices of a county assessor performed by the Department pursuant to NRS 361.333 to determine whether a county has adequate procedures to ensure that all property subject to taxation is being assessed in a correct and timely manner;

5. Any relevant evidence submitted to a county board or the State Board pursuant to NRS 361.355;

6. Any information provided to the State Board pursuant to sections 13, 14 and 15 of this regulation; and

7. Any other information the State Board deems relevant.

Sec. 13. 1. *In addition to the information contained in the tax roll filed with the Secretary pursuant to NRS 361.390, a county assessor shall, upon the request of the State Board, provide any information the State Board deems necessary to carry out the provisions of NRS 361.395, including, without limitation:*

(a) The assessor's parcel number for any parcel of property.

(b) The taxable value and assessed value determined for any land, improvements or personal property before and after any adjustments to those values by the county board.

(c) The value per unit determined for any land or personal property before and after any adjustments to that value by the county board.

(d) Land use codes for the county.

(e) Market areas in the county.

(f) The year in which any improvements were built.

(g) The classification of quality for any improvements.

(h) The size of any improvements.

(i) The size of any lot.

(j) The zoning of any property.

(k) The date of the most recent sale of any property and the sales price of the property.

(l) Summary statistics concerning taxable values and assessed values for tax districts, market areas, neighborhoods and land use codes, including, without limitation, the applicable medians and modes.

2. If the State Board desires a county assessor to provide any information pursuant to this section, the State Board will require the Department to send to the county assessor by regular mail a notice of the request which describes the information requested and the format and type of media in which the information is requested. The county assessor shall submit the information to the State Board, in the format and type of media requested, within 10 business days after the date of the postmark on the notice of the request or such a longer period as the State Board, upon the request of the county assessor, may allow.

Sec. 14. *1. Upon the request of the State Board, the Department or county assessor shall perform and submit to the State Board any ratio study or other statistical analysis that the State Board deems appropriate to assist it in determining the quality and level of assessment of any class or group of properties in a county.*

2. Each ratio study or other statistical analysis requested by the State Board pursuant to this section must:

(a) Be performed in accordance with the provisions of the Standard on Ratio Studies adopted by reference in section 10 of this regulation, except any specific provision of the Standard on Ratio Studies that conflicts or is inconsistent with the laws of this State or any regulations adopted by the State Board or the Commission;

(b) Identify the statistical population that is the subject of the ratio study or statistical analysis, which may be divided into two or more strata according to neighborhood, age, type of construction or any other appropriate criterion or set of criteria; and

(c) Include an adequate sampling of each stratum into which the statistical population that is the subject of the ratio study or statistical analysis is divided, and such statistical criteria as may be required, to indicate an accurate ratio of assessed value to taxable value and an accurate measure of equality in assessment.

3. The State Board will determine the appropriate time frame from which sales of property may be considered in any ratio study or statistical analysis requested pursuant to this section. If the State Board determines that the appropriate time frame is any period other than the 36 months immediately preceding July 1 of the year before the applicable lien date, the State Board will provide the reasons for that determination to the Department or county assessor.

4. The State Board will evaluate each ratio study and statistical analysis performed pursuant to this section to determine whether the ratio study or statistical analysis reliably indicates the quality and level of assessment for the applicable class or group of properties. In making that determination, the State Board will consider:

(a) Whether the Department or county assessor used a sufficient number of sales or appraisals in performing the ratio study or statistical analysis;

(b) Whether the samples of property selected by the Department or county assessor adequately represent the total makeup of the applicable class or group of properties;

(c) Whether the Department or county assessor correctly adjusted the samples of property for market conditions;

(d) Whether any variations among sales or appraisal ratios affect the reliability of the ratio study or statistical analysis; and

(e) Any other matters the State Board deems relevant.

Sec. 15. *Before making any determination concerning whether the property in a county has been assessed uniformly in accordance with the methods of appraisal required by law, the State Board will require the Department to:*

1. Conduct a systematic investigation and evaluation of the procedures and operations of the county assessor; and

2. Report to the State Board its findings concerning whether the county assessor has appraised the property in the county in accordance with the methods of valuation prescribed by statute and the regulations of the Commission.

