



**STATE OF NEVADA
DEPARTMENT OF TAXATION**

Web Site: <http://tax.nv.gov>

1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

RENO OFFICE
4600 Kletzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

BRIAN SANDOVAL
Governor
JAMES DEVOLLD
Chair, Nevada Tax
Commission
DEONNE E. CONTINE
Executive Director

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite 1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite
180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

Posted: OCT 25, 2017

**2ND REVISED
NOTICE OF PUBLIC HEARING
FOR THE ADOPTION OF PERMANENT REGULATIONS OF THE
NEVADA TAX COMMISSION**

THE NEVADA TAX COMMISSION WILL HOLD A PUBLIC HEARING ON DECEMBER 4, 2017, COMMENCING AT 9:00 A.M. AT THE NEVADA LEGISLATIVE BUILDING, ROOM 2135, WITH VIDEOCONFERENCING TO THE GRANT SAWYER STATE OFFICE BUILDING, 555 EAST WASHINGTON AVENUE, ROOM 4412, LAS VEGAS, NEVADA WITH TELECONFERENCING AVAILABLE. PLEASE CALL THE DEPARTMENT AT (775) 684-2100 FOR THE TELECONFERENCE NUMBER.

THE BODY OF THE ORIGINAL NOTICE CHANGED, AS FOLLOWS: UNDER NUMBER 1 "THE NEED FOR AND PURPOSE OF THE PROPOSED REGULATIONS" SECTION 1 REFERS NOW TO THE AMENDMENT ON NAC 361.610465, SECTION 2 REFERS NOW TO THE AMENDMENT ON NAC 361.610485 AND SECTION 3 NOW REFERS TO THE AMENDMENT ON NAC 361.61049.

The Tax Commission will receive testimony from all interested persons and consider and take action on proposed permanent adoption of amendments, additions and deletions to the Nevada Administrative Code as identified in LCB File No. R018-17. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Tax Commission may proceed immediately to act upon any written submissions:

1. The Need for and Purpose of the Proposed Regulations.

The need and purpose of the proposed regulation regarding Improvement to or Change in Actual or Authorized Use of Property, is to bring these provisions in line with the calculation of the abatement for Remainder Parcels in NAC 361.61038

Terms or Substance of the Proposed Regulation or Description of the Subjects and Issues Involved.

Section 1 amends NAC 361.610465 to reference "assessed value" to be excluded from each partial abatement rather than "property taxes" to align with current practice of the assessors.

Section 2 amends NAC 361.610485 by removing the base year calculations and utilizing an effective tax rate to determine the amount of assessed incremental new land value to be added for an improvement to or change in actual or authorized use

Section 3 amends NAC 361.61049 to reference "assessed value" to be excluded from each partial abatement rather than "taxes" to align with current practice of the assessors.

2. Estimated Economic Effect of the Proposed Regulation on the Business which it is to Regulate, and the Public.

A. Adverse and Beneficial Effects.

The proposed regulation presents no reasonably foreseeable or anticipated adverse economic effects to businesses or to the general public. The 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.

B. Immediate and Long-Term Effects.

The immediate and long-term effects will be to both simplify the calculation of incremental value to be added to the tax roll and to make the valuation uniform and equal with both the remainder regulations and how other property is valued and assessed.

3. The Methods Used by the Agency in Determining the Impact on a Small Business.

The Department mailed or emailed a Small Business Impact Statement and Questionnaire on June 1, 2017 to persons and businesses on the Department's interested parties list. No responses were received. Because of the nature of the regulation, the Department believes there is minimal to no impact on a small business.

4. Estimated Cost to Agency for Enforcement of the Proposed Regulation

The estimated cost of enforcement related to administration of the program to the Department of Taxation is minimal.

5. Regulations of Other State or Local Governmental Agencies which the Proposed Regulation Overlaps or Duplicates and the Necessity Therefore.

The proposed regulation does not overlap or duplicate regulations of other state or local governmental agencies.

