

NRS 360.250 Powers and duties of Nevada Tax Commission concerning assessment of property and collection of taxes; sharing information; certificate of compliance with regulations; penalty for falsifying certificate; undercollections.

1. The Nevada Tax Commission shall adopt general and uniform regulations governing the assessment of property by the county assessors of the various counties, county boards of equalization, the State Board of Equalization and the Department. The regulations must include, without limitation, standards for the appraisal and reappraisal of land to determine its taxable value.

2. The Nevada Tax Commission may:

(a) Confer with, advise and direct county assessors, sheriffs as ex officio collectors of licenses and all other county officers having to do with the preparation of the assessment roll or collection of taxes or other revenues as to their duties.

(b) Prescribe the form and manner in which assessment rolls or tax lists must be kept by county assessors.

(c) Prescribe the form of the statements of property owners in making returns of their property.

(d) Require county assessors, sheriffs as ex officio collectors of licenses and all other county officers having to do with the preparation of the assessment roll or collection of taxes or other revenues, to furnish such information in relation to assessments, licenses or the equalization of property valuations, and in such form as the Nevada Tax Commission may demand.

(e) Except as otherwise provided in this title, share information in its records with agencies of local governments which are responsible for the collection of debts or obligations if the confidentiality of the information is otherwise maintained under the terms and conditions required by law.

NRS 361.227 Determination of taxable value. [Effective through November 24, 2014, and after that date unless the provisions of Senate Joint Resolution No. 15 (2011) are approved and ratified by the voters at the 2014 General Election.]

6. The Nevada Tax Commission shall, by regulation, establish:

(a) Standards for determining the cost of replacement of improvements of various kinds.

(b) Standards for determining the cost of replacement of personal property of various kinds. The standards must include a separate index of factors for application to the acquisition cost of a billboard to determine its replacement cost.

(c) Schedules of depreciation for personal property based on its estimated life.

(d) Criteria for the valuation of two or more parcels as a subdivision.

7. In determining, for the purpose of computing taxable value, the cost of replacement of:

(a) Any personal property, the cost of all improvements of the personal property, including any additions to or renovations of the personal property, but excluding routine maintenance and repairs, must be added to the cost of acquisition of the personal property.

(b) An improvement made on land, a county assessor may use any final representations of the improvement prepared by the architect or builder of the improvement, including, without limitation, any final building plans, drawings, sketches and surveys, and any specifications included in such representations, as a basis for establishing any relevant measurements of size or quantity.

NRS 361.030 "Personal property" defined. [Effective November 25, 2014, if the provisions of Senate Joint Resolution No. 15 (2011) are approved and ratified by the voters at the 2014 General Election.] "Personal property" means:

1. All household and kitchen furniture.
2. All law, medical and miscellaneous libraries.
3. All goods, wares and merchandise.

4. All chattels of every kind and description, except vehicles as defined in [NRS 371.020](#).
5. Stocks of goods on hand.
6. Any vehicle not included in the definition of vehicle in [NRS 371.020](#).
7. All locomotives, cars, rolling stock and other personal property used in operating any railroad within the State.
8. All machines and machinery, all works and improvements, all steamers, vessels and watercraft of every kind and name navigating or used upon the waters of any river or lake within this State or having a general depot or terminus within this State.
9. The money, property and effects of every kind, except real estate, of all banks, banking institutions or firms, bankers, moneylenders and brokers.
10. All property of whatever kind or nature, except vehicles as defined in [NRS 371.020](#), not included in the term "real estate" as that term is defined in [NRS 361.035](#).

[Part 3:344:1953]—(NRS A 1963, 305, 1121; 1983, 1191; [2013, 3115](#), effective November 25, 2014, if the provisions of Senate Joint Resolution No. 15 (2011) are approved and ratified by the voters at the 2014 General Election)

NRS 361.035 "Real estate" and "real property" defined.

1. "Real estate" or "real property" means:
 - (a) All houses, buildings, fences, ditches, structures, erections, railroads, toll roads and bridges, or other improvements built or erected upon any land, whether such land is private property or property of this state or of the United States, or of any municipal or other corporation, or of any county, city or town in this state.
 - (b) Any mobile home, factory-built housing or manufactured home which meets the requirements of [NRS 361.244](#).
 - (c) The ownership of, or claim to, or possession of, or right of possession to any lands within this state.
 - (d) The claim by or the possession of any person, firm, corporation, association or company to any land.
2. The property described in subsection 1 must be listed under the head of "real estate."

