

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R192-22

August 2, 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, without considering the value of any property on the secured tax roll.

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, 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, if}~~ ;
2. *If* appropriate, the *taxable* value of the land ; and
3. *If appropriate and applicable to the determination of the taxable value of the real property, the taxable value of* any pertinent 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 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, without considering the value of any property on the secured tax roll, to determine whether the taxable value of the personal property on the unsecured roll exceeds full cash value.