

# Property Tax Issues

*Preliminary Overview & Analysis*



# Presentation Overview



- Background/Context Considerations
- Structural Considerations
- Overview of Proposals

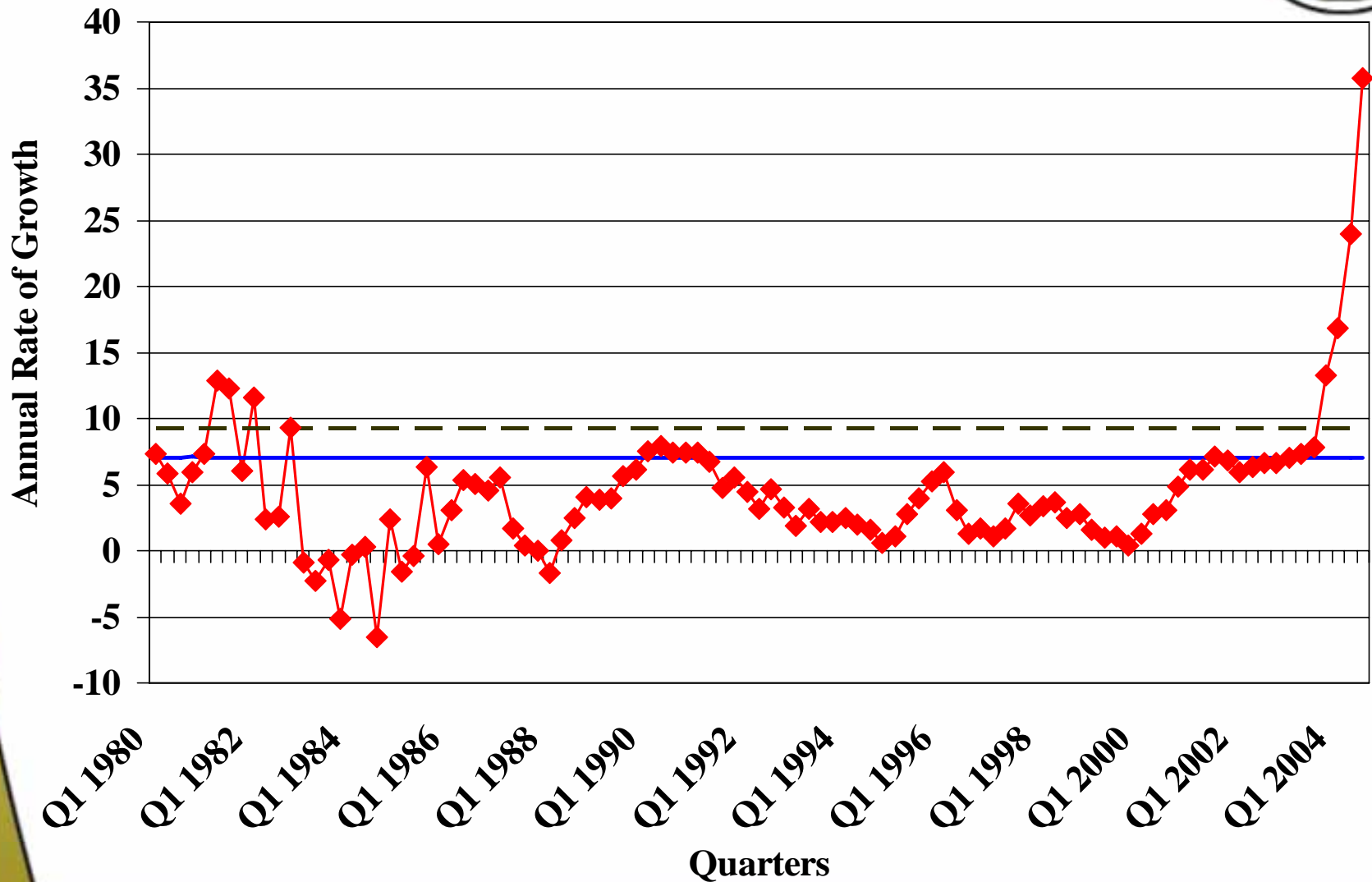
# Background Considerations



- Values have increased at a unprecedented rate
  - No single cause
  - Significant increases in consumer wealth
- Likely an aberration
- Creates concerns/challenges for the public and private sector
- Property taxes provide funding for a wide range of services
  - State
  - Local
  - Special Districts (Schools)

