

MINUTES OF THE  
MEETING OF THE SENATE COMMITTEE  
ON TAXATION

SIXTY-FIRST SESSION  
NEVADA STATE LEGISLATURE  
February 24, 1981

The Senate Committee on Taxation was called to order by Chairman Keith Ashworth, at 2:02 p.m., Tuesday, February 24, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Keith Ashworth, Chairman  
Senator Norman D. Glaser, Vice Chairman  
Senator Don Ashworth  
Senator Virgil M. Getto  
Senator James N. Kosinski  
Senator William J. Raggio

COMMITTEE MEMBER ABSENT:

Senator Floyd R. Lamb

GUEST LEGISLATOR:

Assemblyman Louis W. Bergevin

STAFF MEMBERS PRESENT:

Ed Shorr, Deputy Fiscal Analyst  
Colleen Crum, Committee Secretary

SENATE JOINT RESOLUTION NO. 3

The chairman presented amendments to Senate Joint Resolution No. 3 proposed by the Assembly Committee on Taxation. (See Exhibit C.) Assemblyman Bergevin explained the amendments were the result of work by an Assembly Taxation sub-committee. He stated he wasn't pleased with the wording in either version and felt a better approach could be found which would leave no doubt as to the intent of the bill. He suggested studying the language used in Assembly Bill No. 616 of the 60th Session.

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The chairman asked if Assemblyman Bergevin felt a constitutional amendment was needed to head off Question 9, which was passed by the voters last fall. Assemblyman Bergevin felt this was needed.

Senator Raggio noted that the proposed amendment would exclude prepared food intended for immediate consumption. He asked if that would exclude pet foods, tonics and vitamins. Assemblyman Bergevin explained that Mr. Frank Daykin, Legislative Counsel, told the Assembly Committee on Taxation that pet foods, tonics and vitamins were taxable and it wasn't necessary to specifically list these items in the bill. Assemblyman Bergevin felt the bill should include the exemption of unprepared foods.

The chairman stated that unless there were any objections the Assembly Committee on Taxation would be notified that the Senate Committee on Taxation does not concur with the proposed amendments. There were no objections.

The chairman said he would read Bill Draft Requests for possible committee introduction. If there were no objections the bills would be introduced.

There were no objections to the introduction of the following bills:

- ✧ BDR 32-1261: Relating to the property tax; providing an allowance for owners of residential property who occupy their homes; and providing other matters relating thereto.
- ▣ BDR 32-237: Relating to the property tax; providing for taxation of buildings and other improvements to property in the year in which construction is completed; and providing other matters properly relating thereto.
- BDR 32-692: Relating to fuel taxes; changing the measure of taxes to a percentage of the amount of the sale; and providing other matters properly relating thereto.

2.

\* ( S.B. 303 )      ▣ ( S.B. 302 )      ° ( S.B. 300 )

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† BDR 32-1139: Relating to property tax; exempting certain housing for elderly persons owned and operated by nonprofit corporations from the tax; and providing other matters properly relating thereto.

ASSEMBLY CONCURRENT RESOLUTION NO. 1

Assemblyman Bergevin stated this bill was introduced because of the passage of the Tahoe Regional Planning Agency (TRPA) compact during a special session of the legislature in September 1980. A Nevada statutory provision attached to the TRPA compact placed a building moratorium on the improvement of all properties in Lake Tahoe which would have a substantial effect on the environment. Since that time, a complete reappraisal of Lake Tahoe property was conducted by the Douglas County Assessor's Office. A private appraisal firm was hired to perform the reappraisals and, unfortunately, the moratorium was not considered in this reappraisal process. The appraisers indicated the moratorium was not considered because the TRPA compact had not been passed at the time of the reappraisals. Assemblyman Bergevin felt a tax break should be given on properties affected by the building moratorium until those properties are put to some use. These properties shouldn't be taxed at the same value as development property. If this resolution is passed prior to the adjournment of the State Board of Equalization, it would give the board impetus to reverse the high appraisals on property which can't be put to use.

Senator Kosinski asked if it was clear that only undeveloped property was being addressed. Assemblyman Bergevin stated that the moratorium dealt with only undeveloped property.

Senator Kosinski asked what this resolution would accomplish. Assemblyman Bergevin explained that the State Board of Equalization has the power to either raise or lower taxes based on information obtained by the board, whether or not the appraisal has been appealed.

Mr. John L. Kelly, Douglas County Assessor, introduced Mr. Steve Johnson, who conducted the reappraisal at Lake Tahoe.

3.

† (S. B. 301)

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Mr. Johnson disputed Assemblyman Bergevin's statement that the effects of the TRPA compact were not considered in the reappraisal of Lake Tahoe properties. He said that was not the case. The influence of the compact was taken into consideration up to October 15, 1980, the effective date of valuation. He suggested inserting the word "some" in front of "property" on line two. He said the moratorium is not all encompassing at this time. Until the rules and regulations are formalized it won't be known which vacant and unimproved properties will be affected by the moratorium.

Senator Getto asked how the assessor considered the compact when reappraising the property. Mr. Johnson stated the effects of the moratorium on all new subdivisions in the Tahoe Basin were considered. He noted the TRPA compact wasn't approved until November 14, 1980.

The chairman asked how the effects of the moratorium were considered if it hadn't become law yet. Mr. Johnson stated he considered the reflection of a prudent buyer in the market.

The chairman asked if appraisals would have turned out differently had the compact been passed prior to the reappraisals. Mr. Johnson stated there would have been no difference because the compact was widely distributed prior to its passage and prior to the reappraisals.

The chairman asked why the property valuations increased rather than decreased if the appraisers considered the effects of the TRPA compact. Mr. Johnson stated the valuations on raw vacant acreage did not increase as much as it would have if there hadn't been knowledge of the impending passage of the compact. The fair market value on these properties was reduced by 50 percent.

Senator Don Ashworth noted that a building moratorium was passed in the 1969 legislative session.

The chairman asked if Mr. Johnson felt this bill was necessary. Mr. Johnson stated the bill would do no harm, but he felt Mr. Kelly would accomplish what the bill calls for anyway.

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Senator Getto asked Mr. Kelly if the property affected by the moratorium would be devaluated because the property cannot be put to use. Mr. Kelly felt the property would still probably sell.

Senator Getto asked if any property affected by the moratorium was devaluated in last year's reappraisal. Mr. Johnson stated no property was devaluated because there hadn't been a reappraisal since 1974.

SENATE BILL NO. 69

Assemblyman Bergevin stated he felt this bill did not change the reappraisal process far enough. He felt this bill had the potential to become one of the most important bills in solving the property tax problems in the State of Nevada. If the statute is properly rewritten, it would remove the one item that most appraisers and assessors use in appraising property--the absolute criteria of sales value. He presented an amendment to Senate Bill No. 69. (See Exhibit D.) He explained the constitution does not use the term "full cash value" when defining how to determine value. The constitution says, "All property shall have a just valuation." The proposed amendment makes this clear.

Mr. Patrick Pine, representing Clark County, stated the county opposed this bill. He presented the points of the county's opposition. (See Exhibit E.) He stated the proposed depreciation method of valuation would result in an annual loss of \$50 million to Clark County. He said compiling information on income producing properties would be an administrative headache.

Mr. Marvin Leavitt, representing the City of Las Vegas, asked the committee to study the fiscal effects proposals like Senate Bill No. 69 would have on individual local governments. He stated the effect of this proposal would be unequal. Older communities would suffer greater losses of revenue than newer communities.

Senator Raggio, speaking to the audience, stated he would like people testifying on this bill to address the basic principle

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so that the proper and appropriate factors could be considered. He said he didn't want to study these concepts from the tail end revenue point of how much money any county or city is going to lose. He said he wanted to learn what factors should be utilized to meet the constitutional requirement of just valuation. He asked the audience to address the issue of why or why not comparable sales is a good factor to utilize.

Mr. Leavitt said he agreed with the depreciation approach. He felt it would slow down the rapid rise in property values.

Senator Don Ashworth suggested the use of comparable sales with the factoring of depreciation would slow the increase in property taxes. He said all these problems are created by spiraling inflation.

Mr. Leavitt felt a problem would be created by calculating the value of improvements made on the land by subtracting from their original cost any depreciation. The original cost of some homes built in the 1940's and 1950's was only \$5000.00. Senator Don Ashworth pointed out the same problem would exist when people build their own homes. Mr. Leavitt suggested using the current replacement cost less depreciation.

Mr. Johnson, testifying as an independent real estate appraiser, stated numerous inequities would result by basing appraisals on original costs. In intense market areas, market value exceeds the replacement cost. He stated that original cost would be difficult to define.

Senator Raggio asked Mr. Johnson to explain why there would be a problem with replacement cost. Mr. Johnson stated that a soft cost, entrepreneur's profit and overhead, is considered when appraising property. In a less intense market, the entrepreneur's profit is reduced. In a more intense market, his profit is increased.

Senator Raggio disagreed that entrepreneur's cost was included in the definition of replacement cost. He asked why appraisers are reluctant to depart from the factor of comparable sales when assessing property. Mr. Johnson stated it depends on the

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basis being used for appraisal. If real market value is that basis, comparable sales must be left in the law. Appraisers use three approaches when appraising--the cost approach, the income approach, and the market approach.

The chairman asked if Mr. Johnson felt there should be a difference between appraised value for tax purposes and appraised value for resale purposes. Mr. Johnson stated that appraisers' definition of market value addresses a prudent buyer and a prudent seller. A properly prepared appraisal does not allow an out of the ordinary, highly inflated sale to affect the assessment of neighboring properties. One sale will not make a market. Trends define market value.

The chairman asked whether trends in market value should be used in assessing property for tax purposes. Mr. Johnson stated that if the market was going in one direction, it should be considered for taxation purposes.

The chairman closed the hearings on the two bills.

It was decided that Senate Bill No. 69 would be held until the committee studied the amendments proposed by Assemblyman Bergevin.

The chairman asked for consideration on Assembly Concurrent Resolution No. 1. Senator Don Ashworth questioned the necessity of the bill. Senator Glaser explained the bill would provide moral leverage on the State Board of Equalization.

Senator Glaser moved that Assembly Concurrent Resolution No. 1 be approved.

Senator Getto seconded the motion.

The motion carried. (Senator Don Ashworth voted "No"; Senator Lamb was absent for the vote.)

In other business, Mr. Ed Shorr presented the committee with a summary of the property tax reform bills and a summary of other bills relating to taxation matters. (See Exhibit F.)

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There being no further business, the meeting adjourned at  
3:06 p.m.

Respectfully submitted by:

Colleen Crum  
Colleen Crum, Secretary

APPROVED BY:

Keith Ashworth  
Senator Keith Ashworth, Chairman

DATE: March 3, 1981



COMMITTEE MEETINGS

REVISION DATE: 2-23-81

Committee on TAXATION, Room 213.

