ADOPTED REGULATION OF

THE NEVADA TAX COMMISSION

LCB File No. R003-08

Effective June 17, 2008

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

AUTHORITY: §§1-9, NRS 360.090 and 701A.110.

A REGULATION relating to taxation; providing for the administration of the partial abatement of certain property taxes for certain buildings and other structures that use resources efficiently; and providing other matters properly relating thereto.

Section 1. Chapter 701A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 9, inclusive, of this regulation.

Sec. 2. ***As used in sections 2 to 9, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in NRS 701A.110 and sections 3 to 7, inclusive, of this regulation have the meanings ascribed to them in those sections.***

Sec. 3. ***"Department" means the Department of Taxation.***

Sec. 4. ***"Eligible building or other structure" means a building or other structure which the Director determines to be eligible for the LEED abatement.***

Sec. 5. ***"LEED abatement" means the partial abatement of certain property taxes authorized by NRS 701A.110.***

Sec. 6. ***"LEED abatement percentage" means the applicable percentage determined pursuant to paragraph (a) of subsection 4 of NRS 701A.110 for any eligible building or other structure.***

Sec. 7. ***"Net taxable value" means the taxable value of any property after deducting the taxable value of any portion of the property that is receiving any exemption from the taxable value otherwise determined pursuant to chapter 361 of NRS.***

Sec. 8. ***1. Upon receiving a certificate of eligibility for the LEED abatement from the Director, a county tax receiver shall, with regard to the pertinent parcel or other taxable unit of property that includes an eligible building or other structure:***

(a) Obtain from the county assessor or the Department, as applicable, the following information:

(1) The net taxable value of all the land and of each improvement on the land that comprises the property;

(2) The LEED abatement percentage certified by the Director for each eligible building or other structure; and

(3) The percentage of the net taxable value of each eligible building or other structure which is subject to the LEED abatement.

(b) Calculate the percentage of the total net taxable value of the property attributable to:

(1) Each eligible building or other structure;

(2) Each building or other structure which is not eligible for the LEED abatement; and

(3) The land that comprises the property.

➥ ***The sum of the percentages determined pursuant to this paragraph must equal 100 percent.***

(c) Calculate the weighted LEED abatement percentage for each eligible building or other structure by:

(1) Multiplying the percentage of the total net taxable value of the property attributable to the building or other structure, as determined pursuant to subparagraph (1) of paragraph

(b), by the LEED abatement percentage certified for the building or other structure by the Director; and

(2) Multiplying the result determined pursuant to subparagraph (1) by the percentage of the net taxable value of the building or other structure which is subject to the LEED abatement, as indicated pursuant to subparagraph (3) of paragraph (a).

(d) Calculate the weighted average LEED abatement percentage for the property by adding all the weighted LEED abatement percentages determined for the property pursuant to paragraph (c).

(e) Calculate the applicable LEED abatement and net tax due for each category of taxing entity listed on the tax bill for the property, other than any category of taxing entity on behalf of which any taxes imposed for public education are being billed, as follows:

(1) The applicable LEED abatement must be determined by multiplying the weighted average LEED abatement percentage for the property determined pursuant to paragraph (d) by the total amount of tax due to the taxing entity after the application of any partial abatement of taxes required by NRS 361.4722 or 361.4724; and

(2) The net tax due must be determined by subtracting the applicable LEED abatement determined pursuant to subparagraph (1) from the total amount of tax due to the taxing entity after the application of any partial abatement of taxes required by NRS 361.4722 or 361.4724.

(f) Calculate:

(1) The total LEED abatement for the property by adding all the sums determined for the property pursuant to subparagraph (1) of paragraph (e); and

(2) The total net tax due for the property by adding all the sums determined for the property pursuant to subparagraph (2) of paragraph (e).

(g) Allocate the total LEED abatement for the property among the eligible buildings and other structures by:

(1) Dividing the weighted LEED abatement percentage for each eligible building or other structure determined pursuant to paragraph (c) by the weighted average LEED abatement percentage for the property determined pursuant to paragraph (d); and

(2) Multiplying the result determined pursuant to subparagraph (1) by the total LEED abatement for the property determined pursuant to subparagraph (1) of paragraph (f).

➥ The sum of all the amounts allocated pursuant to this paragraph must equal the total LEED abatement for the property determined pursuant to subparagraph (1) of paragraph (f).

2. A county tax receiver may use a worksheet provided by the Department to facilitate the calculations required by this section.

3. For the purposes of this section:

(a) The LEED abatement applies to:

(I) Zero percent of the net taxable value of any land; and

(II) Zero percent of the net taxable value of any building or other structure that is not eligible for the LEED abatement.

