

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

Regulation on Remainder Parcel Abatements

1st Draft – November 1, 2016

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

AUTHORITY: §§1-, NRS 360.090, 360.250, 361.4722(5);

Section 1. Chapter 361 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 34, inclusive, of this regulation.

Sec. 2. NAC 361.61008 is hereby amended to read as follows:

361.61008 “Commercial or industrial use” means any use:

1. Conducted primarily for profit, except for any agricultural use, open-space use, residential use, institutional use, recreational use or use as vacant land held for development; and
2. Any other use that does not constitute any agricultural use, open-space use, residential use, institutional use, recreational use or use as vacant land ~~[held for development]~~. *A use that is not otherwise specified in NAC 361.61006, 361.61012, 361.61018, 361.61024, 361.61028, or 361.6103 shall be considered commercial or industrial use.*

Sec. 3. NAC 361.6101 is hereby amended to read as follows:

361.6101 “Current year” defined. “Current year” means the fiscal year for which a determination of the application of the partial abatement of taxes for any ~~[new parcel is being made]~~ *property for which a new or different assessor parcel number has been assigned is being made.*

Sec. 4. NAC 361.61016 is hereby amended to read as follows:

361.61016 “New parcel for development” defined. “New parcel for development” means ~~[each new parcel which is not eligible for the partial abatement in the current year.]~~ :

(a) Vacant lots, parcels, sites, units, or plots created by recorded map that cannot be further divided pursuant to existing local government regulations into smaller units or parcels, otherwise known as final lots;

(b) Commercial or industrial subdivision lots, parcels, sites, units, or plots defined in NRS 278.325 recorded with local government approval to further divide by deed, if the subdivider chooses, will be considered the final lot with no further division. Any subsequent deeded parcels will be treated as remainder parcels; or

(c) Vacant lots, parcels, sites, units, or plots created by recorded map that can be further divided pursuant to existing local government regulations with new provisions for roads or easements of access and easements for utilities or drainage as necessary in preparation for development, such as a pad.

Sec. 5. NAC 361.61026 is hereby amended to read as follows:

NAC 361.61026 Remainder parcel” means each new parcel which is eligible for the partial abatement in the current year. *A remainder parcel cannot exist without the formation of a new parcel for development from the original parcel from which a new parcel is derived.*

Sec. 6. NAC 361.61034 is hereby amended to read as follows:

NAC 361.61034 *1. Upon the division of a larger parcel, the Assessor must first determine whether one of the subdivided parcels is a new parcel for development. If there is no new parcel for development, there can be no remainder parcel subject to abatement.*

2. In order to determine whether a parcel is a new parcel for development, the Assessor must consider, without limitation:

(a) The size of the parcel;

(b) The money spent separating the parcel;

(c) How the parcel aligns with developed parcels in that area; and

(d) The zoning of the parcel.

[±] 3. Upon completion of the analysis in subparagraphs 1 and 2, each new parcel must be separately evaluated to determine whether there has been any change in the use of the property that comprises the parcel.

[2] 4. A determination that there is a change in the use of the property must be based on a finding that:

(a) The property was being used as vacant land held for development as of the commencement of the prior year and:

(1) As the result of the recording of a subdivision map creating individual lots for residential development, the property is held for residential use as of the commencement of the current year; or

(2) As the result of new construction on the parcel sufficient to allow for an identification of the use of the property, the property is in agricultural use, open-space use, residential use, commercial or industrial use, institutional use or recreational use as of the commencement of the current year; or

(b) The use of the property as of the commencement of the current year for agricultural use, open-space use, residential use, commercial or industrial use, institutional use or recreational use is different from the use of the property as of the commencement of the prior year.

[3] 5. If the use of the property:

- (a) Has not changed, the parcel is a remainder parcel.
- (b) Has changed, the parcel is a new parcel for development.

[4] 6. As used in this section, “use of the property” means the principal use of the property for one of the following purposes:

- (a) Agricultural use;
- (b) Open-space use;
- (c) Residential use;
- (d) Commercial or industrial use;
- (e) Institutional use;
- (f) Recreational use; or
- (g) Use as vacant land held for development.

Sec. 7. NAC 361.61038 is hereby amended to read as follows:

NAC 361.61038 1. Except as otherwise provided in subsection 2, the amount of net property taxes attributable to the land area of and any improvements to a remainder parcel for the prior year must be determined as follows:

(a) Identify each of the parcels which contained the land area of the remainder parcel *and the total taxable value of each parcel* in the prior year

~~(b) [Determine the pro rata percentage that the remainder parcel's land and improvements contributed to the assessed value of each of the parcels identified in paragraph (a) for the prior year.~~

~~—(c) Multiply the percentage determined in paragraph (b) for each of the parcels identified in paragraph (a) by the total amount of taxes levied, or which would have been levied but for any exemptions from taxation, in the prior year on that parcel.~~

~~—(d) The amount of net property taxes attributable to the remainder parcel for the prior year is the sum of the products determined pursuant to paragraph (c) for each of the parcels identified in paragraph (a).]~~ Determine the total amount of taxes assessed, or which would have been

assessed but for any exemptions from taxation, in the prior year for the parcel or parcels identified in paragraph (a).

(c) Calculate the effective tax rate for the remainder parcel for the prior year by dividing the total amount of taxes in paragraph (b) by the total taxable value identified in paragraph

(d) Determine a taxable value for the remainder parcel for the prior year based on all the assumptions, costs, values, calculations, and other factors and considerations that would have been used for the valuation of that property for that prior fiscal year.

(e) Multiply the taxable value for the remainder parcel calculated in paragraph (d) by the effective tax rate calculated in paragraph (c) to determine the taxes that would have been levied in the county on that property in the prior year.

2. The owner of a remainder parcel may appeal to the Nevada Tax Commission pursuant to [NRS 361.4734](#) and any regulations adopted to carry out that section to show that the method prescribed in subsection 1 produces an inequitable result. Pursuant to such an appeal, the Nevada Tax Commission may use an alternative method that provides an equitable result.

~~[3. As used in this section, “total amount of taxes levied” means the lower of the total amount of property taxes assessed to a parcel or the total amount of property taxes assessed as the result of a final decision on an appeal, less the amount of any partial abatement of property taxes applied to that parcel pursuant to NRS 361.4722, 361.4723 or 361.4724.]~~