Day Tuesday, Date February 24, Time 2:00 p.m.

S. B. No. 69--Revises factors which may be used in determining full cash value of real property for taxation.

A. C. R. No. 1--Urges Douglas County officials to assess property in light of moratorium in Tahoe Basin.

NOTE: At 3:00 p.m., a ~~joint meeting with the Assembly and Senate Committees on Taxation~~ will be held in Room 213 to discuss tax reform plans.

**CANCELLED**

ATTENDANCE ROSTER FORM

COMMITTEE MEETINGS

SENATE COMMITTEE ON TAXATION

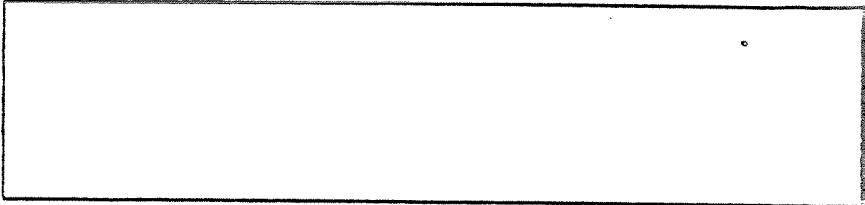
EXHIBIT B

DATE: February 24, 1981

PLEASE PRINT NAME	PLEASE PRINT ORGANIZATION & ADDRESS	PLEASE PRINT TELEPHONE
BILL COZART	REALTORS P.O. Box 7338 Reno 89510	329-6148
SHARON CLEARY	REALTORS P.O. Box 7338 RENO 89510	329-4648
Homer Rodriguez	Carson City Assessor	882-3865
MARIE FEENEY	CLARK County Assessor	386-4113
STEVE JOHNSON	APPRAISER DOUGLAS COUNTY ASSESSOR	322-1155
JOHN L. KELLEY	DOUGLAS COUNTY ASSESSOR	782-5176
Clay Morrison	Harrah Reno 89504	786-3232
CHARL NEELY	CLARK COUNTY SCHOOL DIST.	442-296
Clay Coyle	CITY OF NORTH LAS VEGAS	882-2191
MARVIN LEVITT	CITY OF LAS VEGAS	883-0768
JERRY HIGGINS	GAMING INDUSTRY ASSOC	888-8806
Tom Colatelli	Nevada Reno Assoc	883-8806
Steven Williams	Nevada Bell	789-6440
JOHN ECK	SOUTHERN PACIFIC CO.	329 2492
Frank Fine	CLARK COUNTY	783-5575
Joe Fisher	Neu St Ed. Assoc	882-5574
Theresa Tom	10550 - Meadows Reno -	853-1345
Ken Henderson	2519 Pinnacal Reno	826-2550
Dustin Smith	2350 TITLE CO. Reno	786-7499
MARY CONKLIN	25 BET HARTE RENO	373-2692
Lois Stephens	Reno	
Timothy Evans	Wickenburg	
Patricia Glenn	Reno	
Shawn Peterson	Reno	852-8571

ASSEMBLY ACTION	SENATE ACTION	Assembly	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to	Senate
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Bill No.	Joint Resolution No. 3
Date:	Date:	BDR	C-409
Initial:	Initial:	Proposed by	Committee on Taxation
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>		
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>		
Date:	Date:		
Initial:	Initial:		

Amendment No. 53



Amend the resolution, page 1, by deleting lines 4 through 11 and inserting:

"Sec. 3. The legislature shall provide by law for:

1. The exemption of food for human consumption from any tax upon the sale, storage, use or consumption of tangible personal property; and

2. These commodities to be excluded from any such exemption:

(a) Prepared food intended for immediate consumption.

(b) Alcoholic beverages."

Section 1. A NRS 360.215

360.215 ~~Power of department: Assessment standards.~~ The department may:

1. Assist the county assessors in appraising property within their respective counties which the ratio study shows to be assessed at more or less than 35 percent of its ~~full cash~~ value.

→ taxable

are made

2. Consult with and assist county assessors to develop and maintain standard assessment procedures to be applied and used in all of the counties of the state, to the end that assessments of property by county assessors ~~shall be~~ equal in each of the several counties of this state.

3. Visit a selective cross-section of assessable properties within the various counties in cooperation with the county assessor and examine these properties and compare them with the tax roll and assist the various county assessors in correcting any inequalities found to exist with factors of equal value and actual assessed value considered, and place upon the rolls any property found to be omitted from the tax roll.

4. Carry on a continuing study, the object of which is the equalization of property values between counties.

are

5. Carry on a program of in-service training for county assessors of the several counties of the state, and each year hold classes of instruction in assessing procedure for the purpose of bringing each county assessor and his authorized personnel the newest methods, procedures and practices in assessing property. Expenses of attending such classes ~~shall be~~ a proper and allowable charge by the board of county commissioners in each county.

must

6. Continually supervise assessment procedures which are carried on in the several counties of the ~~State of Nevada~~ and advise county assessors in the application of such procedures. The department shall make a complete written report to each session of the legislature, which ~~shall~~ include all reports of its activities and findings and all recommendations which it has made to the several county assessors, and the extent to which such recommendations have been followed.

state

7. Carry on a continuing program to maintain and study the assessment of public utilities and all other property assessed by the department to the end that such assessment ~~shall be~~ equalized with the property assessable by county assessors.

is

8. Conduct appraisals at the request of and in conjunction with any county assessor when such assessor considers such assistance necessary. One-half of the cost of such appraisal ~~shall~~ be paid by the county. In lieu of a cash payment, the county may provide labor, material or services having a value equal to one-half of the appraisal cost.

must

~~(Part 5.1.177.1917, added 1953, 551, A 1955, 576) (NRS A 1973, 328, 1975, 1647) (Substituted in revision for NRS 360.180)~~

Sec. 2. Chapter 361 of NRS is hereby amended by adding thereto the provisions set forth in sections 3 and 4 of this act.

Sec. 3. "Taxable value" means:

- 1. The value of shares of stock in a bank determined in the manner provided in NRS 367.025.
- 2. The value of all other property determined in the manner provided in NRS 361.227.
- 3. The value of property of an interstate and intercounty nature determined in the manner provided in NRS 361.320.

v/s

Sec. 4. 1. The owner of any property who <sup>believes</sup> ~~can adequately demon-~~  
~~strate~~ that the full cash value of his property is less than 75  
percent of the taxable value computed for the property in the  
current assessment year, may, before January 1 of the fiscal year,  
in which the assessment was made, request the county assessor to  
review his assessment of the property. If the county assessor  
finds from his own examination, ~~and from the evidence submitted by~~  
~~the property owner~~ that the full cash value of the property is less  
than 75 percent of the taxable value computed for the property,  
the county assessor shall adjust the factors applied to the property  
pursuant to NRS 361.227, particularly the rate of depreciation, to  
make the taxable value of the property correspond as closely as  
possible to its full cash value.

2. No review conducted under this section may result in an  
increase in the taxable value of the property ~~by the county~~  
*assessor.*

Sec. 5. A NRS 361.010

As

unless the context  
otherwise requires,

361.010 Definitions to govern construction. [When] used in this chapter, the words and terms defined in NRS 361.015 to 361.040, inclusive, [shall] have the meanings [set forth in NRS 361.015 to 361.040, inclusive, and no other meanings.] ascribed to them in those sections.  
~~[Part 3:344:1953] (NRS A 1973, 1114)~~

and section 3 of this act

Sec. 6. A NRS 361.025

361.025 "~~Full cash value~~" defined. [Except as provided in NRS 361.227, "full] cash value" means the amount at which the property would be appraised if taken in payment of a just debt due from a solvent debtor.  
~~[Part 3:344:1953] (NRS A 1965, 1444)~~

"Full

Sec. 7. A NRS 361.055

~~361.055 Exemption of state lands and property generally; payment of money in lieu of taxes by department of wildlife; when state's real estate may be taxed.~~

1. All lands and other property owned by the state are exempt from taxation, except real property acquired by the State of Nevada and assigned to the department of wildlife which is or was subject to taxation under the provisions of this chapter at the time of acquisition and except as provided in subsection 4.

2. In lieu of payment of taxes on each parcel of real property acquired by it which is subject to assessment and taxation pursuant to subsection 1, the department of wildlife shall make annual payment to the county tax receiver of the county wherein each such parcel of real property is located of an amount equal to the total taxes levied and assessed against each such parcel of real property in the year in which title to it was acquired by the State of Nevada.

3. Such payments in lieu of taxes must be collected and accounted for in the same manner as taxes levied and assessed against real property pursuant to this chapter are collected and accounted for.

4. all ~~[After July 1, 1978, all]~~ real estate owned by the State of Nevada located in each county taxable must be listed in a separate tax list and assessment roll book of that county at its taxable [full cash] value. If the total value of such real estate owned by the state in a county is greater than 17 percent of the total value of all other real estate listed in the county's tax list and assessment roll books, that portion of the value of the real estate owned by the state which is in excess of such 17 percent may be taxed by the county as other property is taxed.

5. Money received pursuant to this section must be apportioned each year to the counties, school districts and cities wherein each such parcel of real property is located in the proportion that the tax rate of each such political subdivision bears to the total combined tax rate in effect for such year.

~~(Part 1:344, 1953; A 1954, 29; 1955, 340) (NRS A. 1959, 282, 1969, 997, 1560, 1977, 1400, 1979, 900)~~

Sec. 8. A NRS 361.225

*taxable* ← 361.225 ~~Assessment of property at 35 percent of full cash value~~  
~~[Effective until July 1, 1983.]~~ Except as otherwise provided in NRS  
361.249, all property subject to taxation must be assessed at 35 percent  
of its ~~full cash~~ value.

~~(12.177.1977, 1979 RL p. 3201, NCL § 6333) + [Part 4.344.1955]~~  
~~(NRS A 1963, 210, 1979, 79)~~

Sec. 9. Section 5 of chapter 62, Statutes of  
Nevada 1979, at page 79, is hereby amended to read  
as follows:

SEC. 5. NRS 361.225 is hereby amended to read as follows:  
361.225 [Except as otherwise provided in section 2 of this act, all]  
All property subject to taxation must be assessed at 35 percent of its  
full cash value.

do NOT UPS →

→ taxable



Sec. 10. NRS 361.227

361.227 ~~Factors for determining full cash value of real property; merchant's stock in trade. [Effective until July 1, 1983.]~~

1. Any person determining the full cash value of real property shall compute that value by using each of the following factors for which information is available and shall give such weight to each applicable factor as, in his judgment, is proper:

→ taxable

(a) The estimate of the value of the vacant land, plus any improvements made and minus any depreciation computed according to the estimated life of the improvements.

