
ASSEMBLY BILL NO. 56—COMMITTEE ON TAXATION

(ON BEHALF OF THE DEPARTMENT OF TAXATION)

PREFILED DECEMBER 20, 2014

Referred to Committee on Taxation

SUMMARY—Revises provisions regarding the equalization of assessments of property for purposes of taxation. (BDR 32-304)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact. Effect on the State: Yes.

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

AN ACT relating to taxation; revising provisions relating to the ratio study conducted by the Department of Taxation for purposes of equalizing the assessments of property among the counties; authorizing the Department to conduct performance audits of the county assessors; making various other changes relating to the equalization of assessments of property; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides for the equalization of property tax assessments among
2 the counties of Nevada by the Department of Taxation. (NRS 361.333) At least
3 once every 3 years, the Department is required to conduct a statistical study of the
4 assessed values of each type or class of property in each county that compares those
5 values to the assessed value of comparable property in the remaining counties and
6 to the taxable value of that type or class of property within that county. The study
7 must be published and delivered to the county assessors and boards of county
8 commissioners not later than May 1 of each year, and, during the month of May,
9 the Nevada Tax Commission must meet with the assessor and the board of county
10 commissioners, or their designees, of each county studied. If the Commission finds
11 that any class of property is assessed at less or more than the proper percentage, and
12 if the board of county commissioners approves, the Commission may order a
13 specified percentage increase or decrease in the assessed valuation of that class on
14 the succeeding tax list and assessment roll. If the Commission finds the existence of
15 a certain underassessment or overassessment, the Commission may, under certain
16 circumstances, order the board of county commissioners to employ one or more
17 appraisers to determine whether the county assessor has assessed the property in the



18 county at the rate of assessment required by law. The appraisers must report back to
19 the Commission and, if the report indicates that property has not been assessed at
20 the rate required by law, the Commission must order the county assessor to raise or
21 lower the assessment of that property to the rate required by law on the succeeding
22 tax list and assessment roll.

23 This bill changes the procedure for the equalization of assessments among the
24 counties. This bill requires the Department to conduct an annual ratio study to
25 determine whether each group or class of property has been assessed uniformly. In
26 conducting the ratio study, the Department is required to compare the assessed
27 value of the properties being studied, as determined by the county assessor, to the
28 taxable value of the properties, as determined by the Department. This bill also
29 authorizes the Department to conduct one or more performance audits on an annual
30 basis to determine whether a county assessor has carried out his or her duties in
31 accordance with applicable law.

32 This bill further requires the Nevada Tax Commission to hold annually a
33 hearing to review the ratio study and performance audits and to receive certain
34 evidence from the board of county commissioners or county assessor regarding
35 assessments in the county. If the Commission finds the existence of a certain
36 underassessment or overassessment of a class of property, it may order an increase
37 or decrease to the assessed valuation of that class of property. Additionally, the
38 Commission may order a reappraisal of the land in a class of property, either by the
39 county assessor or by one or more appraisers approved by the Department. If, after
40 the reappraisal, the Commission finds that the class of property has not been
41 assessed uniformly, the Commission may take additional actions or require
42 additional measures to ensure that the relevant group or class of property is
43 assessed uniformly.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 361.333 is hereby amended to read as follows:
2 361.333 1. *The Department:*

3 *(a) Shall conduct on an annual basis a ratio study that meets*
4 *the requirements set forth in this section to determine whether*
5 *each group or class of property has been assessed uniformly in*
6 *accordance with the relevant methods of appraisal and assessment*
7 *as required by law.*

8 *(b) May conduct one or more performance audits to determine*
9 *whether a county assessor has carried out his or her duties*
10 *pursuant to applicable law. In conducting a performance audit,*
11 *the Department may use any statistical measures or analyses that*
12 *will determine whether property subject to taxation is being*
13 *assessed uniformly by the county assessor who is the subject of the*
14 *performance audit.*

15 2. *The Nevada Tax Commission shall allocate the counties*
16 *into three groups such that the work of conducting the ratio study*
17 *required by subsection 1 is approximately the same for each*
18 *group. The Department shall conduct the ratio study for one*
19 *group each year. The Commission may from time to time*



1 *reallocate counties among the groups, but the Department shall*
2 *conduct a ratio study for each county at least once in every 3*
3 *years.*

4 **3. In conducting a ratio study, the Department shall:**

5 (a) *Evaluate the appraisals of assessed value for the groups*
6 *and classes of property that the Department selects to be the*
7 *subject of the ratio study. The Nevada Tax Commission or the*
8 *State Board of Equalization may select additional groups and*
9 *classes of property that the Department must evaluate. In*
10 *conducting the evaluation, the Department shall randomly select*
11 *properties from each group or class of property being evaluated*
12 *and compare the:*