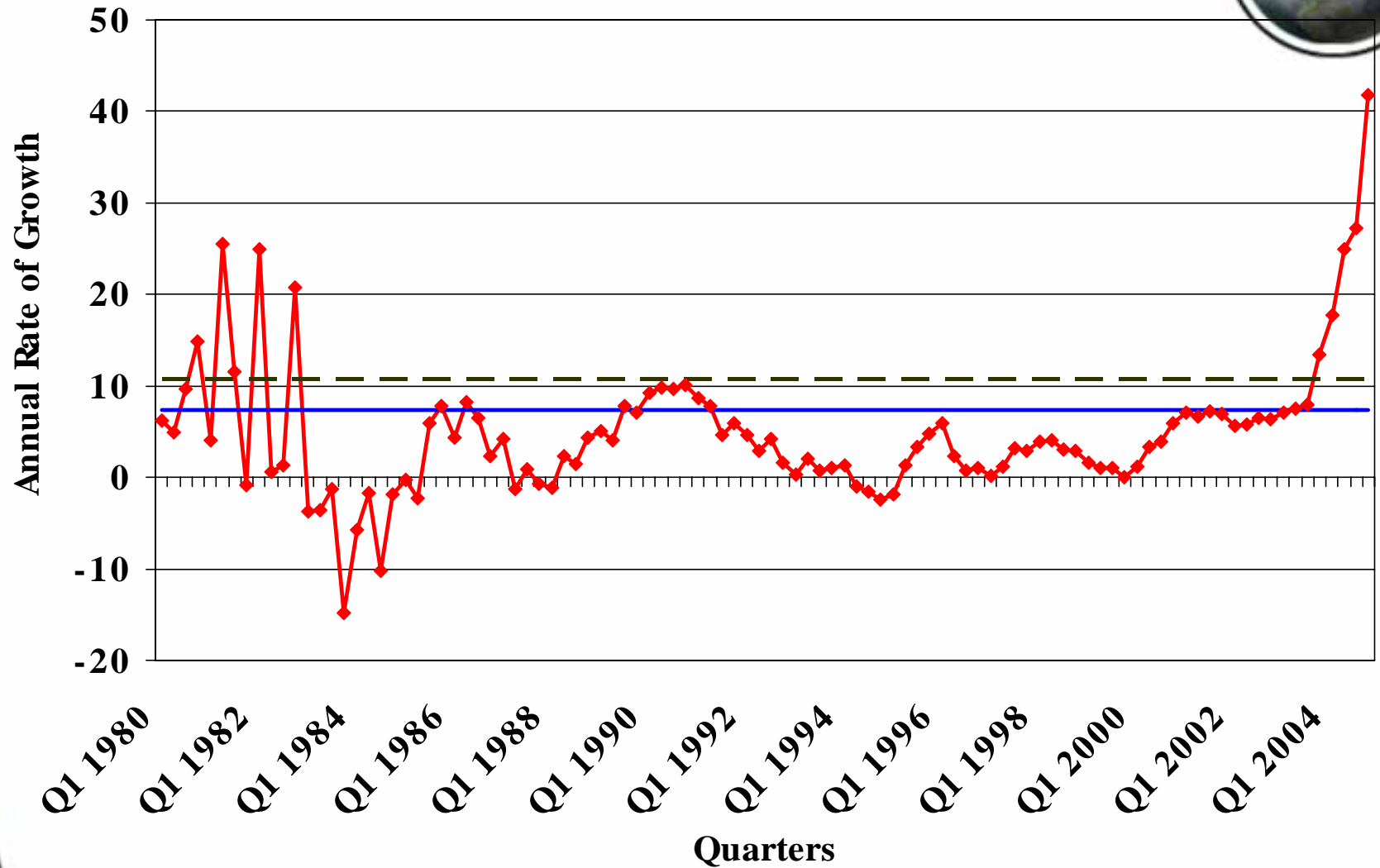
# Housing Price Appreciation

## State of