(b) The market value of the property, as evidenced by:

(1) Comparable sales in the vicinity;

(2) The price at which the property was sold to the present owner; and

(3) The value of the property for the use to which it was actually put during the fiscal year of assessment.

(c) The value of the property estimated by capitalization of the fair economic income expectancy.

2. The county assessor shall, upon request of the owner, furnish within 15 days to the owner a copy of the most recent appraisal of the property.

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The value of the land, whether or not vacant, appraised at its present ~~fair market~~ full cash value. If comparable sales in the vicinity are used as evidence of the full cash market value of the land, those sales must be:

(1) Fairly representative of the value of the land in the use to which it is being put; or its contemplated use for which it is being held if unused and

(2) Substantial in their relation to the aggregate of all other property to which they are applied.

For the purposes of this paragraph, the county assessor shall each year compile the recorded sales of similar property in similar areas of the county.

(b) The value of any improvements made on the land calculated by subtracting from the cost of replacing the improvement any depreciation computed according to the estimated life of the improvement.

(c) In the case of property rented to others or used in a trade or business, the value of the property estimated by capitalization of the fair economic income expectancy.

2.

In determining the full cash value of a merchant's or dealer's stock in trade, the county assessor shall use the average value over the 12 months immediately preceding the date of assessment. For this purpose, the county assessor may require from the merchant or dealer a verified report of the value of his stock in trade at any time or reasonable number of times during the year.

→ taxable

→ full cash

(Added to NRS by 1965, 1445, A 1969, 1451, 1975, 65, 1656, 1977, 1318)

3. The county assessor ~~shall determine~~ <sup>must be determined</sup> the taxable value of other taxable personal property by subtracting from the cost of replacing the property any depreciation computed according to the estimated life of the property.

v/s

4. In determining the cost of replacing taxable improvements or personal property or the amount of depreciation, if any, to apply to <sup>them,</sup> ~~it,~~ the county assessor shall use guidelines for those costs and the appropriate schedule of depreciation prepared by the department and approved by the Nevada tax commission <sup>must be used.</sup>

5. The county assessor shall, upon the request of the owner, furnish within 15 days to the owner a copy of the most recent appraisal of the property.

Sec. 11. Section 6 of chapter 62, Statutes of Nevada 1979, at page 79, is hereby amended to read as follows:

SEC. 6. NRS 361.227 is hereby amended to read as follows:  
361.227 1. Any person determining the ~~full cash~~ value of real property shall compute that value by using each of the following factors for which information is available and shall give such weight to each applicable factor as, in his judgment, is proper:  
(a) ~~The estimate of the value of the vacant land, plus any improvements made and minus any depreciation computed according to the estimated life of the improvements.~~  
(b) The market value of the property, as evidenced by:  
(1) Comparable sales in the vicinity;  
(2) The price at which the property was sold to the present owner;  
(3) The value of the property for the use to which it was actually put during the fiscal year of assessment.  
(c) The value of the property estimated by capitalization of the fair economic income expectancy.  
2. The county assessor shall, upon request of the owner, furnish within 15 days to the owner a copy of the most recent appraisal of the property.

The value of the land, whether or not vacant, appraised at its present <sup>full cash</sup> fair market value. If comparable sales in the vicinity are used as evidence of the <sup>full cash</sup> market value of the land, those sales must be:

- (1) Fairly <sup>representative of the value of the land in the use of</sup> representative of the value of the land in the use to which it is being put; and
- (2) Substantial in their relation to the aggregate of all other property to which they are applied.

<sup>flush</sup> For the purposes of this paragraph, the county assessor shall <sup>each year</sup> compile the recorded sales of similar property in similar areas of the county.

(b) The value of any improvements made on the land calculated by subtracting from the cost of replacing the improvement <sup>e</sup> any depreciation computed according to the estimated life of the improvement.

(c) ~~In the case of property rented to others or used in a trade or business, the value of the property estimated by capitalization of the fair economic income expectancy.~~



2. In determining the ~~full-cash~~ <sup>to a table</sup> value of a merchant's or dealer's stock in trade, the county assessor shall use the average <sup>full cash</sup> value over the 12 months immediately preceding the date of assessment. For this purpose, the county assessor may require from the merchant or dealer a verified report of the value of his stock in trade at any time or reasonable number of times during the year.



NOT U/S)

3.] The county assessor ~~shall~~ <sup>must be determined</sup> determine the taxable value of other taxable personal property by subtracting from the cost of replacing the property any depreciation computed according to the estimated life of the property.

4. In determining the cost of replacing taxable improvements or personal property or the amount of depreciation, if any, to apply to <sup>them</sup> it, the county assessor shall use guidelines for those costs and the appropriate schedule of depreciation prepared by the department and approved by the Nevada tax commission, <sup>must be used</sup>.

5. The county assessor shall, upon the request of the owner, furnish within 15 days to the owner a copy of the most recent appraisal of the property.

Sec. 12. A NRS 361.249

361.249 ~~Assessment of business inventories, livestock held for business purposes. [Expires by limitation July 1, 1983.]~~

1. The section applies to:
  - (a) Personal property held for sale by a merchant;
  - (b) Personal property held for sale by a manufacturer;
  - (c) Raw materials and components held by a manufacturer for manufacture into products, and supplies to be consumed in the process of manufacture; and
  - (d) Livestock held for business purposes.

2. The personal property described in subsection 1 must be assessed as follows:

- (a) In the fiscal year 1979-80, at 28 percent of its [full cash] value;
- (b) In the fiscal year 1980-81, at 21 percent of its [full cash] value;
- (c) In the fiscal year 1981-82, at 14 percent of its [full cash] value; and
- (d) In the fiscal year 1982-83, at 7 percent of its [full cash] value.

~~(Added to NRS by 1979, 78)~~

→ taxable

→ taxable

→ taxable

→ taxable

Sec. 13. A NRS 361.260

**361.260 Method of assessing property for taxation, appraisals and reappraisals**

1. Between July 1 and December 15 in each year, the county assessor, except when otherwise required by special enactment, shall ascertain by diligent inquiry and examination all real and personal property in his county subject to taxation, and also the names of all persons, corporations, associations, companies or firms owning the property. He shall then determine the full cash value of all such property and he shall then list and assess it to the person, firm, corporation, association or company owning it. *→ taxable*

2. In arriving at the value of all public utilities of an intracounty nature, the intangible or franchise element must be considered as an addition to the physical value and a portion of the full cash value. *→ taxable*

3. In addition to the inquiry and examination required in subsection 1, the county assessor shall appraise property using standards approved by the department and reappraise all property at least once every 5 years thereafter using the same standards. Such appraisals and reappraisals at 5-year intervals must be accepted as the examination required under subsection 1, for the intervening 4 years. *physically*

~~[Part 5:344:1052] (NRS A. 1962, 210; 1965, 1248; 1969, 1452; 1975, 66, 1656, 1979, 80)~~

Sec. 14. A NRS 361.320

~~361.320 Determination, allocation of valuation of property of interstate, intercounty nature; billing, collection, remittance of taxes on private car lines.~~

1. At the regular session of the Nevada tax commission commencing on the 1st Monday in October of each year, the Nevada tax commission shall establish the valuation for assessment purposes of any property of an interstate and intercounty nature, which shall in any event include the property of all interstate or intercounty railroad, sleeping car, private car, street railway, traction, telegraph, water, telephone, air transport, electric light and power companies, together with their franchises, and the property and franchises of all railway express companies operating on any common or contract carrier in this state. Such valuation [shall] not include the value of vehicles as defined in NRS 371.020.

must

must

2. Except as otherwise provided in subsections 3 and 4, the foregoing [shall] be assessed as follows: The Nevada tax commission shall establish and fix the valuation of the franchise, if any, and all physical property used directly in the operation of any such business of any such company in this state, as a collective unit; and if operating in more than one county, on establishing such unit valuation for the collective property, the Nevada tax commission shall then determine the total aggregate mileage operated within the state and within its several counties, and apportion the mileage upon a mile-unit valuation basis, and the number of miles apportioned to any county shall be subject to assessment in that county according to the mile-unit valuation established by the Nevada tax commission.

3. Where 75 percent or more of the physical property of an electric light and power company is devoted to the generation or transmission of electricity for use outside the State of Nevada and the physical property also includes three or more operating units which are not interconnected at any point within the State of Nevada, the Nevada tax commission shall successively:

(a) Determine separately the valuation of each operating unit, using the valuation criteria provided in subsection 2.

(b) Apportion 15 percent of the valuation of each operating unit which generates electricity predominantly for use outside Nevada to each other operating unit within the State of Nevada.

(c) Apportion the valuation of each operating unit, adjusted as required by paragraph (b) upon a mile-unit basis among the counties in which such operating unit is located.

4. Where 75 percent or more of the physical property of an electric light and power company is devoted to the generation or transmission of electricity for use outside the State of Nevada and the physical property also includes two but not more than two operating units which are not interconnected at any point within the State of Nevada, the Nevada tax commission shall successively:

(a) Determine separately the valuation of each operating unit, using the valuation criteria provided in subsection 2.

(b) Apportion 20 percent of the valuation of each operating unit

which generates electricity predominantly for use outside Nevada to each other operating unit within the State of Nevada.

(c) Apportion the valuation of each operating unit, adjusted as required by paragraph (b) upon a mile-unit basis among the counties in which such operating unit is located.

5. The Nevada tax commission shall adopt formulas, and cause them to be incorporated in its records, providing the method or methods pursued in fixing and establishing the ~~full cash~~ value of all franchises and property assessed by it. The formulas ~~shall~~ be adopted and may be changed from time to time upon its own motion or when made necessary by judicial decisions, but the formulas ~~shall~~ in any event show all the elements of value considered by the Nevada tax commission in arriving at and fixing the value for any class of property assessed by it.

→ taxable

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→ must

6. As used in this section the word "company" means any person, ~~or persons~~ company, corporation or association engaged in the business described.

7. In case of an omission by the Nevada tax commission to establish a valuation for assessment purposes upon the property mentioned in this section, the county assessors of any counties wherein the property is situated shall assess it.

8. All other property ~~shall~~ be assessed by the county assessors, except as provided in NRS 362.100 and ~~except that the valuation of land, livestock and mobile homes shall be established for assessment purposes by the Nevada tax commission as provided in NRS 361.325.~~

must

must

9. On or before the 1st Monday in December the department shall transmit to the several county assessors the assessed valuation found on such classes of property as are enumerated in this section, except for private car lines, together with the apportionment of each county of the assessment. The several county assessors shall enter on the roll all such assessments transmitted to them by the department.