6. Establishment of New Fee or Existing Fee Increase

None

7. Regulation required by Federal law

Not applicable

8. More stringent than federal regulation

The Department is not aware of any similar federal regulations of the same activity in which the state regulations are more stringent.

9. How to obtain the approved or revised text of regulations:

You may obtain a copy of the proposed regulation by writing to the Nevada Department of Taxation Division of Local Government Services, 1550 College Parkway, Carson City, Nevada 89706; or by calling the office at (775) 684-2100. The proposed regulation is also available for review and download on the Department of Taxation website: http://tax.nv.gov/Boards/Public_Meetings/

Persons wishing to comment on the proposed action of the Nevada Tax Commission may appear at the above scheduled public hearing or may address their comments, data, views, or arguments, in written form, to the Department of Taxation, 1550 College Parkway, Suite 115, Carson City, Nevada 89706. **Written submissions must be received at least two weeks prior to the above scheduled public hearing.**

A copy of this notice and the proposed permanent regulations to be adopted and amended will be on file at the Nevada State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed permanent regulations to be adopted and amended will be available at the Department of Taxation, at the addresses listed below and on the Department of Taxation website, <http://tax.nv.gov/> and in all counties in which an office of the Department of Taxation is not maintained, at the main public library, for inspection and copying by members of the public during business hours. The text of the proposed permanent regulations will include the entire text of any section of the Nevada Administrative Code, which is proposed for amendment or repeal. Copies will be mailed to members of the public upon request. A reasonable fee may be charged for copies if deemed necessary.

Under NRS 233B.064(2), when adopting any regulation, the Agency, if requested to do so by an interested person, either prior to adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption and incorporation, and its reason for overruling the consideration urged against its adoption.

Deonne Contine, Secretary



By Jeffrey P. Mitchell Interim Deputy Executive Director
Department of Taxation
October 25, 2017

Note 1: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Department of Taxation in writing, at 1550 College Parkway, Carson City Nevada, 89706 or call (775) 684-2180 prior to the meeting.

Note 2: Materials and files for items on this notice are maintained in the offices of the Department of Taxation located in Carson City, Nevada. Requests for copies of materials and files for items on this notice may be made to:
Shellie Hughes, Chief Deputy Director, Department of Taxation, 1550 College Parkway, Suite 115, Carson City, NV 89706

Note 3: Notice of this meeting was posted in the following Carson City, Nevada locations: Department of Taxation, 1550 College Parkway; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was emailed for posting to the following locations: Department of Taxation, 4600 Kietzke Lane, Building L, Suite 235, Reno; Department of Taxation, 2550 Paseo Verde, Suite 180, Henderson; Department of Taxation, 555 E. Washington Street; Las Vegas; Clark County Office, 500 South Grand Central Parkway, Las Vegas. Notice of this meeting was posted on the Internet through the Department of Taxation website <http://tax.nv.gov/> and on the Internet website maintained by the Legislative Counsel Bureau <http://leg.state.nv.us/> and the Department of Administration website <https://notice.nv.gov/>.

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R018-17

September 13, 2017

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

AUTHORITY: §§1-3, NRS 360.090, 361.4722, 361.4723 and 361.4724.

A REGULATION relating to property taxes; revising provisions governing the exclusion from certain partial abatements of property taxes for an improvement to or change in the actual or authorized use of property; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law provides a partial abatement of property taxes, which has the effect of establishing an annual cap on increases of property taxes imposed on a parcel of real property. However, existing law excludes from each partial abatement the amount of any property taxes attributable to any increase in the assessed valuation of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property. (NRS 361.4722, 361.4723, 361.4724) Under existing regulations, if this exclusion applies, the amount of any property taxes excluded from the partial abatement is equal to the lesser of two calculations of the increase in property taxes attributable to an improvement to or change in the actual or authorized use of the property. (NAC 361.610485)

This regulation revises the calculation of the amount of property taxes attributable to an improvement to or change in the actual or authorized use of the property and, thus, excluded from the partial abatement of property taxes. Instead of calculating an amount of property taxes attributable to an improvement to or change in the actual or authorized use of property, **section 2** of this regulation provides for a calculation of a portion of the assessed value of a parcel of property that is attributable to such an improvement to or change in the actual or authorized use of the property. **Sections 1 and 3** of this regulation make conforming changes.

