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SB 475

April 15, 2003

**PROPOSED AMENDMENT TO SB475**

**PROPOSED BY: DUKE ENERGY**

**THE ATTACHED AMENDMENT TO SB475, SECTION 7, LINE 2-45 IS INTENDED TO CLARIFY WHAT WE BELIEVE IS EXISTING STATUTES CONCERNING THE LOCAL ASSESSMENT OF INDEPENDENTLY OWNED POWER PLANTS WHEN THE TRANSMISSION LINES ATTACHED TO THE PLANT ARE OWNED BY AN UNRELATED PARTY. IN THIS CASE, NRS INDICATE THAT SUCH A PLANT WOULD BE ASSESSED BY THE COUNTY ASSESSOR. THIS AMENMENT IS MADE NECESSARY DUE TO CONFLICTING OPINIONS BEING RECEIVED FROM THE DEPARTMENT OF TAXATION.**

Duke Energy

ASSEMBLY COMMITTEE ON TAXATION  
DATE: 4/15/03 ROOM: 3140 EXHIBIT F  
SUBMITTED BY: ROBERT CAMPBELL

F-1 OF 4

RICHARD HYDE  
ROBERT CAMPBELL

SENATE BILL NO. 475—COMMITTEE ON TAXATION

MARCH 24, 2003

**PROPOSED AMENDMENT APRIL 10, 2003**

Referred to Committee on Taxation

SUMMARY—Revises manner of assessing value of certain electric light and power companies. (BDR 32-1242)

FISCAL NOTE: Effect on Local Government: Yes.  
Effect on the State: Yes.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.  
Green numbers along left margin indicate location on the printed bill (e.g., 5-15 indicates page 5, line 15).

AN ACT relating to taxation; revising the manner of assessing the value of certain electric light and power companies; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1-1 **Section 1.** NRS 361.320 is hereby amended to read as follows:  
1-2 361.320 1. At the regular session of the Nevada Tax  
1-3 Commission commencing on the first Monday in October of each  
1-4 year, the Nevada Tax Commission shall establish the valuation for  
1-5 assessment purposes of any property of an interstate or intercounty  
1-6 nature used directly in the operation of all interstate or intercounty  
1-7 railroad, sleeping car, private car, natural gas transmission and  
1-8 distribution, water, telephone, scheduled and unscheduled air  
1-9 transport, electric light and power companies, and the property of all  
1-10 railway express companies operating on any common or contract  
1-11 carrier in this state. This valuation must not include the value of  
1-12 vehicles as defined in NRS 371.020.  
1-13 2. Except as otherwise provided in subsections 3 ~~and 6~~, 4  
1-14 *and 7* and NRS 361.323, the Commission shall establish and fix the  
1-15 valuation of all physical property used directly in the operation of  
1-16 any such business of any such company in this state, as a collective  
1-17 unit. If the company is operating in more than one county, on  
1-18 establishing the unit valuation for the collective property, the  
1-19 Commission shall then determine the total aggregate mileage  
2-1 operated within the State and within its several counties and

2-2 apportion the mileage upon a mile-unit valuation basis. The number  
2-3 of miles apportioned to any county are subject to assessment in that  
2-4 county according to the mile-unit valuation established by the  
2-5 Commission.

2-6 3. After establishing the valuation, as a collective unit, of a  
2-7 public utility which generates, transmits or distributes electricity, the  
2-8 Commission shall segregate the value of any project in this state for  
2-9 the generation of electricity which is not yet put to use. This value  
2-10 must be assessed in the county where the project is located and must  
2-11 be taxed at the same rate as other property.