10. On or before November 1 of each year the department shall forward a tax statement to each private car line company based on the valuation established pursuant to this section and in accordance with the tax levies of the several districts in each county. The company shall remit the ad valorem taxes due on or before December 15 to the department which shall allocate the taxes due each county on a mile-unit basis and remit the taxes to the counties no later than January 31. The portion of the taxes which is due the state ~~shall~~ be transmitted directly to the state treasurer. As an alternative to any other method of recovering delinquent taxes provided by this chapter, the attorney general may bring a civil action in a court of competent jurisdiction to recover delinquent taxes due under this subsection in the manner provided in NRS 361.560.

→ must

~~45, 177, 1917, A 1929, 341, 1939, 279, 1945, 70, 1953, 576] (NRS A 1957, 313, 1962, 1122, 1969, 1146, 1971, 213, 1975, 1658, 1977, 1047)~~



Sec. 15. A NRS 361.333

361.333 ~~Equalization of assessments among counties: Procedure~~

1. Not later than May 1 of each year, the department shall:

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

(1) The assessed value of comparable property in the remaining counties.

(2) The taxable [full cash] value of such type or class of property within that county.

(b) Publish and certify to the county assessors and the boards of county commissioners of the counties of this state:

(1) The average ratio of assessed valuation to the [full cash] value of property in each county and the state.

(2) The adjusted average ratio of assessed valuation to the [full cash] value of property in each county.

The department may take into account the interval between the current determination and the last assessment of property by the county assessor, and it may appropriately discount or otherwise adjust the [full cash] valuation determined by it or take any other appropriate action.

2. The ratio study must be conducted on nine counties in one year and eight counties in the next year with the same combination of counties being tested in alternate years.

3. The formulas and standard procedures used by the department in conducting the ratio study must include a random sampling of property and sales and the use of the mean, median, standard deviation and any other statistical criteria that will indicate an accurate ratio of [full cash] value to assessed value and an accurate measure of assessment equality. The formulas and standard procedures are the mandatory formulas and procedures to be used by the county assessors.

4. During the month of May of each year, the Nevada tax commission shall meet with the board of county commissioners and the county assessor of each county. The board of county commissioners and the county assessor shall:

(a) Present evidence to the Nevada tax commission of the steps taken to insure that all property subject to taxation within the county has been assessed as required by law.

cont.

(b) Demonstrate to the Nevada tax commission that any adjustments in assessments ordered in the preceding year as a result of the appraisal procedure provided in paragraph (c) of subsection 5 have been complied with.

5. At the conclusion of each meeting with the board of county commissioners and the county assessor, the Nevada tax commission shall:

(a) If it finds that all property subject to taxation within the county has been assessed at the proper percentage, take no further action.

(b) If it finds that any class of property, as designated in the segregation of the tax roll filed with the secretary of the state board of equalization pursuant to NRS 361.390, is assessed at less or more than the proper percentage, and if the board of county commissioners approves, order a specified percentage increase or decrease in the assessed valuation of such class on the succeeding tax list and assessment roll.

(c) If it finds the existence of underassessment or overassessment wherein the ratio of assessed value to full cash value is less than 30 percent or more than 37½ percent within each of the several classes of property of the county which are required by law to be assessed at 35 percent of their full cash value, or if the board of county commissioners does not agree to an increase or decrease in assessed value as provided in paragraph (b), order the board of county commissioners to employ forthwith one or more qualified appraisers approved by the department. The payment of such appraisers' fees is a proper charge against the funds of the county notwithstanding that the amount of such fees has not been budgeted in accordance with law. The appraisers shall determine whether or not the county assessor has assessed all real and personal property in the county subject to taxation at the rate of assessment required by law. The appraisers may cooperate with the department in making their determination if so agreed by the appraisers and the department, and shall cooperate with the department in preparing a report to the Nevada tax commission. The report to the Nevada tax commission must be made on or before October 1 following the date of the order. If the report indicates that any real or personal property in the county subject to taxation has not been assessed at the rate required by law, a copy of the report must be transmitted to the board of county commissioners by the department before November 1. The board of county commissioners shall then order the county assessor to raise or lower the assessment of such property to the rate required by law on the succeeding tax list and assessment roll.

6. The Nevada tax commission may adopt regulations reasonably necessary to carry out the provisions of this section.

7. Any county assessor who refuses to increase or decrease the assessment of any property pursuant to an order of the Nevada tax commission or the board of county commissioners as provided in this section is guilty of malfeasance in office.

~~(Added to NRS by 1967, 893; A 1975, 329; 1975, 1661; 1979, 81)~~

*taxable*

*taxable*

Sec. 16. A NRS 361.345

361.345 ~~Powers of county board of equalization~~

1. The county board of equalization <sup>may</sup> shall have power to determine the valuation of any property assessed by the county assessor, and may change and correct any valuation found to be incorrect either by adding thereto or deducting therefrom such sum as shall be necessary to make it conform to the actual or full cash value of the property assessed, whether such valuation was fixed by the owner or the county assessor. Where the person complaining of the assessment of his property has refused to give the county assessor his list under oath, as required by this chapter, no reduction shall be made by the county board of equalization from the assessment of the county assessor.

2. If the county board of equalization finds it necessary to add to the assessed valuation of any property on the assessment roll, it shall direct the clerk to give notice to the person so interested by registered or certified letter, deposited in the post office, or by personal service, naming the day when it shall act on the matter, and allowing a reasonable time for the interested person to appear.

~~[Part 18:244:1952; A 1954, 29] (NRS A 1969, 95)~~

*will*

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*to take*  
*may*

Sec. 17. A NRS 361.355

~~361.355 Hearings on complaints of overvaluation, excessive valuation when state board of equalization may act.~~

1. Any person, firm, company, association or corporation, claiming overvaluation or excessive valuation of its property in the state, whether assessed by the Nevada tax commission or by the county assessor or assessors, by reason of undervaluation for taxation purposes of the property of any other person, firm, company, association or corporation within any county of the state or by reason of any such property not being so assessed, shall appear before the county board of equalization of the county or counties wherein such undervalued or non-assessed property may be and make complaint concerning ~~the same~~ and submit proof thereon. The complaint and proof ~~shall~~ show the name of the owner or owners, the location, the description, and the ~~full cash~~ value of the property claimed to be undervalued or nonassessed.

2. The county board of equalization forthwith shall examine such proof and all data and evidence submitted by the complainant, together with any evidence submitted thereon by the county assessor or any other person. If the county board of equalization determines that the complainant has just cause for making such complaint it shall immediately make such increase in valuation of the property complained of as shall conform to its ~~full cash~~ value, or cause such property to be placed on the assessment roll at its ~~full cash~~ value, as the case may be, and make proper equalization thereof.

3. Except as provided in subsection 4 and NRS 361.403, any such person, firm, company, association or corporation failing to make a complaint and submit proof to the county board of equalization of each county wherein it is claimed property is undervalued or non-assessed as provided in this section, shall not thereafter be permitted to make complaint of or offer proof concerning such undervalued or non-assessed property to the state board of equalization.

4. If the fact that there is such undervalued or nonassessed property in any county has become known to the complainant after the final adjournment of the county board of equalization of that county for that year, the complainant may make its complaint by the 4th Monday of February to the state board of equalization and submit its proof as provided in this section at a session of the state board of equalization, upon complainant proving to the satisfaction of the state board of equalization it had no knowledge of such undervalued or nonassessed property prior to the final adjournment of the county board of equalization. The state board of equalization shall proceed in the matter in like manner as provided in this section for a county board of equalization in such case, and cause its order thereon to be certified to the county auditor with direction therein to change the assessment roll accordingly.

~~[Part 4:177, 1917, A 1929, 341, 1939, 279, 1953, 576] + [19:344, 1953] (NRS A 1973, 1664, 1977, 1519)~~

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→ must  
→ taxable  
→ taxable  
→ taxable

Sec. 18. A NRS 261.395

~~361.395 Equalization of property values, review of tax rolls by state board of equalization, notice of proposed increase in valuation.~~

1. During the annual session of the state board of equalization beginning on the 1st Monday in February of each year, the state board of equalization shall:

(a) Equalize property valuations in the state, including the valuation of livestock theretofore established by the Nevada tax commission.

(b) Review the tax rolls of the various counties as corrected by the county boards of equalization thereof and raise or lower, equalizing and establishing the full cash value of the property, for the purpose of the valuations therein established by all the county assessors and county boards of equalization and the Nevada tax commission, of any class or piece of property in whole or in part in any county, including also livestock and those classes of property enumerated in NRS 361.320.

→ taxable

2. If the state board of equalization proposes to increase the valuation of any property on the assessment roll, it shall give 10 days' notice to interested persons by registered or certified mail or by personal service. The notice shall state the time when and place where the person may appear and submit proof concerning the valuation of the property. A person waives the notice requirement if he personally appears before the board and is notified of the proposed increase in valuation.

~~[Part 1: 177, 1917, A 1929, 241, 1939, 279, 1953, 576] + [Part 6: 177, 1917, A 1929, 241, 1932, 248, 1939, 279, 1943, 81, 1953, 576] (NRS A 1977, 605)~~

Sec. 19. A 22RS 361. 420

361.420 ~~Protest payment of taxes; action for recovery of taxes; limitation~~

1. Any property owner whose taxes are in excess of the amount which the owner claims justly to be due may pay each installment of taxes as it becomes due under protest in writing, which protest shall be in triplicate and filed with the county treasurer at the time of the payment of the installment of taxes. The county treasurer forthwith shall forward one copy of the protest to the attorney general and one copy to the state controller.

→ The protest must

2. The property owner, having protested the payment of taxes as provided in subsection 1 and having been denied relief by the state board of equalization, may commence a suit in any court of competent jurisdiction in the State of Nevada against the state and county in which the taxes were paid, and, in a proper case, both the Nevada tax commission and the department may be joined as a defendant for a recovery of the difference between the amount of taxes paid and the amount which the owner claims justly to be due, and the owner may complain upon any of the grounds contained in subsection 4.

3. Every action commenced under the provisions of this section shall be commenced within 3 months after the date of the payment of the last installment of taxes, and if not so commenced shall be forever barred. If the tax complained of is paid in full and under the written protest provided for in this section, at the time of the payment of the first installment of taxes, suit for the recovery of the difference between the amount paid and the amount claimed to be justly due shall be commenced within 3 months after the date of the full payment of the tax, and if not so commenced shall be forever barred.

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4. In any suit brought under the provisions of this section, the person assessed may complain or defend upon any of the following grounds:

- (a) That the taxes have been paid before the suit;
- (b) That the property is exempt from taxation under the provisions of the revenue or tax laws of the state, specifying in detail the claim of exemption;
- (c) That the person assessed was not the owner and had no right, title or interest in the property assessed at the time of assessment;
- (d) That the property is situate in and has been [duly] assessed in another county, and the taxes thereon paid;
- (e) That there was fraud in the assessment or that the assessment is out of proportion to and above the [actual] cash value of the property assessed;
- (f) That the assessment is out of proportion to and above the valuation fixed by the Nevada tax commission for the year in which the taxes were levied and the property assessed; or
- (g) That the assessment complained of is discriminatory in that it is not in accordance with a uniform and equal rate of assessment and taxation, but is at a higher rate of the [full cash] value of the property so assessed than that at which the other property in the state is assessed.