Sec. 16. *1. If the State Board, after considering the information described in section 12 of this regulation, makes a preliminary finding that any class or group of properties in this State was not assessed uniformly in accordance with the methods of appraisal and at the level of assessment required by law, the State Board will:*

(a) Schedule a hearing concerning that preliminary finding on a date which is not less than 10 business days after the notice of the hearing is mailed pursuant to paragraph (b).

(b) Require the Department to send by registered or certified mail a notice of the hearing to the county clerk, county assessor, district attorney and chair of the county board of each county in which any of the property is located. A legal representative of the county may waive the receipt of such notice.

(c) Require the Secretary to provide a copy of the notice of the hearing to the Commission and to the board of county commissioners of each county in which any of the property is located.

2. The notice of the hearing must state:

(a) The date, time and location of the hearing;

(b) The information on which the State Board relied to make its preliminary finding that the class or group of properties was not assessed uniformly in accordance with the methods of appraisal and at the level of assessment required by law; and

(c) The proposed order of the State Board.

3. The Department shall include with each notice provided pursuant to paragraph (b) of subsection 1, and upon the request of any interested person, provide to that person, a copy of any analysis or other information considered by the State Board in making its preliminary finding that the class or group of properties was not assessed uniformly in accordance with the methods of appraisal and at the level of assessment required by law.

Sec. 17. 1. Upon the completion of a hearing scheduled pursuant to section 16 of this regulation, the State Board will issue:

(a) An order stating that the State Board will take no action on the matter and specifying the reasons that no action will be taken;

(b) An order referring the matter to the Commission for the Commission to take such action within its jurisdiction as the Commission deems to be appropriate;

(c) An order requiring the reappraisal by the county assessor of a class or group of properties in a county; or

(d) Except as otherwise provided in this paragraph, if a ratio study or other statistical analysis performed pursuant to NRS 361.333 or section 14 of this regulation indicates with a confidence level of at least 95 percent that the median assessment ratio for any class or group of properties is less than 32 percent or more than 36 percent, an order increasing or decreasing the assessed valuation of that class or group of properties by such a factor as the State Board deems to be appropriate to cause the median assessment ratio to be not less than 32 percent and not more than 36 percent. The State Board will not issue such an order if the application of the factor would cause the coefficient of dispersion calculated for the class or group of properties to fail to meet the recommendations set forth in the Standard on Ratio Studies adopted by reference in section 10 of this regulation.

2. If the State Board orders the reappraisal of a class or group of properties pursuant to this section, the State Board will:

(a) Schedule an additional hearing to determine whether to issue an order:

(1) Stating that the State Board will take no further action on the matter and specifying the reasons that no further action will be taken;

(2) Referring the matter to the Commission for the Commission to take such action within its jurisdiction as the Commission deems to be appropriate; or

(3) Increasing or decreasing the taxable valuation of the class or group of properties in accordance with the reappraisal or in such other manner as the State Board deems appropriate to equalize property valuations.

(b) Require the Department to send by registered or certified mail, not less than 10 business days before the date of the additional hearing, notice of the date, time and location of the hearing to the county clerk, county assessor, district attorney and chair of the county

board of the county in which the property is located. A legal representative of the county may waive the receipt of such notice.

(c) Require the Secretary to notify the Commission and the board of county commissioners of the county in which the property is located, of the date, time and location of the hearing.

3. Each order issued pursuant to this section must include a statement of any pertinent findings of fact made by the State Board. If the State Board issues an order pursuant to this section:

(a) Requiring the reappraisal of a class or group of properties, the order must specify:

(1) The class or group of properties affected;

(2) The purpose and objectives of the reappraisal; and

(3) The procedures required for the reappraisal, including the particular methods of appraisal prescribed by the regulations of the Commission.