Determination of Taxable Value of Personal Property

NAC 361.1345 Definitions. ([NRS 360.090](#), [360.250](#), [361.227](#)) As used in [NAC 361.1345](#) to [361.139](#), inclusive, unless the context otherwise requires, the words and terms defined in [NAC 361.1351](#), [361.1355](#) and [361.1361](#) have the meanings ascribed to them in those sections.

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

NAC 361.1351 "Acquisition cost" and "original cost" defined. ([NRS 360.090](#), [360.250](#), [361.227](#)) "Acquisition cost" or "original cost" means the actual cost of property to its present owner, including, without limitation, the costs of transportation and the costs of installation.

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

NAC 361.1355 "Costs of installation" defined. ([NRS 360.090](#), [360.250](#), [361.227](#)) "Costs of installation" means the costs of direct labor, direct overhead and the capitalized expense of interest or imputed charges for interest which are necessary to make the property operational.

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

NAC 361.1361 *“Personal Property Manual” defined.* ([NRS 360.090](#), [360.250](#), [361.227](#)) *“Personal Property Manual” means a manual for the valuation of personal property that is published by the Department annually pursuant to [NAC 361.1365](#).*

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

NAC 361.1365 *Personal Property Manual: Publication; contents; approval; use.* ([NRS 360.090](#), [360.250](#), [361.227](#))

1. The Department will annually publish a *Personal Property Manual* which describes the methods and standards that must be used for the valuation of personal property. The manual must include, without limitation, annually updated:

(a) Cost-index factors that must be used in the conversion of acquisition cost into an estimate of replacement cost new;

(b) Expected-life schedules that indicate the category of expected life for each type of property or type of industry in which the property is used; and

(c) Percent-good tables which indicate the rate of depreciation that must be applied.

2. The *Personal Property Manual* must be approved by the Commission before publication. The Department, at least 1 month before presenting the manual to the Commission for approval, must disclose all proposed modifications to the manual and hold a public workshop on the modifications.

3. Each county assessor shall use the *Personal Property Manual* in determining the taxable value of personal property.

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

NAC 361.1371 *Procedure for determination of taxable value.* ([NRS 360.090](#), [360.250](#), [361.227](#))

1. The taxable value of personal property must be determined by adjusting the acquisition cost of the property by a cost-index factor and reducing the adjusted acquisition cost by an estimate of applicable depreciation. The taxable value so determined shall be deemed to be the indicator of value of replacement cost new less depreciation.

2. In determining taxable value, a county assessor shall use the schedules in the *Personal Property Manual* that show the cost-index factors, the rates of depreciation and the percent good by year. The assessor shall use the schedules by:

(a) Selecting the appropriate expected useful life of the personal property; and

(b) Selecting the appropriate cost-index factor, based on the year of acquisition of the property, and applying it to the acquisition cost of the property.

↪ The result shall be deemed to be the replacement cost new of the property.

3. The assessor shall select the method of applying depreciation to the personal property by either:

(a) Multiplying the adjusted acquisition cost of the property by the rate of depreciation and subtracting the result from the adjusted acquisition cost; or

(b) Multiplying the adjusted acquisition cost of the property by the percent-good factor.

↪ The result from either approach shall be deemed to be the taxable value of the property.

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

NAC 361.1375 *Determination of expected life, cost-index factors and depreciation.* ([NRS 360.090](#), [360.250](#), [361.227](#))

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) Thirty-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. 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)

Nevada Department of Taxation
Comparison of Estimated Service Life - Telecommunications Assets