Section 1. NAC 361.610465 is hereby amended to read as follows:

361.610465 The provisions of NAC 361.6104 to 361.61049, inclusive:

1. Except as otherwise provided in subsection 2, set forth the methodology required to carry out the provisions of NRS 361.4722, 361.4723 and 361.4724 in determining the amount of any ~~property taxes~~ *assessed value* to be excluded from *the calculation of* each partial abatement and added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of any property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property.

2. Do not apply to any property of an interstate or intercounty nature regarding which the Commission establishes the valuation thereof for assessment purposes pursuant to subsection 1 of NRS 361.320 or NRS 361.321.

Sec. 2. NAC 361.610485 is hereby amended to read as follows:

361.610485 1. If a county assessor or the Department, as applicable, does not make a determination in compliance with the provisions of NAC 361.61047, 361.610475 or 361.61048 that there has been any improvement to or change in the actual or authorized use of the subject property, no amount of property taxes may be added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property.

2. If a county assessor or the Department, as applicable, makes a determination in compliance with the provisions of NAC 361.61047, 361.610475 or 361.61048 that there has been any improvement to or change in the actual or authorized use of the subject property, the county assessor or the Department, as applicable, in cooperation with the county treasurer, must:

~~(a) Make a current year calculation for the property as provided in subsection 3;~~

- ~~—(b) Make a base year calculation for the property as provided in subsection 4; and~~
- ~~—(c) Apply the amount determined pursuant to subsection 3 or 4, whichever is less, as the amount of property taxes to be added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property.~~
- ~~—3.— A current year calculation for the subject property must be made as follows:~~
- ~~—(a) Determine the taxable value of the property in accordance with the provisions of NRS 362.095, paragraph (b) of subsection 1 of NRS 362.100 and NAC 361.106 to 361.139, inclusive, as applicable, for the current fiscal year based on any improvement to or change in the actual or authorized use of the property from the immediately preceding fiscal year.~~
- ~~—(b) Determine the taxable value of the property in accordance with the provisions of NRS 362.095, paragraph (b) of subsection 1 of NRS 362.100 and NAC 361.106 to 361.139, inclusive, as applicable, for the current fiscal year as if there had not been any improvement to or change in the actual or authorized use of the property from the immediately preceding fiscal year.~~
- ~~—(c) Subtract the amount determined pursuant to paragraph (b) from the amount determined pursuant to paragraph (a). If the remainder is:~~
- ~~—(1) Zero or a negative number, the amount determined pursuant to this subsection shall be deemed to be zero.~~
- ~~—(2) A positive number:~~
- ~~—(I) Convert that amount into an assessed value by multiplying that amount by 0.35; and~~
- ~~—(II) Multiply that assessed value by the applicable rate of property taxes.~~
- ~~—4.— A base year calculation for the subject property must be made as follows:}~~

(a) Determine the ~~taxable~~ *assessed* value for the current fiscal year of any new improvements made on the land of the subject property, as determined for that fiscal year pursuant to NAC 361.61047 , *by determining the taxable value of such improvements* in accordance with the provisions of paragraph (b) of subsection 1 of NRS 361.227 ~~and~~ *multiplying that taxable value by 0.35.*

(b) Determine the *incremental increase in the assessed value of the land of the subject property by:*

(1) Determining the full cash value of the land of the subject property in accordance with the provisions of paragraph (a) of subsection 1 of NRS 361.227, NRS 362.095 and paragraph (b) of subsection 1 of NRS 362.100, as applicable, ~~for the base year as if~~ *considering* any improvement to or change in the actual or authorized use of the property, as determined ~~for the current fiscal year~~ pursuant to NAC 361.61047, 361.610475 or 361.61048 . ~~it had occurred before the base year.~~

~~(c) Determine~~

(2) Determining the full cash value of the land of the subject property in accordance with the provisions of paragraph (a) of subsection 1 of NRS 361.227, NRS 362.095 and paragraph (b) of subsection 1 of NRS 362.100, as applicable, ~~for the base year~~ without considering any improvement to or change in the actual or authorized use of the property determined ~~for the current fiscal year~~ pursuant to NAC 361.61047, 361.610475 or 361.61048.

