

**SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY
NRS 233B.0608 and NRS 233B.0609**

LCB File No. R036-24

1. Background

LCB File No. R036-24, revises provisions relating to the determination of the taxable value of land within a qualified subdivision; revises provisions relating to the partial abatement of property taxes; provides that staff who provide orientation in certain hearings held before the Nevada Tax Commission are staff of the Department of Taxation; repeals various provisions relating to property tax; and provides other matters properly relating thereto.

Existing law provides methods for determining the taxable value of property and requires the Nevada Tax Commission to establish by regulation the criteria for the valuation of two or more parcels as a subdivision. (NRS 361.227) Existing regulations require the county assessor to use certain information, as he or she deems appropriate, in determining the taxable value of land within a qualified subdivision, including the estimated retail selling price of all parcels in the subdivision which are not sold, rented or occupied, reduced by the percentage specified for the expected absorption period of the parcels. (NAC 361.1295) **Section 5** of this regulation clarifies that the parcels to be used in calculating the estimated retail selling price are all parcels which have not been sold, rented or otherwise occupied.

Existing law provides a partial abatement of the property taxes levied on property for which an assessed valuation has previously been established, a remainder parcel of real property, certain single-family residences which serve as the primary residence of the owner and certain residential rental dwellings. (NRS 361.4722, 361.4723, 361.4724) Existing regulations set forth procedures for claiming the primary residential abatement and the residential rental abatement. (NAC 361.606, 361.607) Existing regulations require a county assessor, before delivering the tax roll to the county tax receiver each year, to determine whether each parcel or other taxable unit of property designated on the tax roll is: (1) eligible for a primary residential abatement; (2) eligible for a residential rental abatement; (3) eligible for a general abatement; or (4) ineligible for any of those partial abatements of property taxes. (NAC 361.6055) **Section 7** of this regulation provides that such a determination is only required for such properties for which a claim for a primary residential abatement or a residential rental abatement is made. **Section 6** of this regulation defines the term “abatement percentage” for the purposes of provisions relating to the partial abatement of taxes.

Under existing law, if a new parcel or other taxable unit of property is a remainder parcel, the remainder parcel qualifies for a partial abatement of property taxes, and the taxes on the remainder parcel may not increase by more than a certain percentage of the taxes which would have been imposed on the remainder parcel in the immediately preceding fiscal year if an assessed valuation had been separately established for the remainder

parcel for the immediately preceding fiscal year. (NRS 361.4722) Existing regulations set forth the manner in which a new parcel is determined to be a remainder parcel that qualifies for a partial abatement of property taxes. Under existing regulations, each new parcel for development must be evaluated to determine whether there has been any change in the use of the property that comprises the parcel. If the use of such property has not changed, the parcel is a remainder parcel and qualifies for the partial abatement of taxes. However, if the use of such property has changed, the parcel is a new parcel for development and does not qualify for a partial abatement of taxes. Existing regulations require a determination that there is a change in the use of the property to be based on certain findings, including a finding that the property was being used as vacant land as of the commencement of the prior year and, as the result of the recording of a subdivision map creating a new commercial or industrial subdivision or the creation of new parcels within such a subdivisions, the property is held for commercial or industrial use as of the commencement of the current year. (NAC 361.61034) **Section 8** of this regulation authorizes a determination that there is a change in the use of a property to be based on a finding that the property was being used as vacant land as of the commencement of the prior year and as the result of the recording of a subdivision map creating new commercial or industrial parcels, the property is held for commercial or industrial use as of the commencement of the current year.

Existing law authorizes a taxpayer who is aggrieved by a determination relating to the applicability of certain partial abatements from taxation to, under certain circumstances, submit a written petition for the review of such a determination to the county assessor or the Department of Taxation, as applicable. Existing law further authorizes a taxpayer who is aggrieved by a decision rendered by the county assessor or the Department in such a review to appeal the decision to the Commission. (NRS 361.4734) Existing regulations set forth procedures for such appeals to the Commission. (NAC 361.6105-361.61074) Existing regulations provide that the order in which arguments will ordinarily be received from the parties in a hearing held before the Commission is: (1) orientation by staff; (2) argument by the petitioner; (3) argument by interveners; (4) argument by any other party; and (5) rebuttal by the petitioner. (NAC 361.6107) Existing regulations define the term “staff” for purposes of such provisions to mean staff of the Department. (NAC 361.61062) **Section 10** of this regulation provides that the staff who provide such orientation are staff of the Department. **Section 11** of this regulation repeals the definition of “staff” which is made duplicative by the changes in **section 10**. **Section 9** of this regulation makes a conforming change to remove a reference to this repealed provision.