Telecommunications Asset Categories	Proposed Service Life 2015	Prior Year 2014		Ex 1 Marshall-Swift	Ex 2 IRS Publication 946 (Class Life) (2014)	Ex 3 FCC Docket 98-137 Depreciation Rate Category	Ex 4 Duff & Phelps Appraisal of AT&T (2007)	Ex 5 AUS Consultants for Level 3 Appraisal (2012)	Ex 6 IRS REIT Regs	Ex 8 Corning Optical Fiber	Ex 9 Technology Futures, Inc. (TFI) (2008)	Ex 10 BICSI Discussion of TIA Standard	Ex 11 TIA -758	Ex 12 VA DOT S&U Ruling	Ex 13 PA DOT S&U Ruling	Ex 14 GAO Report GAO-12-687R (6-27-2012)	Ex 16 NY Tax Policy	Ex 17 Superior Essex	Ex 18, 19, 20, 23 Western Wood Preservers, North American Wood Pole Council, Steel Market Development Institute	Ex 21 SoCalEd, Sierra Pacific, Nevada Power, Idaho Power
		Service Life	Citation																	
A. General Support Assets																				
Aircraft	20	20	p. 31	9.5 - 14.5	12	7-10														
Tools and other work equipment	7	7	p. 21	5		12-18														
Buildings	Real Property		Not listed		45			20												
Furniture	15	15	p. 16	8-12		15-20		12												
Office Equipment	15	15	p. 16	8-12		10-15		8												
Copy & Duplicating Machines	5	5	p. 16																	
General Purpose Computers	3	3	p. 14	5-7		6-8		4												
B. Central Office Assets																				
B.1 Central office - Switching																				
Computer-based switching equipment	5	5	p. 33	18 5-7	18 9.5		10	5-7			14-16									
Non-digital switching	15	15	Not listed separately, assumed under Central Office Equipment					12												
Digital electronic switching	15	15	Not listed separately, assumed under Central Office Equipment			12-18		12												
Digital electronic "packet" switching	5	5	Not listed separately, assumed under Computer-based switching equipment					5-7			4-6									
Other switching	5/15	15	Not listed separately, assumed under Central Office Equipment																	
B.2 Central Office Equipment, except computer-based switching equipment																				
Operator Systems	15 10	15	p. 33 Not previously listed	18	18	8-12														
Circuit equipment, except VoIP Switching	15	15	Not listed separately, assumed under Central Office Equipment			8-12 DDS-7-11; Analog 8-11; Digital 11-13	9	12			14-16									
Circuit equipment, VoIP Switching	5	5	Not listed separately, assumed under Computer-based switching equipment								4-6									
Radio Systems (Microwave systems)	10	10	Listed as Microwave systems			9-15														
C.1 Information origination / termination																				
Station Apparatus	10		Not previously listed	8-12	10						11-14									
Other terminal equipment	7		Not previously listed			5-8 Large PBX 5-8; Public Telephone 7-10; Other terminal equipment 5-8		5-7												
Telephone equipment, telex, fax, 2-way radio	5	5	p. 33																	

Nevada Department of Taxation
Comparison of Estimated Service Life - Telecommunications Assets

Telecommunications Asset Categories	Proposed Service Life 2015	Prior Year 2014		Ex 1 Marshall-Swift	Ex 2 IRS Publication 946 (Class Life) (2014)	Ex 3 FCC Docket 98-137 Depreciation Rate Category	Ex 4 Duff & Phelps Appraisal of AT&T (2007)	Ex 5 AUS Consultants for Level 3 Appraisal (2012)	Ex 6 IRS REIT Regs	Ex 8 Corning Optical Fiber	Ex 9 Technology Futures, Inc. (TFI) (2008)	Ex 10 BICSI Discussion of TIA Standard	Ex 11 TIA -758	Ex 12 VA DOT S&U Ruling	Ex 13 PA DOT S&U Ruling	Ex 14 GAO Report GAO-12-687R (6-27-2012)	Ex 16 NY Tax Policy	Ex 17 Superior Essex	Ex 18, 19, 20, 23 Western Wood Preservers, North American Wood Pole Council, Steel Market Development Institute	Ex 21 SoCalEd, Sierra Pacific, Nevada Power, Idaho Power
		Service Life	Citation																	
Paging Systems	5	5	p. 33																	
D.1 Cable and wire facilities																				
Distribution plant				28-42	24															
Poles	Real Property	30	if listed as personal property if listed as personal property			25-35	21		Real			40							75-80	50
Conduit Systems	Real Property	30				50-60	50	20	Real			40				25-50	Structure			
Aerial cable																				
Metallic	30	30	Under distribution plant			20-26	15												30	
Non-Metallic, fiber optic prior to 2008	15	15	Under distribution plant			25-30	20	15		25+	15-20			Real	Real	20-25				
Non-Metallic, fiber optic during & after 2008	20	15	Under distribution plant							25+	20-25			Real	Real					
Underground cable																				
Metallic	30	30	Under distribution plant			25-30	15												30	
Non-Metallic, fiber optic prior to 2008	15	15	Under distribution plant			25-30				25+	15-20			Real	Real	20-25				
Non-Metallic, fiber optic during & after 2008	20	15	Under distribution plant							25+	20-25			Real	Real					
Buried cable																				
Metallic	30	30	Under distribution plant			20-26	15												30	
Non-Metallic, fiber optic prior to 2008	15	15	Under distribution plant			25-30				25+	15-20			Real	Real	20-25				
Non-Metallic, fiber optic during & after 2008	20	15	Under distribution plant							25+	20-25			Real	Real					
Submarine and deep sea cable																				
Metallic	30	30	Under distribution plant			25-30													30	
Non-Metallic, fiber optic prior to 2008	15	15	Under distribution plant							25+	15-20			Real	Real	20-25				
Non-Metallic, fiber optic during & after 2008	20	15	Under distribution plant							25+	20-25			Real	Real					
Intra-building network cable																				
Metallic	30	30	Under distribution plant			20-25													30	
Non-Metallic, fiber optic prior to 2008	15	15	Under distribution plant			25-30				25+				Real	Real	20-25				
Non-Metallic, fiber optic during & after 2008	20	15	Under distribution plant							25+				Real	Real					
Aerial wire																				
Metallic	30	30	Under distribution plant																30	
Non-Metallic, fiber optic prior to 2008	15									25+				Real	Real					
Non-Metallic, fiber optic during & after 2008	20									25+				Real	Real					
E. Other																				
Cellular telephones, hand-helds, PDAs	3	3	P. 31																	

