April 28, 2017

To: Chairman Jim DeVolld, Nevada Tax Commission

From: Cheryl Blomstrom, Interim President

Re: Proposed Amendments to Regulations Concerning Remainder Parcels

The Nevada Taxpayers Association has been closely following the workshops and discussions regarding the interpretation of a remainder parcel of real property. Thank you for the opportunity to provide comments on the proposed changes to the regulations.

The current regulations were adopted in 2007. Discussions with several Nevada assessors’ offices suggest that they have had no significant problems with interpreting and implementing the current remainder parcel regulations since their adoption, nearly ten years ago. Based on the fact that most assessors have been enforcing the regulations as they currently stand, without difficulty, we believe there is no significant problem with the regulations. The regulations have proven, over almost a decade of use, to be workable for both assessors and taxpayers throughout the state. The Nevada Taxpayers Association urges you to use caution when making changes to the regulations.

From the adoption of NRS 361.4722, it has been recognized that all the new parcels created by a partition of land could be remainder parcels or new parcels for development. This interpretation was incorporated in the current regulations. During the workshops it was suggested that an alternative interpretation of NRS 361.4722 be incorporated into the regulations. Specifically, it was suggested that there must be a new parcel for development in order for a remainder parcel to exist. This change did not appear to be advocated by anyone. In fact, the majority discussion during the initial two workshops was spent reviewing examples of the numerous situations (such as a boundary line adjustment) where there was no new parcel for development; everyone agreed the new parcel created should be treated as a remainder parcel. The Nevada Taxpayers Association supports the decision to not include the amendments incorporating this alternative interpretation in the proposed amendments to the remainder regulations.

The proposed amendments to NAC 361.61016 provide a new definition for the term “new parcel for development” and the amendment to NAC 361.61026 clarifies the meaning of the term “remainder parcel” and its relationship to a new parcel for development. These particular amendments were proposed by Chief Administrative Law Judge Dena C. Smith and are consistent with the historical interpretation of NRS 361.4722. These proposed amendments appeared to garner the support of both assessors and taxpayers at the workshop on March 17, 2017. The Nevada Taxpayers Association supports the proposed amendments to NAC 361.61016 and 361.61026.

The proposed amendment to NAC 361.61038 would change the methodology for calculating the net tax and abatement amounts for a remainder parcel. In many instances, the new methodology (often referred to as the “effective tax rate” methodology) will result in the same net tax and abatement amounts as the existing methodology. However, on occasion, the effective tax rate methodology will result in a net tax amount which is significantly more than the net tax amount calculated under the existing regulations. In other words, this amendment will result in a tax increase for some Nevadans. The Nevada Taxpayers Association recommends that consideration of the proposed amendment to NAC 361.61038, if adopted at this time, be revisited during the permanent regulation process so that additional time can be devoted to discussing the effects of the new methodology.

Thank you for this opportunity to provide comments. Should you have questions, please do not hesitate to contact me.

Thank you,

CHERYL BLOMSTROM

Interim President