→ taxable

→ taxable

5. In a suit based upon any one of the grounds mentioned in paragraphs (e) to (g), inclusive, of subsection 4, the court shall conduct the trial without a jury and confine its review to the record before the state board of equalization. Where procedural irregularities by the board are alleged and are not shown in the record, the court may take evidence respecting the allegation and, upon the request of either party, shall hear oral argument and receive written briefs on the matter.

6. In all cases mentioned in this section where the complaint is based upon any grounds mentioned in subsection 4, the entire assessment shall not be declared void but shall only be void as to the excess in valuation.

is void only

7. In any judgment recovered by the taxpayer under this section, the court may provide for interest thereon not to exceed 6 percent per annum from and after the date of payment of the tax complained of.

~~(Part 11-177-1917, A 1933, 128, 1953, 576) (NRS A 1975, 1669, 1977, 1051)~~

must ←

Sec. 20. H. 72RS 361.695

361.695 ~~Answer of defendant: Verification; defenses.~~ The defendant may answer ~~which answer shall be verified;~~ by a verified pleading:

1. That the taxes and penalties have been paid before suit.
2. That the taxes with penalties and costs have been paid since suit, or that such property is exempt from taxation under the provisions of this chapter.
3. Denying all claim, title or interest in the property assessed at the time of the assessment.
4. That the land is situate in, and has been [duly] assessed in, another county, and the taxes thereon paid.
5. Fraud in the assessment, or that the assessment is out of proportion to and above the [actual cash] value of the property assessed. In the last-mentioned case, where, the defense is based upon the ground that the assessment is above the [actual cash] value of the property, the defense shall only be effectual as to the proportion of the tax based upon such excess of valuation; but in no such case shall an entire assessment be declared void.

where ←

[47:344:1953]

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Sec. 21, A NRS 361A.020

361A.020 ~~"Agricultural real property" defined.~~

1. "Agricultural real property" means:

(a) Land:

(1) Devoted exclusively for at least 3 consecutive years immediately preceding the assessment date to:

(I) Agricultural use; or

(II) Activities which prepare the land for agricultural use; and

(2) Having a greater value for another use than for agricultural use. For the purposes of this subparagraph, agricultural land devoted to agricultural use has a greater value for another use if its ~~full cash~~ value determined pursuant to NRS 361.227 and 361.260 exceeds its value for agricultural use determined on the basis provided in NRS 361.325.

→ taxable

(b) The improvements on such land which support accepted agricultural practices except any structures or any portion of a structure used primarily as a human dwelling.

flush → The term does not apply to any land with respect to which the owner has granted and has outstanding any lease or option to buy the surface rights for other than agricultural use, except leases for the exploration of geothermal resources as defined in NRS 361.027, mineral resources or other subsurface resources, or options to purchase such resources, if such exploration does not interfere with the agricultural use of the land.

2. As used in this section, "accepted agricultural practices" means a mode of operation that is common to farms or ranches of a similar nature, necessary for the operation of such farms or ranches to obtain a profit in money and customarily utilized in conjunction with agricultural use.

~~(Added to NRS by 1975, 1755; A 1977, 679)~~



Sec. 22. A 72RS 361A.130

~~361A.130 Separate determination of value for agricultural use and full cash value; recordation, notification of full cash value assessment date when use assessment determined.~~

1. If the property is found to be agricultural real property, the county assessor shall determine its value for agricultural use and assess it at 35 percent of that value. At the same time the assessor shall make a separate determination of its full cash value pursuant to NRS 361.227 and 361.260 if he determines that the property is located in a higher use area. If the assessor determines that the property is not located in a higher use area, he shall make the agricultural use assessment only, and shall not make the full cash value assessment, except as provided in NRS 361A.155.

→ taxable

2. The full cash value assessment shall be maintained in the assessor's records, and shall be made available to any person upon request. The property owner shall be notified of the full cash value assessment each year the property is reappraised, together with the agricultural use assessment, in the manner prescribed by the department.

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must

3. The entitlement of agricultural real property to agricultural use assessment shall be determined as of the first Monday in September in each year. If the property becomes disqualified for such assessment prior to the first Monday in September in the same year, it shall be assessed as all other real property is assessed.

→ taxable

must

(Added to NRS by 1975, 1758; A 1977, 679)

Sec. 23. A NR 361A.155

~~361A.155 - Determination of full cash value when property located in higher use area or converted to higher use.~~

1. When any agricultural real property whose [full cash] value as determined pursuant to NRS 361.227 and 361.260 has not been separately determined for each year in which agricultural use assessment was in effect for the property is:

(a) Determined by the county assessor to be located in a higher use area; or

(b) Converted in whole or in part to a higher use, taxable  
the county assessor shall determine its [full cash] value at the time the location in a higher use area is determined or at the time of conversion, respectively, and discount that valuation as appropriate to determine the valuation against which to compute the deferred tax.

2. The department shall prescribe by regulation an appropriate procedure for determining [full cash] value assessment under this section.

~~(Added to NRS by 1977, 676)~~

taxable

Sec. 24. A 72RS 361A.160

~~361A.160 Determinations of county assessor final unless appealed late applications processed by county board of equalization.~~

taxable ←

1. The determination of use, the agricultural use assessment and the [full cash] value assessment in each year are final unless appealed in the manner provided in chapter 361 of NRS for complaints of overvaluation, excessive valuation or undervaluation.

2. Any person desiring to have his property assessed for agricultural use who fails to file a timely application may petition the county board of equalization which, upon good cause shown, may accept an application, and, if appropriate, allow that application. The assessor shall then assess the property consistently with the decision of the county board of equalization on the next assessment roll.

~~(Added to NRS by 1975, 1759, A 1977, 666)~~

Sec. 25. A NRS 361A.220

361A.220 ~~Separate determination of value for open space use and full cash value; recordation, notification of full cash value assessment; date when use assessment determined.~~

1. If the property is found by the board of county commissioners to be open-space real property, the county assessor shall determine its value for open-space use and assess it at 35 percent of that value. At the same time, the assessor shall make a separate determination of its full cash value pursuant to NRS 361.227 and 361.260.

taxable ←

2. The full cash value assessment shall be maintained in the assessor's records and shall be made available to any person upon request. The property owner shall be notified of the full cash value assessment each year the property is reappraised, together with the open-space use assessment in the manner prescribed by the department.

→ must

taxable ←

3. The entitlement of open-space real property to open-space use assessment shall be determined as of the first Monday in September in each year. If the property becomes disqualified for open-space assessment prior to the first Monday in September in the same year, it shall be assessed as all other real property is assessed.

→ must

must ←

taxable

→ must

~~(Added to NRS by 1975, 1760; A 1977, 680)~~

Sec. 26. A NRS 361A.240

361A.240 ~~Appeal from determination of use, equalization~~

1. The determination of use, the open-space use assessment and the full cash value assessment in each year are final unless appealed.

2. The applicant for open-space assessment is entitled to:

(a) Appeal the determination made by the board of county commissioners to the district court in the county where the property is located, or if located in more than one county, in the county in which the major portion of the property is located, as provided in NRS 278.027.

(b) Equalization of both the open-space use assessment and the full cash value assessment in the manner provided in chapter 361 of NRS for complaints of overvaluation, excessive valuation or undervaluation.

~~(Added to NRS by 1975, 1761, A 1977, 081)~~

taxable ←

taxable ←

Sec. 27 - A NRS 361A.280

taxable ←

~~361A.280 Payment of deferred tax, penalties when property converted to higher use, lien for amounts owed.~~

1. When agricultural or open-space real property which is receiving agricultural or open-space use assessment is converted to a higher use, there shall be added to the tax extended against the property on the next property tax statement, an amount equal to the sum of the following:

- (a) The deferred tax, which is the difference between the taxes paid or payable on the basis of the agricultural or open-space use assessment and the taxes which would have been paid or payable on the basis of the full cash value determination for each year in which agricultural or open-space use assessment was in effect for the property, up to 84 months immediately preceding the date of conversion from agricultural or open-space use. The 84-month period includes the most recent year of agricultural or open-space use assessment but does not include any period before July 1, 1976.
- (b) A penalty equal to 20 percent of the accumulated deferred tax for each year in which the owner failed to give the notice required by NRS 361A.270.

2. The deferred tax and penalty are a perpetual lien until paid as provided in NRS 361.450; but if the property is not converted to a higher use within 84 months after the date of attachment, the lien for that earliest year then expires.

3. Each year a statement of liens attached pursuant to this section must be recorded with the county recorder by the tax receiver in a form prescribed by the department upon completion of the tax statement.

4. If agricultural or open-space real property receiving agricultural or open-space use assessment is sold or transferred to an ownership making it exempt from ad valorem property taxation between July 1 and the first Monday in September, inclusive, in any year, a lien for a proportional share of the deferred taxes that would otherwise have been due in the following year, attaches on the day preceding the sale or transfer. The lien shall be enforced against the property when it is converted to a higher use, even though the owner at the time of conversion enjoys an exemption from taxation.

~~(Added to NRS by 1975, 1762, A 1977, 681, 1979, 277)~~

Sec. 28, A NRS 367.025

~~367.025 "Full cash value" of bank share defined, method for determining aggregate taxable capital of bank.~~ For the purposes of this chapter, the full cash value of a share of stock in a bank is its proportionate part of the aggregate taxable capital. Such aggregate taxable capital shall be determined in the following manner:

must

taxable

1. The average of each of the following factors shall be computed for the fiscal year preceding the valuation, using the respective amounts as of the end of each calendar quarter:

must

- (a) Cash;
- (b) Demand deposits;
- (c) Time deposits; and
- (d) Total deposits.

must

2. From the average cash shall be subtracted an appropriate cash reserve, which shall be the sum of:

must

- (a) Average demand deposits multiplied by that percentage established by the Board of Governors of the Federal Reserve System as a required cash reserve for member banks, as of the close of the fiscal year preceding the valuation.
- (b) Average time deposits multiplied by that percentage established by the Board of Governors of the Federal Reserve System as a required cash reserve for member banks as of the close of the fiscal year preceding valuation.

