

**PROPOSED REGULATION OF THE
COMMITTEE ON LOCAL GOVERNMENT FINANCE**

LCB File No. R043-09

December 2, 2009

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

AUTHORITY: §§1-10, NRS 361.4732 and 361.4733.

A REGULATION relating to the partial abatement of property taxes; providing for the administration and interpretation of the statutory provisions governing the effect of an annexation of real property to a taxing entity; and providing other matters properly relating thereto.

Section 1. Chapter 361 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 NAC 361. 613 and sections 2 to 9, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 7, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Combined overlapping adjusted tax rate” means the sum of all the entity-adjusted parcel tax rates of all the taxing entities that levy an ad valorem tax on a parcel or other taxable unit of property.*

Sec. 4. *“Entity-adjusted parcel tax rate” has the meaning ascribed to it in NAC 361.611.*

Sec. 5. *“Revised tax base” means the amount of ad valorem taxes which, after a parcel or other taxable unit of real property is annexed to a taxing entity, would have been levied on the property for the immediately preceding fiscal year if the annexation had occurred 1 year earlier, based upon the tax rates that would have applied to the property for the immediately*

preceding fiscal year if the annexation had occurred 1 year earlier and without regard to any exemptions from taxation that applied to the property for the immediately preceding fiscal year but do not apply to the property for the current fiscal year.

Sec. 6. *“Taxing entity” has the meaning ascribed to it in NRS 361.4721.*

Sec. 7. *“Year of annexation” means the first fiscal year in which a taxing entity that annexes a parcel or other taxable unit of real property is entitled to levy or require the levy on its behalf of any ad valorem taxes on that property as a result of that annexation of the property.*

Sec. 8. *1. Except as otherwise provided in subsections 2 and 3, for the purposes of carrying out the provisions of NRS 361.4732 with respect to the annexation of a parcel or other taxable unit of real property to a taxing entity, the tax receiver of the county in which that property is located after that annexation shall, when making any calculations pursuant to the provisions of this chapter for the year of annexation of that property and each subsequent fiscal year which require a determination of:*

(a) The entity-adjusted parcel tax rates applicable to the property for the fiscal year immediately preceding the year of annexation:

(1) Disregard the entity-adjusted parcel tax rate for that prior fiscal year of any taxing entity which, as a result of that annexation, is no longer entitled to levy or require the levy on its behalf of any ad valorem taxes on the property; and

(2) Include as an entity-adjusted parcel tax rate applicable to that property for that prior fiscal year:

(I) The ad valorem tax rate for that prior fiscal year of the taxing entity annexing that property; or

(II) If that taxing entity did not exist in that prior fiscal year, the ad valorem tax rate of that taxing entity for the year of annexation.

(b) The combined overlapping adjusted tax rate applicable to the property for the fiscal year immediately preceding the year of annexation:

(1) Exclude from that determination the entity-adjusted parcel tax rate for that prior fiscal year of any taxing entity which, as a result of that annexation, is no longer entitled to levy or require the levy on its behalf of any ad valorem taxes on the property; and

(2) Include in that determination, as an entity-adjusted parcel tax rate applicable to that property for that prior fiscal year:

(I) The ad valorem tax rate for that prior fiscal year of the taxing entity annexing that property; or

(II) If that taxing entity did not exist in that prior fiscal year, the ad valorem tax rate of that taxing entity for the year of annexation.

2. Except as otherwise provided in subsection 3, for the purposes of carrying out the provisions of NRS 361.4732 with respect to the annexation of a parcel or other taxable unit of real property to a taxing entity, the tax receiver of the county in which that property is located after that annexation shall:

(a) Calculate the revised tax base for that property as follows:

(1) Subtract the combined overlapping adjusted tax rate which actually applied to the property for the fiscal year immediately preceding the year of annexation, as determined without regard to the provisions of subsection 1, from the combined overlapping adjusted tax rate applicable to that property for that prior fiscal year, as determined in accordance with the provisions of subsection 1;

(2) Divide the result obtained pursuant to subparagraph (1) by the combined overlapping adjusted tax rate which actually applied to the property for the fiscal year immediately preceding the year of annexation, as determined without regard to the provisions of subsection 1;