(b) Increasing or decreasing the valuation of any class or group of properties, the order must specify:

(1) The class or group of properties affected; and

(2) The amount of or the formula to be used to calculate the amount of that increase or decrease.

4. Upon the issuance of any order pursuant to this section:

(a) The Department shall send a copy of the order:

(1) By certified mail to the county assessor of each affected county; and

(2) By regular mail to the county clerk and chair of the county board of each affected county; and

(b) The Secretary shall provide:

(1) A copy of the order to the Commission; and

(2) Any certification and notice required to carry out the provisions of NRS 361.405.

5. As used in this section, “assessment ratio” means the ratio of assessed value to taxable value.

Sec. 18. *1. The State Board will require the Department to place on the Internet website maintained by the Department, not less than 10 business days before the date of each hearing scheduled pursuant to section 16 or 17 of this regulation, a copy of the notice of the hearing and of the agenda for the meeting at which the State Board will conduct the hearing.*

2. If the State Board proposes to issue an order increasing the valuation of any class or group of properties at any hearing scheduled pursuant to section 16 or 17 of this regulation, the State Board will require the Department to provide to each interested person the notice of the hearing required by subsection 2 of NRS 361.395. If the notice is not provided to an interested person by personal service and the mailing address of that person is not available, the Department must send the notice of the hearing by registered or certified mail to the address of the relevant property or, if the interested person has designated a resident agent pursuant to chapter 77 of NRS, the address of that resident agent as it appears in the records of the Secretary of State. For the purposes of subsection 2 of NRS 361.395, the State Board construes the term “interested person” to have the meaning ascribed to it in section 5 of this regulation.

Sec. 19. *1. The following persons shall appear at each hearing scheduled pursuant to section 16 or 17 of this regulation:*

(a) The county assessor of each county in which any of the property that is the subject of the hearing is located or a representative of the county assessor.

(b) A representative of the county board of each county in which any of the property that is the subject of the hearing is located.

2. At each hearing scheduled pursuant to section 16 or 17 of this regulation:

(a) The State Board will receive testimony under oath from interested persons.

(b) The county assessor or his or her representative, the representative of the county board and a representative of the board of county commissioners of each county in which any of the property that is the subject of the hearing is located may:

(1) Provide additional information and analysis in support of or in opposition to any proposed order of the State Board; and

(2) Show cause why the State Board should not increase or decrease the valuation, or require a reappraisal, of the pertinent class or group of properties in the county.

3. A hearing scheduled pursuant to section 16 or 17 of this regulation may be held by means of a video teleconference between two or more locations if the video technology used at the hearing provides the persons present at each location with the ability to hear and communicate with the persons present at each other location.

4. The presiding member of the State Board may exclude any disruptive person from the hearing room.

Sec. 20. *If the State Board orders any increase or decrease in the valuation of any property in a county pursuant to section 17 of this regulation:*

1. The county assessor of the county shall, on or before June 30 immediately following the issuance of the order or such a later date as the State Board may require, file with the Department the assessment roll for the county, as adjusted to carry out that order; and

2. The Department shall, on or before August 1 immediately following the issuance of the order or such a later date as the State Board may require:

(a) Audit the records of the county assessor of the county to the extent necessary to determine whether that order has been carried out; and

(b) Report to the State Board its findings concerning whether the county assessor has carried out that order.

Sec. 21. *The State Board may reconsider any order issued pursuant to section 17 of this regulation in the manner provided in NAC 361.7475, except that:*

1. A petition for reconsideration must be filed with the Secretary within 5 business days after the date on which the order was mailed to the petitioner; and

2. If the State Board takes no action on the petition within 10 business days after the date the petition was filed with the Secretary, the petition shall be deemed to be denied.

Sec. 22. NAC 361.682 is hereby amended to read as follows:

361.682 1. The provisions of NAC 361.682 to 361.753, inclusive:

(a) Govern the practice and procedure in contested cases before the State Board.

(b) Except where inconsistent with the provisions of sections 2 to 21, inclusive, of this regulation, apply to proceedings before the State Board to carry out the provisions of NRS 361.395.