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The appropriate cash reserve shall be computed in the same manner for all banks, whether or not they are members of the Federal Reserve System.

must

3. From the average total deposits shall be subtracted the excess cash, which is the difference obtained pursuant to subsection 2, if any.

must

4. The difference obtained pursuant to subsection 3 shall be multiplied by 9 percent, to obtain the capital equivalent of the deposits.

must

5. From the capital equivalent obtained pursuant to subsection 4 shall be subtracted the full cash value of all real property assessed to the bank. The difference so obtained is the aggregate taxable capital of the bank.

taxable

(Added to NRS by 1967, 880)

Sec. 29. A NRS 367.030

367.030 Assessment of bank shares: Shares assessed at 35 percent of full cash value: branch banks

1. All shares of stock in banks, including shares subscribed but not issued, existing by authority of the United States, or of the State of Nevada, or of any other state, territory or foreign government, and located within the State of Nevada, [shall] be assessed to the owners thereof in the county, city, town or district where such banks are located, and not elsewhere, in the assessment of all state, county, town or special taxes, imposed and levied in such place, whether such owner is a resident of the county, city, town or district, or not.

must

must

2. All such shares [shall] be assessed at 35 percent of their [full cash] value determined as of July 1.

→ taxable

in this section

3. The proportionate parts of the shares of stock in a bank having branches in one or more counties, cities, towns or districts, [shall] be assessed as provided [herein] in such counties, cities, towns or districts where such bank or branches may be situated, such proportionate parts to be assessed in each such county, town, city or district being determined by the ratio which the total deposits, both time and demand, at the close of banking hours on the last business day of the preceding fiscal year in the bank or branch situated in such county, city, town or district bear to the total of such deposits on the last business day of the preceding fiscal year in all of the banks and branches thereof, ownership of which is represented by the shares of stock so assessed.

must

4. The persons or corporations who appear from the records of the banks to be the owners of shares at the close of the business day on July 1, or if July 1 is not a business day then the next-succeeding business day, in each year shall be [taken and] deemed to be the owners thereof for the purposes of this section.

~~[2.97.1907, A 1915, 174, 1937, 85, 1921 NCL § 6572] (NRS A 1961, 413, 1965, 246, 1967, 660)~~



Sec. 30. A 72RS 367.050

**367.050** ~~Bank reports to Department of Taxation - banks in counties~~  
~~assessors department~~

1. On or before August 1 of each year, each bank which is located or has a branch located in this state shall report to the department, upon forms which shall be prescribed by the department:

(a) The quarterly amounts of its cash, demand deposits, time deposits and total deposits for the preceding fiscal year; and

(b) A list showing the total deposits in its principal office and in each of its branches at the close of the last business day of the preceding fiscal year, segregated according to the county in which such office and each branch is situated.

2. On or before September 1 of each year, each county assessor shall transmit to the department a list showing the full cash value of each parcel of real property in his county which is assessed to a bank for the current fiscal year.

3. The department shall annually, at its regular meeting beginning on the 1st Monday in October, determine:

(a) The aggregate taxable capital of each bank which is located or has a branch located in this state; and

(b) The proportion of such aggregate taxable capital which is required to be assessed in each county of the state.

4. On or before the 1st Monday in December, the department shall transmit to each county assessor the amount of the aggregate taxable capital of each bank which is required to be assessed in his county, and each assessor shall adopt as the full cash value of the shares of stock of each such bank the amounts so shown.

~~(S. 07-1007; A 1027, 85; 1021 NCL § 6575) (NRS A 1061, 414, 1967, 681, 1975, 1704)~~

taxable

taxable

TO: Members of Senate and Assembly  
Taxation Committees

DATE: February 24, 1981

FROM: Patrick Pine, Clark County

EXHIBIT E

SUBJECT: Enterprise Fund Definitions

354.517 of NRS defines an enterprise fund, as follows:

354.517 "ENTERPRISE FUND" DEFINED. "Enterprise fund" means a fund established to finance and account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supported by user charges such as, and without limitation by enumeration, water, gas, sewer and electric utilities, swimming pools, airports, parking garages and transit systems.

NRS 354.610 provides for the establishment of enterprise funds as follows:

354.610 ENTERPRISE FUNDS: ESTABLISHMENT; EXPENDITURES.

1. A local government may establish by resolution one or more enterprise funds, for any self-supporting operation which it is authorized by law to operate. The resolution establishing the fund shall set forth in detail the following:

(a) The object or purpose of the fund.

(b) The statutory authorization to conduct the operation.

(c) The source or sources to be used to finance the operation and the statutory authority to levy charges and fees for the operation.

(d) The method for controlling expenditures and revenues of the fund.

(e) The method for controlling reserves, depreciation allowances and surpluses.

2. No expenditures from an enterprise fund shall be made in excess of the balance of such fund.

3. Each enterprise fund shall support all expenditures properly related to the purpose of the fund, including but not limited to debt service, capital outlay and operating expenses. No surplus that may be made available to other funds or functions may be declared in an enterprise fund until after all proper expenditures have been encumbered against such fund.

Principles of Governmental Accounting, Auditing and Financial Reporting (otherwise known as GAAFR) is used by many CPA's to evaluate governmental funds. The 1968 edition defined the purpose of enterprise funds as follows:

"Enterprise funds to account for the financing of services to the general public where all or most of the costs involved are paid in the form of charges by users of such services."

This has been interpreted to require the fund to receive at least 50% of its support from user charges.

However, a new definition appeared recently in the 1980 version of GAAFR which now describes the use of enterprise funds as follows:

#### "Proprietary Funds

(6) Enterprise Funds - to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

(7) Internal Service Funds - to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis."

The 1980 edition of GAAFR is the first comprehensive revision in governmental accounting standards published since 1968. In 1968, accountants determined that it was appropriate to establish an enterprise fund "where all or most of the costs involved are paid in the form of charges by users". In 1980, the accountants stated that the costs only have to be primarily recovered through user charges.

Since local governments in Nevada currently are required to have an independent audit annually, private CPA firms conducting such audits are currently having to view governmental funds under two standards. One is the standard established by Nevada law and the other standard is that used by the accounting profession as a

whole. Whenever there is a difference between the law and the accounting standards promulgated by the profession, an independent CPA will generally disclose an opinion with respect to both the law and generally accepted accounting principles.

Legislation has been prepared by the Local Government Advisory Committee of the Department of Taxation to revise the Nevada Budget Act. The revisions will primarily be oriented to making the definitions in law and the definitions used by the accounting profession consistent. The respective committees may desire to have professional accountants clarify the need for definitions which are consistent.

This document is intended only to inform interested legislators that the changes in the definition of enterprise funds are the result of a national standard promulgated by professional accountants and not as a result of new language developed by Nevada's local governments.

The pertinent chapter of the 1980 edition of GAAFR relating to enterprise funds is attached for more detailed information on the current standards used by professional accountants in evaluating enterprise funds.

Should any legislator desire further information on this matter, I will be happy to respond. There are a number of independent CPA's in Nevada who may be contacted to provide a professional view on Nevada's accounting definitions.

PP/kb  
Attachment

# Chapter 10

## ENTERPRISE FUNDS

### Nature and Purpose

**U**nder Statement 1, Enterprise Funds are used "to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes." Services accounted for in Enterprise Funds are tangible, and it is possible to determine the extent to which they benefit individual service consumers.

Under 1968 GAAFR, services were accounted for in Enterprise Funds only if they were financed more than 50 percent by user charges. Services financed primarily by user charges should still generally be accounted for in Enterprise Funds. In Statement 1, however, the NCGA broadened Enterprise Fund classification criteria to permit governments to employ Enterprise Fund accounting for any service for which there exists a significant potential for financing through user charges, even if the governing board decides not to so finance the service and instead to subsidize it from general governmental resources.

~~Government providing such services must decide whether they want to recover all, some, or none of the costs of providing them through user charges. This is a policy decision that should not be confused with the decision to account for the service as an Enterprise Fund or in governmental fund types. A government is not required to finance any particular percentage of the cost of providing a particular service through user charges simply because it accounts for it as an Enterprise Fund.~~

Enterprise Fund accounting is designed to accumulate the total cost (including depreciation) of providing a particular service and to indicate the extent to which user charges imposed upon service consumers are sufficient to cover those costs. When a government elects not to fully recover the total cost of providing a service through user charges, Enterprise Fund accounting indicates the amount of subsidy for the service which must be financed from taxes or other sources.

The most common type of government enterprise is the

public utility. Utilities provide such basic services as water, sewage collection and disposal, electricity, natural gas, and garbage collection.

In recent years, governments have increasingly also been providing a widening range of other types of enterprise services. Governments provide such services because they are considered to be in the public interest, and because business enterprises cannot or will not provide them as economically or as effectively. Examples of common governmental enterprise services include hospitals, airports, transportation systems, dock and wharf facilities, parking, public housing, amusement parks, swimming pools, and golf courses.

Enterprise services are often provided by states and general purpose local governments. In other cases, enterprise services are provided by various types of special districts. Examples of enterprise special districts include water districts, port and harbor authorities, sanitary districts, airport authorities and regional transportation districts. Special districts are discussed in Chapter 13.

Significant government services financed primarily by user charges should usually be accounted for as Enterprise Funds. Government services whose revenues have been pledged as security for revenue bonds should also be accounted for as Enterprise Funds. Public utilities should generally be accounted for as Enterprise Funds regardless of the source of their financing.

Once a decision is made to account for a particular service as an Enterprise Fund or in governmental fund types, it should be followed consistently from year to year. Governmental fund type and proprietary fund type accounting produce significantly different financial statements. Fund classifications must be consistently applied from year to year if there is to be a significant potential for meaningful interperiod financial statement comparative analysis.

### Number of Funds

Individual enterprise services must ordinarily be accounted for in separate Enterprise Funds. Such segregation is essential to: (1) determining the total cost of providing a service and the extent to which user charges cover that cost; and (2) assuring that the resources of one enterprise are not illegally or improperly utilized by another.

The single exception to this general rule is the case where closely related services are merged into one Enterprise Fund because their respective revenues have been cross-pledged as

security for a single issue of combined purpose revenue bonds. Such bonds are often issued, for example, to finance separate water and sewer enterprise services.

Most Enterprise Funds engage in transactions with other funds of their government. If Enterprise Fund financial statements are to be comparable with financial statements of businesses providing similar services, interfund transactions which would be treated as revenues or expenses if they involved parties external to the government (quasi-external interfund transactions) must be priced and accounted for as if they did involve such parties. Examples of Enterprise Fund quasi-external interfund transactions include: (1) Water Enterprise Fund charges to the General Fund for water used; (2) Data Processing Internal Service Fund charges to an Enterprise Fund for data processing services rendered; and (3) General Fund charges to an Enterprise Fund for payments in lieu of taxes that would have been levied on its property if it were a business enterprise.

Enterprise Fund revenue and expense classifications generally parallel those of business enterprises providing similar services. Similar classifications enhance the comparability of Enterprise Fund and business enterprise financial statements and hence their potential usefulness for comparative analysis purposes.

### Relationship to Budget

Sound financial administration requires the preparation and adoption of a comprehensive annual operating budget for the entire government including each of its Enterprise Funds. Budgets are necessary to help assure that: (1) service objectives are attained; (2) expenditures are properly controlled; and (3) adequate resources will be available to finance current operations, repay long-term liabilities, and meet capital outlay requirements.