~~(d) Subtract~~

(3) Subtracting the amount determined pursuant ~~to paragraph (c)~~ *subparagraph (2)* from the amount determined pursuant to ~~paragraph (b)~~ *subparagraph (1)*. If the remainder is ~~it~~

~~— (1) Zero~~ *zero* or a negative number, the amount determined pursuant to this ~~{paragraph}~~ *subparagraph* shall be deemed to be zero.

~~{(2) A positive number, successively increase that number in a compound manner by the abatement percentage applicable to the property for each fiscal year after the base year to and including the current fiscal year.~~

~~— (e) Add the amounts determined pursuant to paragraphs (a) and (d).~~

~~— (f) Convert the amount determined pursuant to paragraph (e) into an assessed value by multiplying that amount by 0.35.~~

~~— (g) Multiply the assessed value determined pursuant to paragraph (f) by the applicable rate of property taxes.~~

~~— 5.]~~

(4) Multiplying the amount determining pursuant to subparagraph (3) by the effective tax rate calculated for the subject parcel.

(5) Dividing the amount calculated pursuant to subparagraph (4) by the total rate of all property taxes imposed on the subject parcel in the prior year.

(c) Apply the sum of the amounts determined pursuant to paragraphs (a) and (b) as the amount of assessed value to be excluded from the calculation of any partial abatement and added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property.

3. In carrying out the provisions of this section, a county assessor and the Department, as applicable, shall ensure that the amount of any ~~{property taxes}~~ *assessed value* excluded from *the*

calculation of any partial abatement and added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of any property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property:

(a) Is due solely to an incremental increase in the assessed value of the property which is directly attributable to the improvement to or change in the actual or authorized use of the property;

(b) Is not due to any increase in the assessed value of the property as a result of any other cause, including, but not limited to, a general appreciation in the market value of property in the area; and

(c) Is assessed only to the specific property for which the assessed valuation has increased as a result of any improvement to or change in the actual or authorized use of that property.

~~{6.}~~ 4. As used in this section ~~{:~~

~~—(a) “Abatement percentage” means, with regard to any property for which the owner thereof is entitled to a partial abatement from taxation pursuant to:~~

~~—(1) NRS 361.4723 or 361.4724, 3 percent;~~

~~—(2) Subsection 1 of NRS 361.4722, the percentage determined pursuant to paragraph (b) of that subsection; or~~

~~—(3) Subsection 2 of NRS 361.4722, the percentage determined pursuant to paragraph (b) of that subsection.~~

~~—(b) “Base year” means the fiscal year beginning on July 1, 2004, or the fiscal year in which a new parcel first appears on the tax roll, whichever occurs last.~~

~~—(e) “New parcel” has the meaning ascribed to it in NAC 361.61014.]~~ , “*effective tax rate*” means a rate determined for a subject property by dividing:

(a) *The total amount of taxes assessed to the subject property, or which would have been assessed to the subject parcel but for any exemptions from taxation, in the year prior to any improvement to, or change in the actual or authorized use of, the subject parcel; and*

(b) *The taxable value of the subject parcel for that year.*

Sec. 3. NAC 361.61049 is hereby amended to read as follows:

361.61049 A county assessor shall include with each notice of assessed valuation or amended notice of assessed valuation provided to a taxpayer or an owner of property pursuant to NRS 361.300 a statement of whether any determination has been made that will result in the exclusion of any ~~{taxes}~~ *assessed value* from *the calculation of* any partial abatement that applies to the subject property attributable to any incremental increase in the assessed value of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property. If the statement indicates that such a determination has been made, the statement must:

1. Set forth that determination;
2. Specify the amount of that incremental increase in the assessed value of the property; and
3. Describe the manner in which detailed instructions may be obtained for appealing the matter to the county board of equalization or the Commission.