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**Form For Filing
Administrative Regulations**

Agency: Department of Taxation

Permanent Regulation
LCB File No. **R191-24**

FOR EMERGENCY
REGULATIONS ONLY

Effective date _____

Expiration date _____

Governor's signature

Classification: ADOPTED BY AGENCY

Brief description of action: The Nevada Tax Commission adopted LCB File No. **R191-24**, to revise provisions governing the determination of obsolescence to be deducted from the taxable value of property; and provides other matters properly relating thereto.

Authority citation other than 233B: NRS 360.090 and NRS 360.245

Notice date: October 30, 2024

Date of Adoption by Agency: December 4, 2024

Hearing date: December 4, 2024



**APPROVED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R191-24

Filed December 19, 2024

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

AUTHORITY: §§ 1 and 2, NRS 360.090, 360.250 and 361.227.

A REGULATION relating to property tax; revising provisions governing the determination of obsolescence to be deducted from the taxable value of property; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Nevada Tax Commission to adopt regulations governing the assessment of property by county assessors, county boards of equalization, the State Board of Equalization and the Department of Taxation. (NRS 360.250)

Existing law establishes the method for determining the taxable value of real property and personal property. (NRS 361.227) Under existing law, the taxable value of any property must not exceed the full cash value of the property, and each person determining the taxable value of property is required to reduce the taxable value of the property if necessary to ensure that the taxable value of the property is less than its full cash value. (NRS 361.227)

Under existing regulations, if the initially determined taxable value of real property exceeds the full cash value, the person determining the taxable value of the real property is required to reduce, as appropriate, the taxable value determined for the land, the improvements on the land and any pertinent personal property so that the taxable value of the property does not exceed its full cash value. (NAC 361.131) **Section 1** of this regulation provides that the personal property for which the value may be reduced is the personal property assessed on or before July 1 of the fiscal year immediately preceding the fiscal year for which the taxes on the real property are levied.

Under existing regulations, in determining the amount of obsolescence to be deducted from the taxable value of improvements to real property so that the taxable value of the real property does not exceed its full cash value, the State Board and county boards of equalization are required to consider the total value of the land and improvements. (NAC 361.6405) **Section 2** of this regulation additionally requires that in determining such obsolescence of the improvements to real property: (1) the State Board and the county boards of equalization must

determine whether the total taxable value of the land, improvements and pertinent personal property exceeds full cash value; and (2) the pertinent personal property to be considered is the pertinent personal property assessed before July 1 of the fiscal year immediately preceding the fiscal year for which the taxes on the real property are levied. **Section 2** also requires that in determining any reduction to the taxable value of personal property on the unsecured tax roll because of obsolescence, the State Board and county boards of equalization must consider only whether the taxable value of that personal property exceeds full cash value.

Section 1. NAC 361.131 is hereby amended to read as follows:

361.131 If the initially determined taxable value for any real property *that is subject to valuation before the completion of the assessment roll on or before January 1 of a fiscal year pursuant to NRS 361.310* is found to exceed the full cash value of the property, the person determining taxable value shall examine the taxable value determined for the land ~~and~~ and, if *appropriate, reduce the taxable value of the land. If* the land is properly valued, he or she shall appropriately reduce ~~the~~ :

1. *The* taxable values determined for the improvements ; and ~~and, if appropriate, the value of the land and~~

2. *If appropriate and applicable to the determination of the taxable value of the real property, the taxable value of* any pertinent personal property ~~and~~ *assessed on or before July 1 of the fiscal year immediately preceding the fiscal year for which the taxes on the real property will be levied.*

Sec. 2. NAC 361.6405 is hereby amended to read as follows:

361.6405 **1.** The State Board of Equalization will or a county board of equalization shall, in ~~fixing a percentage of~~ *determining* obsolescence ~~to be deducted from~~ *of* the taxable value of any improvements *the valuation of which is* subject to *appeal in* its jurisdiction, consider the

total value of land and improvements *and, if applicable to the valuation, any pertinent personal property assessed as of July 1 of the fiscal year immediately preceding the fiscal year for which the taxes are levied*, to determine whether *total* taxable value exceeds full cash value.