Spending associated with Enterprise Fund services is controlled by isolating the accounting for them into separate funds and by matching the total cost of providing each service with the user charge revenues generated by it. Enterprise Funds benefit from a partial marketplace control in that service consumers may be expected to reduce their consumption and hence user charge revenues, if service quality or price levels become sufficiently unsatisfactory. However, because Enterprise Funds often provide essential services (water, electricity, etc.) and because their services are generally largely monopolistic, service consumers can usually reduce their consumption only temporarily.

Many Enterprise Funds issue revenue bonds, and some issue general obligation bonds. Enterprise Fund spending is frequently, therefore, also partially controlled through bond indenture provisions.

Governmental fund type revenues are largely independent of their expenditures. Governmental fund type expenditures and service delivery levels must be tightly controlled through the use of fixed dollar annual operating budgets.

Enterprise Fund service delivery levels, on the other hand, are determined by the extent of consumer demand. Increased service delivery levels increase expenses, but also result in higher revenues. Because Enterprise Fund revenues and expenses fluctuate with changing service delivery levels, the use of fixed dollar budgets is generally considered inappropriate for them.

Flexible budgets are generally used for Enterprise Fund planning, control, and evaluation purposes. Such budgets included estimated revenues and expenses for each of several different service delivery levels. Flexible budgets permit comparisons of actual results of operations with appropriate budgeted amounts for whichever level of activity is actually experienced during a period. Budgetary accounts are ordinarily not formally integrated into Enterprise Fund general ledgers.

GAAP financial reports need not include budgetary comparisons for Enterprise Funds. Nevertheless, many governments include such comparisons as supplementary data in their reports. In some jurisdictions, their presentation may be legally required.

### Accounting for Restricted Assets

Legally restricted Enterprise Fund cash, investments, and interest receivable balances are reported in a separate Restricted Assets section of the Enterprise Fund balance sheet. Such amounts need not be *physically* segregated from other Enterprise Fund assets, however, unless co-mingling is specifically legally prohibited.

Public utilities customarily require customers to make deposits at the time of connection to the utility system. These deposits are designed to insure payment of final service billings and to protect the utility against damage to equipment located on the customer's property. When a customer withdraws from the system, this deposit is refunded less the amount of any charges outstanding against the account.

Customer deposits held by a utility are still owned by its customers. Customer deposits are classified as restricted assets and reported separately as such on the Enterprise Fund balance sheet. Amounts so reported are offset by a current liability, Customer Deposits Payable from Restricted Assets.

Accounting for activities related to revenue bonds typically requires the establishment of restricted assets accounts:

- Revenue Bond Construction Account
- Revenue Bond Current Debt Service Account
- Revenue Bond Future Debt Service Reserve Account
- Revenue Bond Contingency (Renewal and Replacement) Account

Revenue bond indentures often refer to these accounts as "funds." However, they are merely mandatory asset segregations and not funds in the sense of fiscal and accounting entities with self-balancing sets of accounts. Whenever possible, they should be referred to as accounts rather than funds to minimize any potential for misleading inference on the part of financial report users.

Revenue bond proceeds earmarked for Enterprise Fund fixed asset construction must be accounted for in a Revenue Bond Construction Account. Disbursements for authorized construction purposes are made from this account until the bond proceeds are exhausted. Bond indentures or other legal provisions typically specify the appropriate disposition of any excess of bond proceeds over total authorized construction expenditures.

Most revenue bond indentures restrict certain bond proceeds and/or Enterprise Fund net operating revenues (usually defined as total operating revenues less total operating ex-

penses exclusive of depreciation and bond interest) to revenue bond debt service purposes. Monies are accumulated in a Revenue Bond Current Debt Service Account each month in an amount equal to one-twelfth of the total principal and interest payments due within the next year. Current debt service payments are made from this account. Current liabilities for revenue bond principal and interest are reported as "liabilities payable from restricted assets" on the Enterprise Fund balance sheet.

Additional monies are accumulated over the first 60 months or so after revenue bonds are issued in a Revenue Bond Future Debt Service Reserve Account to pay matured bonds and interest in the event of a deficiency in the Revenue Bond Current Debt Service Account described above. Earmarked

portions of bond proceeds may also be accounted for in this account. The total amount to be accumulated in the Revenue Bond Future Debt Service Reserve Account varies from one bond indenture to another, but is usually (a) the maximum annual debt service requirement, (b) the average annual debt service requirement, or (c) a specified sum. Under normal circumstances, balances accumulated in this account will not be utilized until the final retirement of the bond issue.

Bond proceeds and/or net operating revenues are also accumulated in a Revenue Bond Contingency (Renewal and Replacement) Account for unforeseen operating expenditures of an emergency nature or for renewals and replacements of assets. The total amount to be accumulated in this account varies from bond issue to bond issue.

**ILLUSTRATION 10**  
**NAME OF GOVERNMENT**  
**WATER AND SEWER ENTERPRISE FUND**  
**TRIAL BALANCE**  
**January 1, 19X2**

	<u>Debit</u> <u>Balance</u>	<u>Credit</u> <u>Balance</u>		<u>Debit</u> <u>Balance</u>	<u>Credit</u> <u>Balance</u>
Cash .....	\$ 137,760		Accrued Taxes Payable .....		2,460
Cash with Fiscal Agent .....	9,000		Customers' Deposits Payable		
Accounts Receivable .....	33,720		from Restricted Assets .....		55,500
Allowances for Uncollectible			Construction Contracts Payable		
Accounts Receivable .....		\$ 2,420	from Restricted Assets .....		145,643
Unbilled Accounts Receivable ...	4,500		Construction Contracts Payable		
Notes Receivable .....	1,250		from Current Assets .....		414,357
Due from General Fund .....	8,000		Matured Revenue Bonds		
Inventory of Materials and			Payable .....		8,000
Supplies .....	9,320		Matured Revenue Bond Interest		
Inventory of Stores for Resale ...	2,460		Payable .....		1,000
Prepaid Expenses .....	740		Revenue Bonds Payable (Due		
Restricted Assets:			within 1 year) .....		44,000
Customers' Deposits:			Accrued Revenue Bond Interest		
Investments .....	55,000		Payable .....		66,150
Interest Receivable .....	500		General Obligation Bonds Pay-		
Revenue Bond Construction			able (Due within 1 year) ....		50,000
Account .....	145,643		Accrued General Obligation		
Revenue Bond Current Debt			Bond Interest Payable .....		14,100
Service Account .....	113,150		Revenue Bonds Payable (Due		
Revenue Bond Future Debt			after 1 year) .....		1,846,000
Service Reserve Account ...	82,990		General Obligation Bonds Pay-		
Revenue Bond Contingency			able (Due after 1 year) .....		700,000
(Renewal and Replacement)			Contribution from		
Account .....	10,985		Government .....		450,000
Land .....	211,100		Contribution from Customers ...		50,000
Buildings .....	420,700		Contribution from		
Accumulated Depreciation -			Subdividers .....		220,000
Buildings .....		80,200	Retained Earnings Reserved		
Improvements Other than			for Revenue Bond Current		
Buildings .....	3,372,200		Debt Service Account .....		3,000
Accumulated Depreciation -			Retained Earnings Reserved for		
Improvements Other than			Revenue Bond Future Debt		
Buildings .....		281,500	Service Reserve Account ....		82,990
Machinery and Equipment .....	1,525,500		Retained Earnings Reserved for		
Accumulated Depreciation -			Revenue Bond Debt Service		
Machinery and Equipment ...		135,000	Contingency Account .....		10,985
Construction in Progress .....	556,606		Unreserved Retained		
Vouchers Payable .....		44,000	Earnings .....		1,991,569
Accrued Wages Payable .....		2,250	Totals .....	<u>\$6,701,124</u>	<u>\$6,701,124</u>

Amounts that *should be* accumulated in the Revenue Bond Current Debt Service, Revenue Bond Future Debt Service Reserve, and Revenue Bond Contingency Accounts should be recorded as a reservation of retained earnings. If amounts accumulated in these accounts are less than what is required, details of the shortage(s) should be disclosed in the notes to the financial statements. Required amounts for the Revenue Bond Current Debt Service Account are reduced by the amount of current liabilities for revenue bond principal and interest and related fiscal charges.

Any excess of cash and investments accumulated in the Revenue Bond Current Debt Service Account over current liabilities for revenue bond principal and interest is also reported as reserved retained earnings. The Revenue Bond Construction Account does not require a reservation of retained earnings.

### Enterprise Fund Accounting

The journal entries included in the remainder of this chapter illustrate typical Enterprise Fund financial transactions during a year. They are not intended, however, as an exhaustive illustration of all possible types of Enterprise Fund transactions. If the journal entries provided are posted to the accounts listed in the beginning of the year trial balance presented as Illustration 10 and to the additional accounts indicated, the year end balances will be those in the annual financial statements included in the illustrative CAFR in Appendix D.

**Accounting for Revenues.** Enterprise Fund revenues are recognized in the period in which they are earned. Allowances for estimated uncollectibles are established as appropriate, based upon historical collection experience and other relevant circumstances.

For certain enterprises, such as toll bridges, swimming pools, and transportation systems, service consumers pay individual charges at the time of each admission or use of the particular facility. In other cases, such as public utilities, services are first provided and the customer then billed for the value of the service consumed.

Many utilities read meters and bill customers on a cyclical basis. Under such a system, an adjusting journal entry is necessary at the end of the year to record earned operating revenues for which customers have not yet been billed.

