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Bill Explanation

ASSEMBLY BILL 442
Assembly Committee on Taxation
Hearing: April 3, 2003

Summary: Provides for abatement of property taxes for certain residences to avoid severe economic hardship. If approved, Section 14 makes the act effective on July 1, 2003.

Section 1: Adds sections 2 to 13 to chapter 361 of the NRS, the property tax statutes.

Section 2: Defines "occupied by the owner" for the purposes of the bill to mean held for the exclusive use of an owner and not rented, leased or made available to someone else for exclusive occupancy by that person. Defines "single-family residence" as either a single dwelling unit including its land, or an individually owned residential unit that is part of a larger complex including the land that is part of the assessed value of the unit.

Section 3: Allows an owner of a single-family residence who has occupied that residence for six months and expects to occupy the residence for the next fiscal year to apply to the county assessor for an abatement of property tax if the land value increased at a rate to create a severe economic hardship for the owner.

In determining whether the increase in the assessed value creates a severe economic hardship, the assessor may consider any appropriate information, including whether the property taxes are so high that there will be no buyers willing to purchase the property at a fair price and pay the taxes except a governmental agency or another purchaser exempt from property taxes.

Requires the application for abatement to be filed with the assessor on or before June 1 each year for the next fiscal year and requires a new application for abatement to be filed before June 1 for the next fiscal year if there has been a change of ownership of a portion of the abated property.

Requires the application for abatement to be made on a form prepared by the Department of Taxation and supplied by the assessors and signed by the owner or owners, a person with power of attorney to sign for an owner or the guardian of an owner or the administrator of an owner's estate. Prohibits an assessor from approving an application for abatement unless all owners or their representatives sign the application.

Section 4: Requires an assessor to review an application for abatement and provides that the assessor may request necessary income information from the owner to evaluate the owner's eligibility and deny the application if the owner refuses to provide the requested information.

Requires an assessor to send the determination to the owner within 10 days of making the determination and record the approval of an abatement with the recorder within 10 days of such approval.

Section 5: Requires an assessor, if an owner qualifies for an abatement, to reduce the amount of assessed value by the amount of the increase that caused the hardship and freeze the assessed value at the reduced amount as long as the owner qualifies for the abatement.

Requires an assessor to maintain a statement of the amount of any abatement and provide it to anyone upon request and keep other information relating to any owners that was used to determine whether to grant an abatement confidential except to defend a denial of an abatement in a civil action.

Section 6: Requires an assessor to enter the reduced assessed value on the assessment roll until the owner is disqualified for an abatement, and notify, by certified mail, a disqualified owner within 30 days after a disqualification and include the assessed valuation for the next fiscal year.

Section 7: Requires an assessor, if the owner no longer qualifies for an abatement, to assess the property in the same manner as like property.

Section 8: Makes the determination of the assessor concerning eligibility for an abatement final unless the decision is appealed pursuant to chapter 361.

Section 9: Requires an assessor, after determining that an owner no longer qualifies for an abatement, to send a notice of the determination by certified mail to each owner and include the taxable and assessed values for the next fiscal year and all prior years for which a deferred tax or penalty is owed pursuant to sections 11 or 12.

Section 10: Provides procedures for an appeal by an owner who has been notified that he no longer qualifies for an abatement pursuant to section 9.

Section 11: Requires that if an assessor becomes aware that an abated single-family residence has changed ownership or otherwise no longer qualifies for an abatement to add deferred tax on the next property tax statement. The deferred tax is the abated amount of tax for the first year the property was no longer qualified for an abatement plus the amounts for up to six preceding fiscal years during which the owner qualified for an abatement.

Section 12: Allows an assessor up to five years after the fiscal year in which an owner is no longer qualified or was determined to not qualify for an abatement to assess deferred tax.

Section 13: Provides that any deferred taxes and penalties pursuant to sections 11 and 12 are a perpetual lien against the property until they are paid and requires the assessor to record a list of parcels and owners upon which those liens exist.