13 (1) *Assessed value of those properties, as determined by the*
14 *relevant county assessor; and*

15 (2) *The taxable value of those properties, as determined by*
16 *the Department or an independent appraiser who is selected by the*
17 *Department.*

18 (b) *Use measures of central tendency, measures of dispersion*
19 *and other statistical analyses.*

20 (c) *Adhere to any additional standards for statistical analysis*
21 *that have been prescribed by the State Board of Equalization.*

22 **4. Not later than May 1 of each year, the Department shall ~~f:~~**

23 ~~—(a) Determine the ratio of the assessed value of each type or~~
24 ~~class of property for which the county assessor has the responsibility~~
25 ~~of assessing in each county to:~~

26 ~~—(1) The assessed value of comparable property in the~~
27 ~~remaining counties.~~

28 ~~—(2) The taxable value of that type or class of property within~~
29 ~~that county.~~

30 ~~(b) Publish~~ **publish** and deliver to the *Nevada Tax*
31 *Commission, the State Board of Equalization, the* county assessors
32 and the boards of county commissioners of the counties of this state
33 ~~f:~~

34 ~~—(1) A comparison of the latest median ratio, overall ratio and~~
35 ~~coefficient of dispersion of the median for:~~

36 ~~—(I) The total property for each of the 17 counties; and~~

37 ~~—(II) Each major class of property within each county.~~

38 ~~—(2) A determination whether each county has adequate~~
39 ~~procedures to ensure that all property subject to taxation is being~~
40 ~~assessed in a correct and timely manner.~~

41 ~~—(3) A~~ **a report on the ratio study and every performance**
42 **audit that was conducted by the Department pursuant to**
43 **subsection 1. The report must include, without limitation, a**
44 **summary [for each county] of any deficiencies that were discovered**
45 **[in carrying out the study of those ratios.]**



1 ~~—2. The Nevada Tax Commission shall allocate the counties into~~
2 ~~three groups such that the work of conducting the study is~~
3 ~~approximately the same for each group. The Department shall~~
4 ~~conduct the study in one group each year. The Commission may~~
5 ~~from time to time reallocate counties among the groups, but each~~
6 ~~county must be studied at least once in every 3 years.~~

7 ~~—3. In conducting the study the Department shall include an~~
8 ~~adequate sample of each major class of property and may use any~~
9 ~~statistical criteria that will indicate an accurate ratio of taxable value~~
10 ~~to assessed value and an accurate measure of equality in assessment.~~

11 ~~—4. During the month of May of each year,] and an update on~~
12 ~~the implementation of any measures required or recommended in~~
13 ~~a previous ratio study or performance audit.~~

14 **5. On or before May 30, the Nevada Tax Commission shall**
15 **hold a hearing to review the report submitted by the Department**
16 **pursuant to subsection 4. At the hearing the Nevada Tax**
17 **Commission may receive from** the board of county commissioners,
18 or a representative designated by the board's chair, and the county
19 assessor, or a representative designated by the assessor, of each
20 county in which the study was conducted ~~[shall meet with the~~
21 ~~Nevada Tax Commission. The board of county commissioners and~~
22 ~~the county assessor, or their representatives, shall:~~

23 ~~—(a) Present] evidence [to the Nevada Tax Commission of] :~~

24 **(a) Regarding** the steps taken to ensure that all property subject
25 to taxation within the county has been assessed **uniformly in**
26 **accordance with the relevant methods of appraisal and assessment**
27 **as required by law.**

28 **(b) [Demonstrate to the Nevada Tax Commission that] That** any
29 adjustments in assessments ordered in the preceding year ~~[as a result~~
30 ~~of the procedure provided in paragraph (c) of subsection 5] by the~~
31 **Nevada Tax Commission or the State Board of Equalization** have
32 been complied with.

