PROPOSED REGULATION OF THE NEVADA TAX COMMISSION

Temporary Regulation 15-

May 1, 2015

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

AUTHORITY: §§1-10 and 12, NRS 360.090, 360.250 and 361.227; §11, NRS 360.090.

Section 1. Chapter 361 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this regulation.

Sec. 2. NAC 361.1305 is hereby amended to read as follows:

1. The taxable value of a billboard is the cost of replacement of the billboard, less depreciation and obsolescence.

2. The taxable value of conduit or pole structures used by any company engaged in providing commercial mobile radio service, radio or television transmission services or cable television or other video services as described in NRS 361.320(8) is the cost of replacement of the conduit or pole structure, less depreciation and obsolescence.

[~~2~~]. ***3.*** The cost of replacement of [~~a billboard~~] ***of property described in subparagraphs 1 and 2*** must be computed by multiplying the cost of acquisition to the current owner by the appropriate factor located in the annual *Personal Property Manual*. The factor that corresponds to the year the [~~billboard~~] ***property described in subparagraphs 1 and 2*** was acquired must be used. Additional depreciation and obsolescence may be calculated separately.

Sec. 3. NAC 361.1375 is hereby amended to read as follows:

1. Personal property must be categorized by the specific type of property that it is or by the type of industry in which it is used. Each category must be assigned to a schedule of expected life which is based on commonly available sources of information, including, without limitation, the life expectancy guidelines published by the Marshall and Swift Valuation Service and any other sources published in the *Personal Property Manual*.

2. The cost-index factors published in the *Personal Property Manual* must be determined by calculating the average change in costs over time. The Department shall identify the sources used to calculate the average change.

3. For purposes of calculating the amount of applicable depreciation, personal property must be assigned to one of the following expected lives:

(a) Three-year life;

(b) Five-year life;

(c) Seven-year life;

(d) Ten-year life;

(e) Fifteen-year life;

(f) Twenty-year life; [~~or~~]

(g) ***Twenty-five year life;***

(h) Thirty-year life;

(i) Thirty-five year life;

(j) Forty- year life;

(k) Forty-five year life; or

(l) Fifty-year life.

4. Depreciation must be calculated over the expected life of the personal property by using the declining balance method, except that tables which provide a method other than the declining balance method for calculating depreciation may be used if the tables have been approved by the Commission and included in the *Personal Property Manual*.

5. ***Depreciation for property described in NAC 361.1305 must be calculated over the expected life of the property by using the straight-line method with a 25% residual.***

6. For purposes of calculating the rate of depreciation, a residual amount of 5 percent must be used. Percent-good tables using a residual amount other than 5 percent may be adopted by the Commission if the Department has conducted a market study or has otherwise obtained information which indicates that a different residual amount is appropriate for the category in which the personal property is placed pursuant to subsection 1.

(Added to NAC by Tax Comm’n by R034-03, eff. 12-4-2003)