2-12 4. *After establishing the valuation, as a collective unit, of an*  
2-13 *electric light and power company that places a facility into*  
2-14 *operation on or after July 1, 2003, in a county whose population is*  
2-15 *less than 100,000, the Commission shall segregate the value of the*  
2-16 *facility from the collective unit. This value must be assessed in the*  
2-17 *county where the facility is located and taxed at the same rate as*  
2-18 *other property.*

2-19 5. The Nevada Tax Commission shall adopt formulas and  
2-20 incorporate them in its records, providing the method or methods  
2-21 pursued in fixing and establishing the taxable value of all property  
2-22 assessed by it. The formulas must be adopted and may be changed  
2-23 from time to time upon its own motion or when made necessary by  
2-24 judicial decisions, but the formulas must in any event show all the  
2-25 elements of value considered by the Commission in arriving at and  
2-26 fixing the value for any class of property assessed by it. These  
2-27 formulas must take into account, as indicators of value, the  
2-28 company's income and the cost of its assets, but the taxable value  
2-29 may not exceed the cost of replacement as appropriately  
2-30 depreciated.

2-31 ~~{5.}~~ 6. If two or more persons perform separate functions that  
2-32 collectively are needed to deliver electric service to the final  
2-33 customer and the property used in performing the functions would  
2-34 be centrally assessed if owned by one person, the Nevada Tax  
2-35 Commission shall establish its valuation and apportion the valuation  
2-36 among the several counties in the same manner as the valuation of  
2-37 other centrally assessed property. The Nevada Tax Commission  
2-38 shall determine the proportion of the tax levied upon the property by  
2-39 each county according to the valuation of the contribution of each  
2-40 person to the aggregate valuation of the property. This subsection  
2-41 does not apply to a qualifying facility, as defined in 18 C.F.R. §  
2-42 292.101, which was constructed before July 1, 1997.

2-43 ~~{6.}~~ 7. A company engaged in a business described in  
2-44 subsection 1 that does not have property of an interstate or  
2-45 intercounty nature ***or that holds an exempt wholesale generator certificate from***  
2-46 ***the Federal Energy Regulatory Commission*** must be assessed as provided in subsection ~~{8.}~~

\*\*\* proposed amendment is bolded italics language of line 2-45\*\*\*

3-1 ~~7.~~ 9.  
3-2 8. As used in this section:  
3-3 (a) "Company" means any person, company, corporation or  
3-4 association engaged in the business described.  
3-5 (b) "Commercial mobile radio service" has the meaning  
3-6 ascribed to it in 47 C.F.R. § 20.3 , as that section existed on  
3-7 January 1, 1998.  
3-8 ~~{8.}~~ 9. All other property, including, without limitation, that of  
3-9 any company engaged in providing commercial mobile radio  
3-10 service, radio or television transmission services or cable television  
3-11 services, must be assessed by the county assessors, except as  
3-12 otherwise provided in NRS 361.321 and 362.100 and except that the  
3-13 valuation of land and mobile homes must be established for  
3-14 assessment purposes by the Nevada Tax Commission as provided in  
3-15 NRS 361.325.  
3-16 ~~{9.}~~ 10. On or before November 1 of each year, the  
3-17 Department shall forward a tax statement to each private car line  
3-18 company based on the valuation established pursuant to this section  
3-19 and in accordance with the tax levies of the several districts in each  
3-20 county. The company shall remit the ad valorem taxes due on or  
3-21 before December 15 to the Department which shall allocate the  
3-22 taxes due each county on a mile-unit basis and remit the taxes to the  
3-23 counties no later than January 31. The portion of the taxes which is  
3-24 due the State must be transmitted directly to the State Treasurer. A  
3-25 company which fails to pay the tax within the time required shall  
3-26 pay a penalty of 10 percent of the tax due or \$5,000, whichever is  
3-27 greater, in addition to the tax. Any amount paid as a penalty must be  
3-28 deposited in the State General Fund. The Department may, for good  
3-29 cause shown, waive the payment of a penalty pursuant to this  
3-30 subsection. As an alternative to any other method of recovering  
3-31 delinquent taxes provided by this chapter, the Attorney General may  
3-32 bring a civil action in a court of competent jurisdiction to recover  
3-33 delinquent taxes due pursuant to this subsection in the manner  
3-34 provided in NRS 361.560.  
3-35 Sec. 2. This act becomes effective on July 1, 2003.

3-36 H

F-4 of 4