(b) The LEED abatement percentage for any land and for any building or other structure that is not eligible for the LEED abatement is zero percent.

(c) The weighted LEED abatement percentage for any land and for any building or other structure that is not eligible for the LEED abatement is zero percent.

Sec. 9. *A county tax receiver shall, not later than:*

1. June 1 of each year, submit to the Department and each taxing entity a summary report of the total amount of property taxes subject to the LEED abatement which are billed

on behalf of each taxing entity for the current tax year for property on the unsecured tax roll. The report must separately state for each taxing entity:

(a) The total number of parcels or other taxable units of property subject to the LEED abatement for which the property taxes were billed;

(b) The total amount of the property taxes that would have been billed if not for the application of the LEED abatement;

(c) The total amount of any reduction in billable property taxes as a result of the application of the LEED abatement; and

(d) The total amount of property taxes actually billed.

2. September 1 of each year, submit to the Department and each taxing entity a summary report of the total amount of property taxes subject to the LEED abatement which are billed on behalf of each taxing entity for the current tax year for property on the secured tax roll. The report must separately state for each taxing entity:

(a) The total number of parcels or other taxable units of property subject to the LEED abatement for which the property taxes were billed;

(b) The total amount of the property taxes that would have been billed if not for the application of the LEED abatement;

(c) The total amount of any reduction in billable property taxes as a result of the application of the LEED abatement; and

(d) The total amount of property taxes actually billed.

NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R003-08

The Nevada Tax Commission adopted permanent regulations on April 7, 2008, pertaining to Chapter 701A of the Nevada Revised Statutes with regard to the mathematical calculation of the LEED abatement for property tax purposes.

INFORMATIONAL STATEMENT

1. A description of how public comment was solicited, a summary of public response, and an explanation 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 sending notice of workshops and hearings by electronic or regular mail as follows:

Date of Notice	Workshop/ Hearing	Date of Workshop	Number Notified	Representing Businesses
9/7/07	Workshop	10/3/07	352	192

The mailing list included the interested parties list maintained by the Department, as well as officials of local jurisdictions subject to these regulations.

Many oral and two written comments were received at the workshops and hearing. A copy of the audio taped comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2100 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at trubald@tax.state.nv.us.

The Legislative Counsel Bureau completed its review and revisions on February 28, 2008. The Tax Commission further amended the regulation at a hearing on April 7, 2008.

2. The number persons who:

(a) Attended and testified at each workshop:

Date of Workshop	Attended	Testified
10/3/07	25	10

(b) Attended and testified at each hearing:

Date of Hearing	Commission/ Public Attended	Public Testified
4/7/08	70 / 8	2

(c) Submitted to the agency written comments:

Date of Workshop / Hearing	Number Received
10/3/07	2
4/7/08	1

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

Comments were solicited from affected and interested businesses and persons, by notices posted at the Nevada State Library; various Department of Taxation locations throughout the state; and at the Main Public Libraries in counties where an office of the Department of Taxation is not located. Comments were also solicited by direct mail to assessors and the interested parties list maintained by the Department. Approximately 55% of the approximately 352 direct mail notices were sent to individuals or associations representing business.

Members of the Nevada Tax Commission, officials of the Nevada Department of Taxation, local government officials, and members of the general public commented on some or all of the proposed language changes during the workshop process and during the Adoption Hearing.

A copy of the audio taped comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2100 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at trubald@tax.state.nv.us.

4. 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 permanent regulation was adopted with changes reflecting the verbal and written comments submitted to, or received by, the Department of Taxation primarily from attorneys representing private industry, individual taxpayers, county assessors, and Tax Commission members during the workshops and hearings listed above. The Nevada Tax Commission adopted the permanent regulation as revised in workshops and at the adoption hearing; and believed no changes other than those made were necessary.

5. The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:

(a) Both adverse and beneficial effects; and

(b) Both immediate and long-term effects.

The Commission has found that the regulation does not impose a direct and significant burden upon businesses and the public in Nevada. The permanent regulation provides the mathematical calculation for applying the LEED abatement by county assessors, treasurers, and the Department of Taxation.

The regulations present no reasonably foreseeable or anticipated immediate or long-term negative economic effects to businesses. The regulation provides a mathematical calculation for applying the LEED abatement. The immediate and long-term effects of the regulation are to provide equitable treatment in the application of the LEED abatement.

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

The Department anticipates little additional cost for local governments to administer the regulation.

7. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

There are not other state or government agency regulations that the proposed amendments duplicate.

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

The Commission is not aware of any provision in this regulation which is also governed by federal regulation.

9. 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 Nevada Tax Commission is not aware of any provision in this regulation that provides for a new fee, or increases an existing fee.