Entries recording earned operating revenues and related accounts receivable, collections of accounts receivable, and related transactions during the year are as follows:

Accounts Receivable . . . . .	\$ 640,000	
Operating Revenues Control . . . . .		\$ 640,000
(to record operating revenues and related accounts receivable)		
Accounts Receivable . . . . .	\$ 4,500	
Unbilled Accounts Receivable . . . . .		\$ 4,500
(to record billings made for accounts receivable unbilled at the end of the preceding year)		

Unbilled Accounts Receivable . . . . .	\$ 7,150	
Operating Revenues Control . . . . .		\$ 7,150
(to record operating revenues earned, but for which customers have not been billed at the end of the year)		
Cash . . . . .	\$ 701,220	
Accounts Receivable . . . . .		\$ 701,220
(to record collections of accounts receivable)		
Notes Receivable . . . . .	\$ 2,100	
Accounts Receivable . . . . .		\$ 2,100
(to record acceptance of notes from delinquent customers)		
Due from General Fund . . . . .	\$ 25,000	
Operating Revenues Control . . . . .		\$ 25,000
(to record sale of utility services to departments financed by the General Fund)		
Cash . . . . .	\$ 32,000	
Notes Receivable . . . . .		\$ 1,000
Due from General Fund . . . . .		\$ 31,000
(to record collection of a portion of note receivable and amounts due from General Fund)		
Allowance for Uncollectible Accounts Receivable . . . . .	\$ 6,000	
Accounts Receivable . . . . .		\$ 6,000
(to write-off past-due accounts which are uncollectible)		
Operating Expenses Control . . . . .	\$ 5,500	
Allowance for Uncollectible Accounts Receivable . . . . .		\$ 5,500
(to adjust Allowance for Uncollectible Accounts Receivable to desired balance based upon historical collection experience and other relevant circumstances)		

Entries recording an intergovernmental grant operating subsidy from the federal government, customer tap fees, other nonoperating revenues, contributions from subdividers and related cash collections are as follows:

Due from Federal Government . . . . .	\$ 55,000	
Nonoperating Revenues Control . . . . .		\$ 55,000
(to record intergovernmental grant operating subsidy)		
Accounts Receivable . . . . .	\$ 22,000	
Nonoperating Revenues . . . . .		\$ 22,000
(to record customer tap fees)		
Rent Receivable . . . . .	\$ 5,000	
Nonoperating Revenues Control . . . . .		\$ 5,000
(to record rent from nonoperating building)		
Due from Subdividers . . . . .	\$ 650,666	
Contributions from Subdividers . . . . .		\$ 650,666
(to record contributions from subdividers for system additions and construction, where such amounts are contributed at the initiative of the government primarily		



2/20/81

PROPERTY TAX REFORM BILLS

EXHIBIT F

Bills that restrict the use of the ad valorem tax levy:

- A.B. 79--Property tax for debt only.
- S.B. 218 and A.B. 128--Administration bill limiting property tax to debt.

Bills that affect expenditure limitations:

- 1) School expenditures:
  - S.B. 68--Extends local government cap to schools.
- 2) Other local government expenditures:
  - S.B. 117--Makes refinements recommended by the interim committee on tax relief measures.
  - A.B. 135--Base must be changed when exempt funds are created.
- 3) Ending fund balances:
  - S.B. 116--Limits ending fund balances.

Bills that affect revenue limitations:

- 1) School revenues:
  - S.B. 68--Establishes revised ad valorem cap on schools with 1978-79 assessment year as base.
  - S.B. 117--Makes refinements recommended by the interim committee on tax relief measures.
- 2) Other local government revenues:
  - S.B. 68--Establishes a new ad valorem cap on local governments.

Bills that affect assessment and appraisal:

- 1) Assessment ratio:
  - S.B. 70--Assessment ratio reduces as CPI increased.
- 2) Factoring:
  - S.B. 217 and A.B. 180--Annual factoring up required beginning 1978-79.
  - S.B. 219 and A.B. 120--Administration bill requiring annual factoring up.
  - A.B. 135--Requires annual factoring up.
- 3) Valuation:
  - S.B. 69--Changes factors for determination of full cash value.
  - A.B. 193--In determining full cash value of property, decreases in value due to restrictions on development must be considered.
- 4) Clean-up bills:
  - A.B. 44, A.B. 46 and A.B. 100

Bills to increase revenue:

1) Sales and use tax:

S.B. 218 and A.B. 128--Administration bill to replace part of property tax. Total would be 5.75%.

A.B. 79--State sales and use tax to be increased to 4.5%. Total would be 6%.

2) Gaming taxes:

S.B. 218 and A.B. 128--New gaming tax established equal to \$2.64/hundred X assessed value of casino.

A.B. 134--Gross gaming fee increased from 5.5% to 6% for large casinos.

Bills that change distribution of local revenue:

S.B. 117--Redistributes a part of the county gaming revenue that now goes to towns.

S.B. 115--Distribution of motor vehicle privilege tax to schools is eliminated.

Resolution to permit split roll:

S.J.R. 6 and A.J.R. 1--Separate classification for residential property.

S.J.R. 21 and A.J.R. 16--Administration proposal for separate classification for residential property and minerals.

S.J.R. 4--Legislature to establish classifications.

## PROPERTY TAX REFORM BILLS

SENATE BILLS

- S.B. 68 Fixes statutory limits on revenue of local governments derived from certain ad valorem taxes and on expenditures by school districts.
- S.B. 69 Revises factors which may be used in determining full cash value of real property for taxation.
- S.B. 70 Reduces rate of property tax assessment according to rate of inflation.
- S.B. 115 Eliminates distribution of vehicle privilege tax to school districts.
- S.B. 116 Limits amount and uses of money held by local governments in certain funds and accounts.
- S.B. 117 Makes refinements to statutory limits on state budget and on expenditures by local governments.
- S.B. 217 Revises method of reappraising certain property and changes fiscal year for which property taxes are due.
- \* S.B. 218 (A.B. 128) Makes substantial revisions relating to property tax, sales tax and other taxes.
- \* S.B. 219 (A.B. 120) Revises method of reappraising certain property and changes fiscal year for which property taxes are due.
- S.J.R. 4 Proposes to amend Nevada Constitution to permit legislature to provide separately for assessment of taxes on different classes of real property.
- S.J.R. 6 Permits separate classification of residential property for taxation.
- \* S.J.R. 21 (A.J.R. 16) Authorizes differential taxation of residential property and minerals.

ASSEMBLY BILLS

- A.B. 44 Changes dates for equalizing, reporting, collecting and certifying property taxes.
- A.B. 46 Changes procedure for increasing assessments and correcting rolls for property tax.
- A.B. 79 Increases sales tax and limits use of property tax to debt service.
- A.B. 100 Changes certain provisions on appraisers, of assessments and equalization in property tax law.
- \* A.B. 120 (S.B. 219) Revises method of reappraising certain property and changes fiscal year for which property taxes are due.
- \* A.B. 128 (S.B. 218) Makes substantial revisions relating to property tax, sales tax and other taxes.
- A.B. 134 Increases state license fee on gross revenue of gaming and prohibits local increases.
- A.B. 135 Changes method of calculating permissible expenditures by local governments and assessed value of certain property.
- A.B. 180 Revises method of reappraising certain property and changes fiscal year for which property taxes are due.
- A.B. 193 Requires consideration of legal impediments to development in setting full cash value of property for assessment.
- A.J.R. 1 Permits separate classification of residential property for taxation.
- \* A.J.R. 16 (S.J.R. 21) Authorizes differential taxation of residential property and minerals.
- \* Administration Bill

## OTHER TAXATION BILLS

Bills that affect highway fund revenue:

- S.B. 66 Increases tax on motor vehicle fuel and on special fuels and requires separate budget for certain departments.
- S.B. 80 Provides for increases in certain fees of department of motor vehicles.
- S.B. 154 Increases and changes measure of tax on motor vehicle fuel and special fuel.
- S.B. 200 Levies tax on wholesale price of motor vehicle fuels.
- S.B. 262 Increases certain fees for registering and licensing motor vehicles.

Bills that affect exemptions or defer property tax:1) Senior citizens

- S.B. 15 Increases homeowner's and renters allowance for elderly.
- S.B. 139 Provides plan for deferral of certain special assessments and property tax against certain homeowners.
- S.B. 244 Increases certain allowances to elderly for property taxes.
- A.B. 97 Increases assistance to elderly for property taxes.
- A.B. 125 Provides plan for deferral of property taxes against certain homeowners.
- A.B. 194 Increases maximum allowance against property taxes for certain homeowners.

2) Veterans, widows and orphans

- S.B. 58 Increases exemption from property taxes for veterans and changes requirement of residency.
- A.B. 159 Increases exemption from property tax for widows, orphans and certain veterans.
- A.B. 177 Abolishes requirement for veterans to make annual claims for exemption from property tax.
- A.B. 188 Increases veteran's exemption for property tax.

Miscellaneous bills dealing with property tax:

- S.B. 9 Removes provision which allows counties to tax certain real estate belonging to the State of Nevada under certain conditions (companion bill is S.B. 48).
- S.B. 16 Allows credit for personal property tax paid in another state on certain property.
- S.B. 194, A.B. 103  
Requires notice to certain property owners upon sale of property by county for taxes.
- S.B. 197 Increases allowance against property tax accrued for qualified solar systems and provides this allowance for certain water heaters.

A.B. 47 Provides for the payment of use tax, personal property tax, and registration of aircraft.

A.B. 116 Removes requirement to classify mobile homes for purposes of property tax assessment.

A.B. 121 Raises minimum income from land to qualify it as being in agricultural use for purposes of tax assessment.

A.B. 122 Revises form used in delaration of value of real property at time of transfer of title and increases penalty for false statements of value.

Miscellaneous bills dealing with sales tax:

S.B. 17 Changes distribution of city/county relief tax.

S.B. 162 Provides for submission to voters of amendments to Sales and Use Tax Act.

S.B. 222 Imposes tax for support of public transportation.

S.J.R. 3 Proposes constitutional amendment to provide for exemption of certain food from sales and use tax.

A.B. 20 Provides for submission at next general election of question proposing refund of sales and use tax paid on certain mobile homes.

A.B. 45 Changes sealing and padlocking procedures and raises interest rate on deficiencies.

Other Bills

S.B. 8 Enlarges number of school districts in which tax on residential construction for school buildings may be imposed.

A.B. 59 Establishes standards for determining whether alcohol is used and taxed as beverage or as fuel.

A.B. 95 Authorizes taxes on certain construction.

A.B. 105 Exempts certain public utilities from local license taxes.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

**A. C. R. 1**

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ASSEMBLY CONCURRENT RESOLUTION NO. 1—  
ASSEMBLYMAN BERGEVIN

JANUARY 20, 1981

Referred to Committee on Taxation

SUMMARY—Urges Douglas County officials to assess property in  
light of moratorium in Tahoe Basin. (BDR 342)

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

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ASSEMBLY CONCURRENT RESOLUTION—Urging officials of Douglas and Washoe counties and Carson City and the state board of equalization to assess property in light of the moratorium in the Tahoe Basin.

- 1 WHEREAS, The Tahoe Regional Planning Compact has imposed a moratorium on construction and the development of property in the Tahoe  
2 Basin; and  
3  
4 WHEREAS, Under the law of the State of Nevada, all real property must  
5 be assessed at 35 percent of its full cash value; now, therefore, be it  
6 *Resolved by the Assembly of the State of Nevada, the Senate concurring,*  
7 That the Nevada legislature hereby urges the county assessors and  
8 the county boards of equalization of Douglas and Washoe counties and  
9 Carson City and the state board of equalization to consider separately for  
10 each year whether and to what extent a property may be developed under  
11 the provisions of the Tahoe Regional Planning Compact in determining  
12 its full cash value; and be it further  
13 *Resolved,* That a copy of this resolution be transmitted by the legislative  
14 counsel to the assessors and county boards of equalization of Douglas  
15 and Washoe counties and Carson City, and to the state board of  
16 equalization.