

SENATE JOINT RESOLUTION NO. 12—SENATOR GUSTAVSON

MARCH 9, 2015

Referred to Committee on Revenue and
Economic Development

SUMMARY—Proposes to amend the Nevada Constitution to limit the total amount of property taxes that may be levied on real property. (BDR C-1007)

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.

SENATE JOINT RESOLUTION—Proposing to amend the Nevada Constitution to limit the total amount of property taxes that may be levied on real property.

Legislative Counsel’s Digest:

1 This resolution proposes to amend the Nevada Constitution to limit the amount
2 of property taxes which may be cumulatively levied per year on real property to 1
3 percent of the base value of the property. Additionally, this resolution provides that:
4 (1) if one-half or more of the ownership interest in certain real property is
5 transferred, the base value of the property becomes the cash value of the property
6 on the date the ownership interest is transferred; (2) an improvement to real
7 property increases the base value of the property by the cash value of the
8 improvement, unless the improvement replaces certain improvements which were
9 destroyed, protects the safety of the occupants or improves accessibility to persons
10 with disabilities; (3) the base value of real property cannot increase from year to
11 year by more than 2 percent, except as otherwise set forth in this resolution; (4) an
12 owner domiciled in Nevada who has attained the age of 62 years may transfer the
13 base value of his or her principal residence to a new residence of comparable value;
14 and (5) an owner whose real property is taken by the exercise of eminent domain
15 may transfer the base value of the condemned property to a new property of
16 comparable value.

1 RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF
2 NEVADA, JOINTLY, That a new section, designated Section 7, be
3 added to Article 10 of the Nevada Constitution to read as follows:

4 *Sec. 7. 1. The maximum amount of tax ad valorem*
5 *that may be cumulatively levied per year on real property is*



1 *1 percent of the base value of the property. This limit does*
2 *not apply to taxes ad valorem levied to pay the interest and*
3 *principal of any bonded indebtedness incurred before the*
4 *effective date of this section or approved thereafter by two-*
5 *thirds of the votes cast by the voters voting on the question*
6 *in the taxing district to which it applies.*

7 2. *Except as otherwise provided in subsections 3 to 6,*
8 *inclusive, the base value of real property is the property's*
9 *taxable value from which the assessed value for the Fiscal*
10 *Year 2013-2014 was calculated.*

11 3. *Except as otherwise provided in this subsection and*
12 *subsection 6, if one-half or more of an ownership interest in*
13 *real property is transferred, the base value of the property*
14 *becomes the cash value of the property as of the date of*
15 *transfer of the ownership interest. The provisions of this*
16 *subsection do not apply if the transfer of ownership interest*
17 *is to the spouse, child or grandchild of the transferor, or if*
18 *the transfer of ownership interest is to or from a separate*
19 *legal entity of which the transferor is the beneficial owner.*

20 4. *Except as otherwise provided in subsection 6:*

21 (a) *If existing improvements to real property are*
22 *materially enhanced or new improvements are constructed,*
23 *except if constructed to replace existing improvements*
24 *destroyed by natural disaster or other casualty, the base*
25 *value of the property must be increased by the cash value of*
26 *the enhancement or improvement, respectively.*

27 (b) *If real property is converted to another use, the base*
28 *value of the property must be redetermined after the*
29 *conversion by appraisal at its cash value in accordance with*
30 *the new use of the property.*

31 5. *Except as otherwise provided in subsections 3, 4 and*
32 *6, the base value of real property must not be increased*
33 *from year to year by any amount greater than the lesser of*
34 *the increase caused by inflation, if any, or 2 percent. The*
35 *base value of real property must be decreased from year to*
36 *year by the decrease caused by deflation, if any, or to reflect*
37 *substantial damage, destruction or other causes of a decline*
38 *in value, including, without limitation, economic or market*
39 *conditions. For the purposes of this subsection, inflation*
40 *and deflation must be measured by the Consumer Price*
41 *Index for All Urban Consumers compiled by the United*
42 *States Bureau of Labor Statistics for the preceding calendar*
43 *year. If the Index specified in this subsection ceases to be*
44 *compiled, the Legislature shall provide by law for another*
45 *appropriate method of measuring inflation and deflation.*



1 6. *Notwithstanding any provision of this section to the*
2 *contrary:*

3 (a) *An owner domiciled in this State who has attained*
4 *the age of 62 years may replace his or her principal*
5 *residence with another of comparable value and transfer to*
6 *the new residence the base value of the old residence for the*
7 *purpose of limiting the ad valorem tax on the new residence.*
8 *If the cash value of the new residence exceeds the cash*
9 *value of the old residence by more than 10 percent, the base*
10 *value of the new residence must equal the base value of the*
11 *old residence plus the amount by which the cash value of*
12 *the new residence exceeds the cash value of the old*
13 *residence.*