Terry Rubald

From: Doug Scott <dts@ClarkCountyNV.gov>
Sent: Wednesday, April 01, 2015 9:04 AM
To: Terry Rubald
Cc: Michele Shafe; David Denman
Subject: Workshop 4/2/15
Attachments: untitled.png

Good morning Terry,

Draft of the 2016/17 Personal Property Manual proposes telecommunication shelters, poles, and conduit be assessed as real property. Our thoughts are as follows.

Telecommunication equipment shelters, to be assessed as real property, should first meet the definition of “improvement” pursuant to NAC 361.1133. See also definition of real property, NRS 361.035. Not all of these shelters are real property. Prefabricated shelters, for example, which are of manageable weight and size, not permanently affixed to land, and are easily removed without damage, might be considered personal property. See attached image for an example. The distinction was not specifically made in the referenced State Board Decision; therefore it probably should be clarified under subsection *A.3 Building* on page 34 of the Manual.

Conduit and poles, such as those owned by companies like CenturyLink, are most commonly located in utility easements across multiple parcels throughout a county, and therefore would be assessed to the actual owner on the unsecured roll. The best source of cost information may often be found in historical declaration records. We believe a 30-year life table would produce a more realistic valuation result for this type of property. If the adopted Manual were to reclassify these items as real property, using acquisition cost as a starting point to developing replacement cost in these cases may be a much simpler alternative to applying Marshall & Swift. This may also very well produce valuation results which are more consistent between counties. A similar methodology might work well for shelters also. An alternative cost method as such would have to be approved by the Executive Director of the Department pursuant to NAC 361.128 (4). Accordingly, we would make the request at the appropriate time for consideration. Statutory depreciation at 1.5% up to 50 years would of course apply to the alternately derived RCN.

See you tomorrow from the LV teleconference location.

Thanks,
Doug



Terry Rubald

From: WMCKEAN@FCLAW.com
Sent: Wednesday, April 01, 2015 12:14 PM
To: Terry Rubald
Cc: Mark Stafford (mstafford@washoecounty.us); Doug Scott (Doug.Scott@ClarkCountyNV.gov); PBANCROF@FCLAW.com; 'Carole Vilardo' (carole@nevadataxpayers.org); Barbara Smith Campbell; Alan Kalt' (comptroller@churchillcounty.org); Bob Strong (RGStrong@att.com); TBrown@att.com; (DDawley@carson.org); Burton Hilton; Denise Felton; do)Doug Sonnemann; el)Katrinka Russell; es)Ruth Lee; eu)Michael Mears; hu)Jeff Johnson; Jana Seddon; Lauri Cerini-Jones ; Lura Duvall (assessor@landercountynv.org); Mark Holt ; mi)Dorothy Fowler; Michael Clark; Michele Shafe; Troy Villines
Subject: RE: Additional materials for Personal Property manual workshop [FC-Email.FID6468365]
Attachments: 0898_001.pdf

Terry,

Please see the attached letter from Level 3 Communications, which we would like included in the workshop record. Please let me know if you have any questions or concerns.