33 ~~[5. At the conclusion of each meeting with the board of county~~
34 ~~commissioners and the county assessor, or their representatives,]~~

35 **6. After considering the report submitted pursuant to**
36 **subsection 4 and any evidence received at the hearing held**
37 **pursuant to subsection 5, the Nevada Tax Commission may:**

38 **(a) If it finds that all property subject to taxation within the**
39 **county has been assessed [at the proper percentage,] uniformly in**
40 **accordance with the relevant methods of appraisal and assessment**
41 **as required by law, take no further action.**

42 **(b) [If it finds that any class of property is assessed at less or**
43 **more than the proper percentage, and if the board of county**
44 **commissioners approves, order a specified percentage increase or**



1 ~~decrease in the assessed valuation of that class on the succeeding tax~~
2 ~~list and assessment roll.~~

3 ~~—(c)] If it finds the [existence of underassessment or~~
4 ~~overassessment wherein the ratio of assessed value to taxable value]~~
5 ~~median assessment ratio for any group or class of properties is less~~
6 ~~than 32 percent or more than 36 percent [in any of the following~~
7 ~~classes:~~

8 ~~— (1) Improvement values for the reappraisal area;~~

9 ~~— (2) Land values for the reappraisal area; and~~

10 ~~— (3) Total property values for each of the following use~~
11 ~~categories in the reappraisal area:~~

12 ~~— (I) Vacant;~~

13 ~~— (II) Single family residential;~~

14 ~~— (III) Multi residential;~~

15 ~~— (IV) Commercial and industrial; and~~

16 ~~— (V) Rural;~~

17 ~~↪ of the county which are required by law to be assessed at 35~~
18 ~~percent of their taxable value, if in the nonreappraisal area the~~
19 ~~approved land and improvement factors are not being correctly~~
20 ~~applied or new construction is not being added to the assessment roll~~
21 ~~in a timely manner, or if the board of county commissioners does~~
22 ~~not agree to an increase or decrease in assessed value as provided in~~
23 ~~paragraph (b), order the board of county commissioners to employ~~
24 ~~forthwith one] , order an increase or a decrease of the assessed~~
25 ~~valuation of that group or class of properties by such a factor as~~
26 ~~the Nevada Tax Commission deems appropriate to cause the~~
27 ~~median assessment ratio to be not less than 32 percent and not~~
28 ~~more than 36 percent.~~

29 *(c) Order the reappraisal of a group or class of properties by:*

30 *(1) The county assessor of the county where the group or*
31 *class of properties is located; or*

32 *(2) One or more qualified appraisers approved by the*
33 *Department. The payment of those appraisers' fees is a proper*
34 *charge against the county notwithstanding that the amount of such*
35 *fees has not been budgeted in accordance with law. [The]*

36 *7. If the Nevada Tax Commission orders a reappraisal*
37 *pursuant to paragraph (c) of subsection 6, the county assessor or*
38 *the appraisers , as applicable, shall [determine whether or not the*
39 *county assessor has assessed all real and personal property in the*
40 *county subject to taxation at the rate of assessment required by law.*
41 *The appraisers may cooperate] :*

42 *(a) Conduct the reappraisal in accordance with the methods of*
43 *appraisal and assessment as prescribed by the Nevada Tax*
44 *Commission; and*



1 (b) *Cooperate* with the Department ~~[in making their~~
2 ~~determination if so agreed by the appraisers and the Department,~~
3 ~~and shall cooperate with the Department]~~ in preparing a report to the
4 Nevada Tax Commission.

5 8. The report to the Nevada Tax Commission must be made on
6 or before October 1 following the date of the order ~~[]~~ *for*
7 *reappraisal*. If the report indicates that any ~~[real or personal]~~
8 property in ~~[the] a~~ county ~~[subject to taxation]~~ has not been assessed
9 ~~[at the rate required by law, a copy of the report must be transmitted~~
10 ~~to the board of county commissioners by the Department before~~
11 ~~November 1. The board of county commissioners shall then order~~
12 ~~the county assessor to raise or lower the assessment of such property~~
13 ~~to the rate required by law on the succeeding tax list and assessment~~
14 ~~roll.~~

15 ~~—6.]~~ *uniformly pursuant to the relevant methods of appraisal*
16 *and assessment as required by law, the Nevada Tax Commission*
17 *may take such action as it determines is necessary to ensure the*
18 *relevant group or class of property is assessed uniformly pursuant*
19 *to the relevant methods of appraisal and assessment as required by*
20 *law.*

21 9. *Any person, firm, company, association or corporation*
22 *wishing to protest an increase of the assessed valuation of property*
23 *caused by the application of the factor set forth by the Nevada Tax*
24 *Commission pursuant to paragraph (b) of subsection 6 may appeal*
25 *directly to the State Board of Equalization.*

26 10. The Nevada Tax Commission may adopt regulations
27 reasonably necessary to carry out the provisions of this section.

28 ~~[7.]~~ 11. Any county assessor who refuses to increase or
29 decrease the assessment of any property pursuant to an order of the
30 Nevada Tax Commission or the board of county commissioners as
31 provided in this section is guilty of malfeasance in office.

32 **Sec. 2.** This act becomes effective on July 1, 2015.