2. *The State Board of Equalization will or a county board of equalization shall, in determining obsolescence of the taxable value of personal property on the unsecured tax roll the valuation of which is subject to appeal in its jurisdiction, consider only the value of that personal property, to determine whether the taxable value of the personal property on the unsecured roll exceeds full cash value.*

LEGISLATIVE REVIEW OF ADOPTED REGULATIONS - NRS 233B.066
Informational Statement
LCB File No. R191-24

1. A clear and concise explanation of the need for the adopted regulation.

Proposed permanent regulation (R191-24) ensures that the taxable value of real and personal property in Nevada does not exceed its full cash value, in accordance with existing laws. It requires a review and potential reduction of taxable values if they surpass the property's full cash value. This applies to assessments made by county assessors, boards of equalization, and the Department of Taxation. Taxable values must be reduced if they exceed the cash value, particularly for personal property assessed before July 1 of the previous fiscal year. The regulation is necessary to provide additional clarity to local government assessors regarding the timing of determining taxable value and to prevent over-taxation by aligning property values with market conditions.

2. Description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by issuing a questionnaire to interested parties regarding any impact on the public and small businesses and sending notice of workshops and hearings for public meetings to provide public comment by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/ Hearing</u>	<u>Date of Workshop/Hearing</u>	<u>Number Notified</u>
9/13/24	Workshop	10/1/24	203
10/30/24	Adoption Hearing	12/4/24	241

The mailing list included the interested parties list maintained by the Department. Notices were also posted at the Nevada State Library, Legislative Counsel Bureau, the Department's website and various Department of Taxation locations throughout the State. Comments were also solicited by direct email.

Summary of public responses from Workshop:

Mary Ann Weidner, Clark County Assessor:

The Clark County Assessor's Office provided written comments and provided the Department with feedback during the Workshop and have subsequently worked with the Department to present the regulation in its current form to the Commission. It includes minor amendments to the proposed draft provided by LCB for clarity, which includes removing

subsection 2 of section 1, as redundant, and deleting a portion of subsection 2 of section 2 for clarity.

Summary of Public Comment at Adoption Hearing:

Mary Ann Weidner, Clark County Assessor's Office and Jane Tung, Washoe County Assessor's Office:

Mary Ann Weidner, representing the Clark County Assessor's Office, and Jane Tung, representing the Washoe County Assessor's Office expressed appreciation for the Department's efforts and are in agreement with the Agency Revised Proposed Draft.

A copy of the recorded comments, the record of proceedings, and/or the Small Business Impact Statement may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

3. **The number of persons (not including Department staff or Commission Members) who:**
- (a) **Attended each hearing:**
 - (b) **Testified at each hearing:**
 - (c) **Submitted written comments:**

Workshop date: October 1, 2024

(a) Number in attendance: 18

(b) Number testifying: 1

(c) Written statements submitted: 1

Adoption Hearing date: December 4, 2024

(a) Number in attendance: 3

(b) Number testifying: 2

(c) Written statements submitted: 0

4. **For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:**

Testified at Workshop, Adoption Hearing and Submitted Written Comment:

Name: **Mary Ann Weidner**

Telephone number: **702-455-2126**

Business address: **500 S. Grand Central Parkway, 2nd Floor, Las Vegas, NV 89155**

Electronic mail address: mwe@ClarkCountyNV.gov

Name of entity or organization represented: **Clark County Assessor**

Testified at Adoption Hearing

Name: **Jane Tung**

Telephone number: **775-313-3450**

Business address: **6251 Alpine Meadows LP, Reno, NV 89519**

Electronic mail address: Jtung@washoecounty.gov

Name of entity or organization represented: **Washoe County Assessor**

- 5. A description of how comment was solicited from affected businesses, a summary of their response and an explanation of how other interested persons may obtain a copy of the summary.**

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by issuing a questionnaire to interested parties regarding any impact on the public and small businesses and sending notice of workshops and hearings for public meetings to provide public comment by electronic or regular mail.

See same response as Section 2 for summary of responses.

In addition to comments at the workshop, Department staff met independently with local county assessors to address their concerns with redundancy and clarity, as described above.

A copy of the written and recorded comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

- 6. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The Nevada Tax Commission adopted the regulation with the agreed proposed changes which are reflected in the Agency's Revised Proposed draft of the regulation.

- 7. The estimated economic effect of the regulation on the business which it is to regulate and on the public. This must include adverse, beneficial, immediate and long-term effects.**

- (a) Estimated economic effect on the businesses which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse beneficial, short-term or long-term economic effects on businesses.

- (b) Estimated economic effect on the public which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse, beneficial, short-term or long-term economic effects to the public.

8. The estimated cost to the agency for enforcement of the proposed regulation:

Enforcement of the adopted regulation presents no significant foreseeable or anticipated cost or decrease in costs.

9. A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

The adopted permanent regulation does not overlap or duplicate any regulation of other state or local governmental entities.

10. If the regulation includes provisions that are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.

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

11. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The adopted permanent regulation does not include new fees or increase an existing fee.