(3) Multiply the result obtained pursuant to subparagraph (2) by the actual amount of ad valorem taxes applicable to the property for the fiscal year immediately preceding the year of annexation, as determined after the deduction of any partial abatement of taxes that applied to the property for that prior fiscal year pursuant to NRS 361.4722, 361.4723 or 361.4724 and without regard to any tax exemptions that applied to the property for that prior fiscal year; and

(4) Add the result obtained pursuant to subparagraph (3) to the actual amount of ad valorem taxes applicable to the property for the fiscal year immediately preceding the year of annexation, as determined after the deduction of any partial abatement of taxes that applied to the property for that prior fiscal year pursuant to NRS 361.4722, 361.4723 or 361.4724 and without regard to any tax exemptions that applied to the property for that prior fiscal year.

(b) Except as otherwise required to carry out the provisions of section 2 of Assembly Bill No. 205, chapter 287, Statutes of Nevada 2009, at page 1216, use the revised tax base for that property, as calculated pursuant to paragraph (a), in lieu of the amount otherwise required to be determined pursuant to paragraph (a) of subsection 1 of NRS 361.4722, paragraph (a) of subsection 2 of NRS 361.4722, paragraph (a) of subsection 1 of NRS 361.4723 or paragraph (a) of subsection 1 of NRS 361.4724 for the purpose of determining the amount of any partial abatement of taxes to which the owner of the property is entitled pursuant to NRS 361.4722, 361.4723 or 361.4724 for the year of annexation.

3. The provisions of this section must not be applied in any manner that:

(a) Would provide for the abatement of any increase in ad valorem taxes which, in accordance with NRS 361.4726, subsection 3 of NRS 361.4727 or NRS 361.4728, is exempt from each partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724; or

(b) Would not allocate the revenue from any increase in ad valorem taxes described in paragraph (a) to the taxing entity which levies that increase or on behalf of which that increase is levied.

Sec. 9. 1. *The tax receiver of a county and the Department, as applicable, shall ensure that the amount of any property taxes which are excluded from any partial abatement of taxes provided pursuant to NRS 361.4722, 361.4723 or 361.4724 and added to the tax roll for the current fiscal year as a result of the annexation of a parcel or other taxable unit of real property to a taxing entity:*

(a) Is due solely to an incremental increase in the rate of property taxes applicable to the property which is directly attributable to the annexation of the property to the taxing entity; and

(b) Is not due to any increase in the assessed value of the property as a result of any other cause, including, but not limited to, a general appreciation in the market value of property in the area.

2. *The tax receiver of a county shall:*

(a) Provide on a website or other Internet site, if any, that is operated or administered by or on behalf of the county or tax receiver:

(1) A description of each taxing district and taxing entity in the county; and

(2) The ad valorem tax rate of each taxing entity in the county for the current fiscal year and the immediately preceding 2 fiscal years; and

(b) Make readily available to any person, upon request:

(1) A description of each taxing district and taxing entity in the county; and

(2) The ad valorem tax rate of each taxing entity in the county for the current fiscal year and each prior fiscal year which commenced on or after July 1, 2004.

3. The Department shall provide on its website or other Internet site concerning property taxes a worksheet for performing the calculations required to carry out the provisions of NAC 361.613 and sections 2 to 9, inclusive, of this regulation.

Sec. 10. NAC 361.613 is hereby amended to read as follows:

361.613 For the purpose of carrying out the provisions of NRS 361.4732, *this section and sections 2 to 9, inclusive, of this regulation*, the annexation of a parcel or other taxable unit of real property to a taxing entity includes:

1. The inclusion of the property within the boundaries of an existing taxing entity as a result of a change in the boundaries of that taxing entity;
2. The inclusion of the property within the boundaries of a new taxing entity; and
3. The assumption by a taxing entity of the functions of another taxing entity that:
 - (a) Was entitled to levy or require the levy on its behalf of any ad valorem taxes on the property during the immediately preceding fiscal year; and
 - (b) Has been dissolved.