Existing law exempts certain property from taxation, including, with certain exceptions, fine art for public display. (NRS 361.068, 361.186) Existing law requires a person claiming such an exemption to make available for educational purposes and not for resale, upon written request and without charge to any public school, private school and parent of a child who receives instruction in a home, one copy of a poster depicting the fine art that the facility has on public display if such a poster is available for purchase by the public at the time of the request. (NRS 361.068) Existing regulations require, upon the receipt of a request for such a poster, the taxpayer claiming such an exemption to select which poster to provide to the school or parent.

(NAC 361.044) **Section 11** repeals this requirement and **section 1** of this regulation makes a conforming change to remove a reference to the repealed provision.

Existing law provides that, with certain exceptions, certain qualified systems that provide heating, cooling or electricity are exempt from taxation for purposes of the assessment of property pursuant to chapter 361 of NRS. (NRS 701A.200) Assembly Bill No. 621, which was enacted during the 2007 Legislative Session, repealed a substantially similar provision of law which provided an exemption from property taxes for any value added to the assessed value of a building by certain qualified systems that provide heating, cooling or electricity. (Section 16, chapter 539, Statutes of Nevada 2007, at page 3389) **Section 11** repeals provisions relating to the valuation of a qualified system and reporting requirements relating to buildings containing such systems. (NAC 361.052-361.058)

Section 11 also repeals provisions: (1) requiring each county assessor of a county to furnish to the Department certain information regarding the appraisal and valuation of property; (2) describing the stock and debt approach to valuing certain property used in the operation of utilities; and (3) providing a method to adjust apportionments to school districts during the fiscal year, as authorized by law prior to the enactment of Senate Bill No. 543 of the 2019 Legislative Session, which established the Pupil-Centered Funding Plan. **Sections 2-4** of this regulation make conforming changes to remove references to provisions repealed by **section 11**.

2. A description of the manner in which comment was solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Department of Taxation prepared and disseminated a questionnaire seeking information from small businesses regarding the possible impact of LCB File No R036-24. The proposed language and questionnaire were dispersed to the following:

- Emailed by the Department to 192 members of its interested parties list.
- Mailed to 10 Rural Businesses
- Emailed by the Nevada Taxpayers Association to its list of interested taxpayers.

The content of the response is summarized below:

- No response was received for LCB Draft of Proposed Regulation - File No. R036-24.

Anyone interested in obtaining a copy of the completed small business impact questionnaire used for this summary, can contact:

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3. The manner in which the analysis was conducted, including the methods used to determine the impacts of the proposed regulation on small businesses.

In response to the Governor's Executive Order No. 2023-003 the Department developed a comprehensive spreadsheet listing the regulations within each chapter under the Commission's jurisdiction. This spreadsheet was shared with Department staff and public stakeholders to solicit recommendations for amendments or repeals under the Executive Order in 2023. The Department and Commission held workshops and hearings in response to the Executive Order and no small businesses provided public feedback.

Given the lack of response from any small businesses to the workshops and hearings in 2023, the Department of Taxation concluded that the changes proposed to NAC Chapter 361 (LCB File No. R036-24) will not affect small businesses.

4. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate:

Adverse and Beneficial Effects

The Department finds that there is no reasonable, foreseeable or anticipated adverse or beneficial economic effect on small businesses.

Direct and Indirect Effects

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect economic effect on small businesses.

5. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

The Department held a workshop, and the Commission held a hearing in 2023 in

response to the Governor's Executive Order to ascertain whether any small businesses would be impacted by the proposed amendments in this Regulation. Based upon the lack of any response from small businesses, the Department determined there was no impact on small businesses.

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

The proposed regulation presents no significant foreseeable or anticipated cost or decrease in costs for enforcement.

7. If the proposed 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 proposed permanent regulation does not include new fees or increase an existing fee.

8. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

The proposed regulation does not overlap or duplicate any regulation of other federal, state or local government entities.

9. The reasons for the conclusion of the agency regarding the impact of a regulation on small businesses.

The Department has determined that there will be no adverse impacts to small businesses based on its analysis of the proposed regulation and lack of feedback from small businesses.

I hereby certify, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was properly prepared, and the information contained herein is accurate.



Shellie Hughes, Executive Director

November 27, 2024