Thanks,

Bill

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From: Terry Rubald [<mailto:trubald@tax.state.nv.us>]
Sent: Monday, March 30, 2015 5:50 PM
To: MCKEAN, WILLIAM; Mark Stafford (mstafford@washoecounty.us); Doug Scott (Doug.Scott@ClarkCountyNV.gov); BANCROFT, PAUL; 'Carole Vilardo' (carole@nevadataxpayers.org); Barbara Smith Campbell; Alan Kalt' (comptroller@churchillcounty.org); Bob Strong (RGStrong@att.com); TBrown@att.com; (DDawley@carson.org); Burton Hilton; Denise Felton; do)Doug Sonnemann; el)Katrinka Russell; es)Ruth Lee; eu)Michael Mears; hu)Jeff Johnson; Jana Seddon; Lauri Cerini-Jones ; Lura Duvall (assessor@landercountynv.org); Mark Holt ; mi)Dorothy Fowler; Michael Clark; Michele Shafe; Troy Villines
Subject: Additional materials for Personal Property manual workshop

Dear Interested Party:

Additional materials are now available on the Department's website regarding service lives of various telecommunications and cable tv assets. You may access the exhibits and the proposed Personal Property Manual at:

<http://tax.nv.gov/uploadedFiles/taxnvgov/Content/Meetings/Expected%20Life%20Study-Telecommunications%20and%20Cable%20Assets.pdf>

[http://tax.nv.gov/uploadedFiles/taxnvgov/Content/Meetings/2016-2017%20Personal%20Property%20Manual%20Draft%2020150320\(2\).pdf](http://tax.nv.gov/uploadedFiles/taxnvgov/Content/Meetings/2016-2017%20Personal%20Property%20Manual%20Draft%2020150320(2).pdf)

Regards,

Terry E. Rubald
Deputy Executive Director
Department of Taxation
1550 College Parkway
Carson City, NV 89701
(775) 684-2095



George Carr
Sr. Manager-Property Tax
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george.carr@level3.com

April 2, 2015

Terry Rubald
Nevada Department of Taxation
1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937

Re: Notice of Workshop - Changes to Personal Property Manual

Dear Ms. Rubald,

I am writing on behalf of Level 3 Communications (“Level 3”) in response to the recently-posted notice of workshop on proposed changes to the Personal Property Manual on the Department of Taxation website. The notice states that the Department will conduct a workshop on changes to the personal property manual on April 2, 2015. In particular, the notice specifies that the agency will “*report* on market studies performed and *recommend* service lives for telecommunications assets.” However, the proposed changes to the manual appear to be much more than mere agency “reports” or “recommendations.” Instead, the proposed changes purport to describe and define dozens of new classifications for telecommunication assets, impose new depreciation lives (including a 20-year life for certain fiber optic cable), and reclassify “conduit systems” and “poles” as real property (p. 37). With these revisions, the telecommunication section – which historically has comprised less than ½ page (on p. 33) – is now eight pages (pp. 33-40). On Monday of this week, the Department published an additional 240 pages of material on its website regarding service lives of various telecommunications and cable assets. At this time, I have several concerns with the Department’s actions.

First, by waiting to publish hundreds of pages of information until only days before the workshop, the Department has made it difficult, if not impossible, for a taxpayer to review or analyze the new information. Under these circumstances, it is not reasonable to assume that any taxpayer will be prepared to rebut or respond to the new information at the April 2 workshop.

Second, the changes being made include defining numerous new classifications of telecommunication property, and directing that the new definitions be implemented throughout all of Nevada. In this regard, these provisions clearly constitute generally applicable “statements” or “directives” that will effectuate new policy in the state. The

expedited process being used by the Department, however, appears to shortcut the Nevada rulemaking process. For example, it does not appear that the Department intends to submit its proposed new rules to the Legislative Counsel Bureau for review, nor to the Legislative Commission for an opportunity to review the proposed new rules that will be applicable to all county assessors.

Third, by proposing these new rules in revisions to the manual, the Department is acting in a manner inconsistent with its own directive. On December 9, 2014, the Department notified county assessors and taxpayers alike that it would commence a "**rulemaking proceeding** to address the proper classification of telecommunications properties," but "until that rulemaking is complete" all county assessors must treat "conduit systems and poles" as "personal property," and give "fiber optic" and other cable a "15 year life." Under the taxpayer bill of rights, a taxpayer is entitled to rely on such written communications from the Department. Under these circumstances, it is unfair and inconsistent with the taxpayer bill of rights for the Department to unilaterally impose conflicting standards prior to completing a rulemaking proceeding.

