

SENATE BILL NO. 475—COMMITTEE ON TAXATION

MARCH 24, 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.

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

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



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

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

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

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

31 ~~5.~~ 6. If two or more persons perform separate functions that
32 collectively are needed to deliver electric service to the final
33 customer and the property used in performing the functions would
34 be centrally assessed if owned by one person, the Nevada Tax
35 Commission shall establish its valuation and apportion the valuation
36 among the several counties in the same manner as the valuation of
37 other centrally assessed property. The Nevada Tax Commission
38 shall determine the proportion of the tax levied upon the property by
39 each county according to the valuation of the contribution of each
40 person to the aggregate valuation of the property. This subsection
41 does not apply to a qualifying facility, as defined in 18 C.F.R. §
42 292.101, which was constructed before July 1, 1997 ~~H~~, *or to an*
43 *exempt wholesale generator, as defined in 15 U.S.C. § 79z-5a.*



1 ~~6.1~~ 7. A company engaged in a business described in
2 subsection 1 that does not have property of an interstate or
3 intercounty nature must be assessed as provided in subsection ~~8.~~

4 ~~7.1~~ 9.

5 8. As used in this section:

6 (a) "Company" means any person, company, corporation or
7 association engaged in the business described.

8 (b) "Commercial mobile radio service" has the meaning
9 ascribed to it in 47 C.F.R. § 20.3 , as that section existed on
10 January 1, 1998.

11 ~~8.1~~ 9. All other property, including, without limitation, that of
12 any company engaged in providing commercial mobile radio
13 service, radio or television transmission services or cable television
14 services, must be assessed by the county assessors, except as
15 otherwise provided in NRS 361.321 and 362.100 and except that the
16 valuation of land and mobile homes must be established for
17 assessment purposes by the Nevada Tax Commission as provided in
18 NRS 361.325.

19 ~~9.1~~ 10. On or before November 1 of each year, the
20 Department shall forward a tax statement to each private car line
21 company based on the valuation established pursuant to this section
22 and in accordance with the tax levies of the several districts in each
23 county. The company shall remit the ad valorem taxes due on or
24 before December 15 to the Department which shall allocate the
25 taxes due each county on a mile-unit basis and remit the taxes to the
26 counties no later than January 31. The portion of the taxes which is
27 due the State must be transmitted directly to the State Treasurer. A
28 company which fails to pay the tax within the time required shall
29 pay a penalty of 10 percent of the tax due or \$5,000, whichever is
30 greater, in addition to the tax. Any amount paid as a penalty must be
31 deposited in the State General Fund. The Department may, for good
32 cause shown, waive the payment of a penalty pursuant to this
33 subsection. As an alternative to any other method of recovering
34 delinquent taxes provided by this chapter, the Attorney General may
35 bring a civil action in a court of competent jurisdiction to recover
36 delinquent taxes due pursuant to this subsection in the manner
37 provided in NRS 361.560.

38 **Sec. 2.** This act becomes effective on July 1, 2003.