14 (b) *An improvement may be constructed or materially*
15 *enhanced without changing the base value of real property*
16 *if the construction or enhancement is necessary to protect*
17 *the safety of the occupants or improve accessibility to*
18 *persons with disabilities.*

19 (c) *An owner whose real property is taken by the*
20 *exercise of eminent domain may replace the condemned*
21 *property with property of comparable value and transfer to*
22 *the new property the base value of the condemned property*
23 *for the purpose of limiting the ad valorem tax on the*
24 *property. If the cash value of the new property exceeds the*
25 *cash value of the condemned property by more than 10*
26 *percent, the base value of the new property must equal the*
27 *base value of the condemned property plus the amount by*
28 *which the cash value of the new property exceeds the cash*
29 *value of the condemned property.*

30 7. *The Legislature shall provide by law for:*

31 (a) *A uniform and just valuation of the base value of*
32 *real property; and*

33 (b) *Any other measure necessary to implement this*
34 *section.*

35 8. *If any provision of this section or the application*
36 *thereof to any person, thing or circumstance is held invalid,*
37 *the invalidity does not affect the provisions or application of*
38 *this section that can be given effect without the invalid*
39 *provision or application, and to this end the provisions of*
40 *this section are severable.*

41 9. *As used in this section:*

42 (a) *“Cash value” means the most probable price which*
43 *property would bring in a competitive and open market*
44 *under all conditions requisite to a fair sale.*



1 (b) “Comparable value” means either a lower cash
2 value or up to 10 percent more in cash value.

3 (c) “Condemned property” means property taken by the
4 exercise of eminent domain.

5 And be it further

6 RESOLVED, That Section 1 of Article 10 of the Nevada
7 Constitution be amended to read as follows:

8 Section 1. 1. ~~[The]~~ *Except as otherwise provided in*
9 *Section 7 of this Article, the* Legislature shall provide by law
10 for a uniform and equal rate of assessment and taxation, and
11 shall prescribe such regulations as shall secure a just
12 valuation for taxation of all property, real, personal and
13 possessory, except mines and mining claims, which shall be
14 assessed and taxed only as provided in Section 5 of this
15 Article.

16 2. Shares of stock, bonds, mortgages, notes, bank
17 deposits, book accounts and credits, and securities and choses
18 in action of like character are deemed to represent interest in
19 property already assessed and taxed, either in Nevada or
20 elsewhere, and shall be exempt.

21 3. The Legislature may constitute agricultural and open-
22 space real property having a greater value for another use
23 than that for which it is being used, as a separate class for
24 taxation purposes and may provide a separate uniform plan
25 for appraisal and valuation of such property for assessment
26 purposes. If such plan is provided, the Legislature shall also
27 provide for retroactive assessment for a period of not less
28 than 7 years when agricultural and open-space real property is
29 converted to a higher use conforming to the use for which
30 other nearby property is used.

31 4. Personal property which is moving in interstate
32 commerce through or over the territory of the State of
33 Nevada, or which was consigned to a warehouse, public or
34 private, within the State of Nevada from outside the State of
35 Nevada for storage in transit to a final destination outside the
36 State of Nevada, whether specified when transportation
37 begins or afterward, shall be deemed to have acquired no
38 situs in Nevada for purposes of taxation and shall be exempt
39 from taxation. Such property shall not be deprived of such
40 exemption because while in the warehouse the property is
41 assembled, bound, joined, processed, disassembled, divided,
42 cut, broken in bulk, relabeled or repackaged.

43 5. The Legislature may exempt motor vehicles from the
44 provisions of the tax required by this Section, and in lieu
45 thereof, if such exemption is granted, shall provide for a



1 uniform and equal rate of assessment and taxation of motor
2 vehicles, which rate shall not exceed five cents on one dollar
3 of assessed valuation.

4 6. The Legislature shall provide by law for a progressive
5 reduction in the tax upon business inventories by 20 percent
6 in each year following the adoption of this provision, and
7 after the expiration of the 4th year such inventories are
8 exempt from taxation. The Legislature may exempt any other
9 personal property, including livestock.

10 7. No inheritance tax shall ever be levied.

11 8. The Legislature may exempt by law property used for
12 municipal, educational, literary, scientific or other charitable
13 purposes, or to encourage the conservation of energy or the
14 substitution of other sources for fossil sources of energy.

15 9. No income tax shall be levied upon the wages or
16 personal income of natural persons. Notwithstanding the
17 foregoing provision, and except as otherwise provided in
18 subsection 1 of this Section, taxes may be levied upon the
19 income or revenue of any business in whatever form it may
20 be conducted for profit in the State.

21 10. The Legislature may provide by law for an
22 abatement of the tax upon or an exemption of part of the
23 assessed value of a single-family residence occupied by the
24 owner to the extent necessary to avoid severe economic
25 hardship to the owner of the residence.