For all of the foregoing reasons, Level 3 strongly opposes the Department's proposed changes to the personal property manual that it intends to present at the April 2 workshop.

Sincerely,


George Carr



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DEPARTMENT OF TAXATION**

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December 9, 2014

Mr. Josh Wilson
Washoe County Assessor
P.O. Box 11130
Reno, NV 89520-0027

Dear Mr. Wilson:

This correspondence follows the Department's letter to you dated September 10, 2013 approving an alternative method of valuation for telecommunications property classified as fixtures. The September 10, 2013 letter was intended to provide guidance in the uniform valuation of certain types of telecommunications property. However, during recent hearings of the State Board of Equalization on October 9, 2014, regarding the proper valuation of telecommunications property¹, it became apparent there was disparity in the proper classification and subsequent valuation treatment of that property among the counties.

As a result of the information that came to light during the hearings, I am withdrawing the authority to use the alternative cost determination methodology described in the September 10, 2013 letter. The Department intends to commence a rulemaking proceeding to address the proper classification of telecommunications properties and to determine whether any further clarification of valuation methodology for real and personal property should be pursued. However, based on the decisions by the State Board on October 9, 2014, and until that rulemaking proceeding is complete, the Department is providing some guidance to ensure uniformity between taxpayers and among counties.

Accordingly, telecommunication equipment shelters should be treated as real property and valued in the same manner as other real property. Equipment shelters should not be treated as personal property. Furthermore, conduit systems and poles should be treated as personal property with a 30 year life and cable, including fiber optic, fiber, metallic and other forms of cable should be treated as personal property and given a 15 year life.

¹ See SBE Case Nos. 306-318 Level 3 Communications LLC); SBE Case Nos. 377, 387, 397-402 (AT&T Nevada); and Case Nos. 388, 403-407 (AT&T Communications), all heard on October 9, 2014.

A copy of this letter and is being sent to all county assessors.

Sincerely,

Deonne Contine
Executive Director

cc: Bill McKean, Lionel Sawyer and Collins
Paul Bancroft, Lionel Sawyer and Collins
Terry Rubald, Deputy Executive Director, Department of Taxation
Bruce Bartolowits, Supervisor, Locally-Assessed Section
All County Assessors



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September 10, 2013

Mr. Josh Wilson
Washoe County Assessor
P.O. Box 11130
Reno, NV 89520-0027

Dear Josh:

The Department has received your request dated August 12, 2013 to utilize an alternative cost determination in valuing certain real property telecommunication fixtures and facilities, in particular the assets of AT&T Communications, AT&T Nevada (Nevada Bell) and Level 3 Communications. Pursuant to NAC 361.128(4), county assessors are required to use costs in the Rural Building Manual or from the Marshall Valuation Service, but may apply to the Executive Director for permission to use alternative recognized cost manuals, cost determinations or subscription services when recognized costs manuals do not provide adequate cost determinations.

You have specifically requested to develop the replacement cost new for telecommunication items classified as fixtures, and therefore real property, by indexing or trending the original construction costs reported by taxpayers to their current replacement cost new and then applying depreciation, based on page 10 of the 2013-14 Personal Property Manual adopted by the Nevada Tax Commission. The schedule at page 10 was originally designed for use with billboards and is based on a 50 year life with a 25% residual to reflect the real property characteristics of billboards. It should be noted that the trending factors in the 50 year life billboard table are based on a blend of information from the Producers Price Index (PPI), Consumers Price Index (CPI) as well as the Marshall Swift index and are not specific to billboards, despite the title of the table.

Please note that NRS 361.227 provides that the value of real property must also reflect not only depreciation, but also "all applicable obsolescence." Taxpayers may have special studies which you can consider, if you believe additional obsolescence is present.

The Department finds the methodology noted above provides a suitable estimate of replacement cost new less depreciation for telecommunications fixtures not otherwise available in the Nevada Rural Building Manual or in Marshall Swift. It is based on the actual costs experienced by the taxpayer, but applies an inflationary trend based in part on the Marshall Swift index, and a rate of depreciation that is applied to all real property in the state.

The Department's goal is to complete research for assets of the telecommunications industry and incorporate additional guidance with respect to trends in telecommunication asset

costs in the Rural Building Manual, which is annually adopted by the Nevada Tax Commission. Until that project is complete, the methodology described above is hereby approved for use.

A copy of this approval is being sent to all county assessors.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Nielsen', with a stylized flourish at the end.

Christopher G. Nielsen
Executive Director, Department of Taxation