(c) Will be liberally construed to secure the just, speedy and economical determination of all issues presented to the State Board.

2. In special cases, where good cause appears, not contrary to statute, deviation from these rules, if stipulated to by all parties of record, will be permitted.

Sec. 23. 1. This section and sections 2, 8 and 10 of this regulation become effective on April 20, 2010.

2. Sections 1, 3 to 7, inclusive, 9 and 11 to 22, inclusive, of this regulation become effective on October 1, 2010.

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

LCB FILE R153-09

**Establishing Procedures for the Equalization of Property Valuations by the State Board of
Equalization; and other matters properly relating thereto.**

The following statement is submitted for amendments, additions and deletions, to Nevada Administrative Code (NAC) Chapter 361 adopted by the State Board of Equalization (SBE), relating to the review of the tax roll of each county; and determination of whether the property in Nevada has been assessed uniformly in accordance with the methods of appraisal and at the assessment level required by law. The regulation provides the criteria to determine whether property has been assessed uniformly, including review of relevant ratio studies, performance audits, and other relevant evidence. The regulation provides for a hearing process to vet the preliminary findings of the State Board and allows the State Board to equalize by requiring reappraisal, or in the alternative, increase or decrease the taxable value of properties, and the procedures necessary to fulfill the equalization hearing process.

- 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 SBE, 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 Workshop</u>	<u>Number Notified</u>	<u>Representing Businesses</u>
January 9, 2009	Workshop	January 26, 2009	289	77
February 10, 2009	Workshop	February 26, 2009	419	147
April 23, 2009	Workshop	May 8, 2009	289	77
January 26, 2010	Workshop	February 11, 2010	370	96
January 28, 2010	Hearing	March 1, 2010	370	96

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

Fifteen exhibits and/or letters were received at the workshops and adoption hearing (See below). A copy of the transcripts 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 College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at sarains@tax.state.nv.us .

The Legislative Counsel Bureau completed its review and revisions on January 14, 2010.

2. The number of persons who:

(a) Attended and testified at each workshop:

<u>Date of Workshop</u>	<u>Attended</u>	<u>Testified</u>
January 26, 2009	17	5
February 26, 2009	12	5
May 8, 2009	17	10
February 11, 2010	23	5

(b) Attended and testified at each hearing:

<u>Date of Hearing</u>	<u>Committee/ Public Attended</u>	<u>Public Testified</u>
March 1, 2010	12	2

(c) Submitted to the agency written comments:

<u>Date of Workshop / Hearing</u>	<u>Number Received</u>
January 26, 2009 Workshop	2 letters from taxpayers 4 exhibits from Department
February 26, 2009 Workshop	1 letter from taxpayer
May 8, 2009 Workshop	3 exhibits from Department 1 letter from taxpayer
February 11, 2010 Workshop	2 letters from same taxpayer
March 1, 2010 Adoption hearing	1 exhibit from taxpayer 1 letter from taxpayer

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 XX% of the approximately 3XX direct mail or email notices were sent to individuals or associations representing business.

Members of the SBE, 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 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 College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at sarains@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 with changes reflecting the verbal and written comments submitted to, or received by, the Department of Taxation primarily from representatives of the Village League Tax Revolt and county assessors. SBE adopted the permanent regulation as revised in workshops 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.**

SBE found that the regulation does not impose a direct and significant burden upon businesses and the public in Nevada. The regulation provides a process by which property values may be equalized in the future.

The regulations present no reasonably foreseeable or anticipated immediate or long-term negative economic effects to businesses. The regulation provides the criteria for determining when and how property values should be equalized so that no taxpayer pays a disproportionate burden of taxes and to ensure that methods approved by the Tax Commission are applied in the valuation of property. The immediate and long-term effects of the regulation are to provide an equalization standard in order to determine when reappraisal or factors must be applied in order to achieve equalized values.

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

The Department anticipates some additional cost for local governments and the Department to administer the regulation if equalization is found to be necessary.

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.**

SBE 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.**

SBE 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.