Nevada

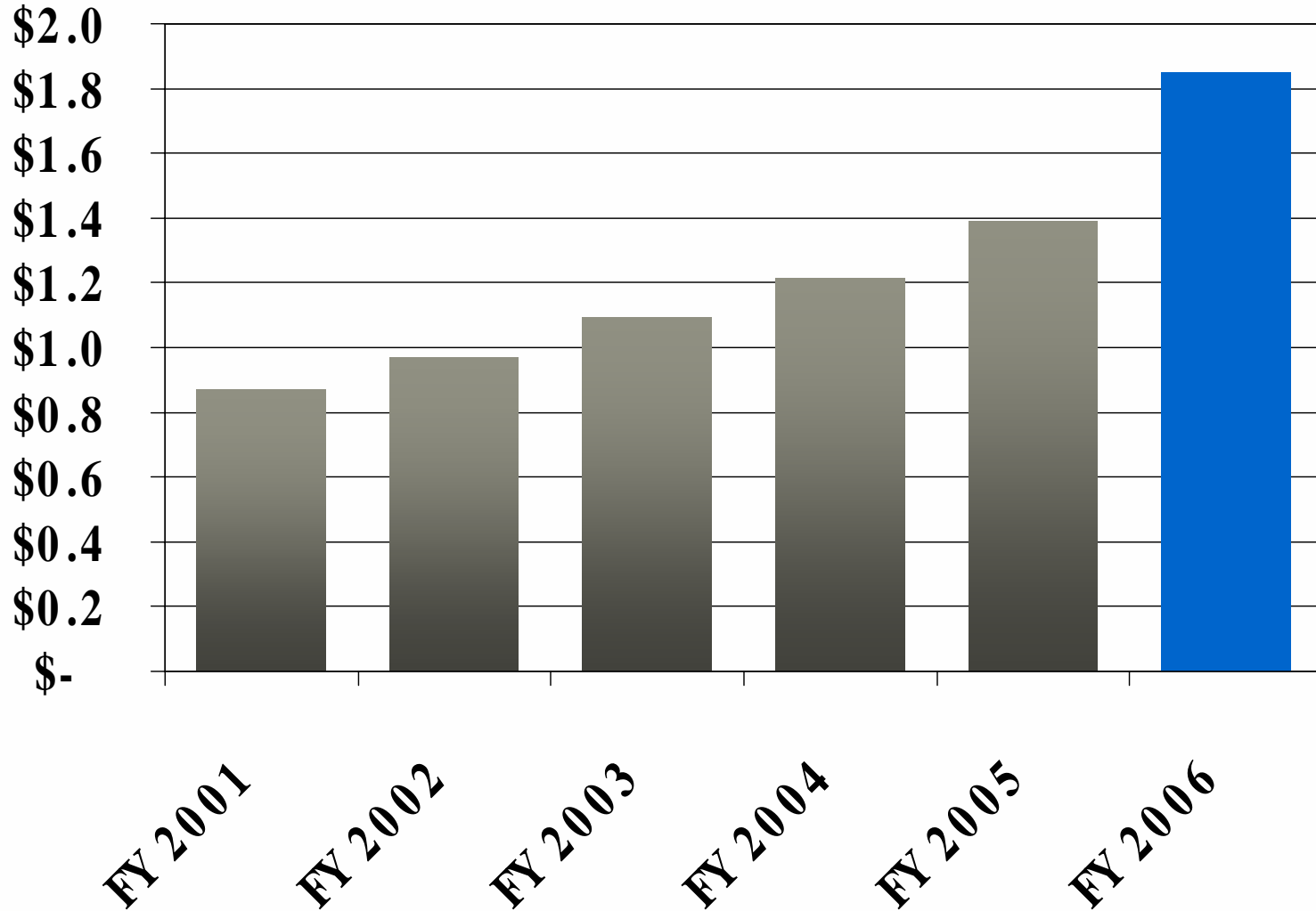


# Housing Price Appreciation

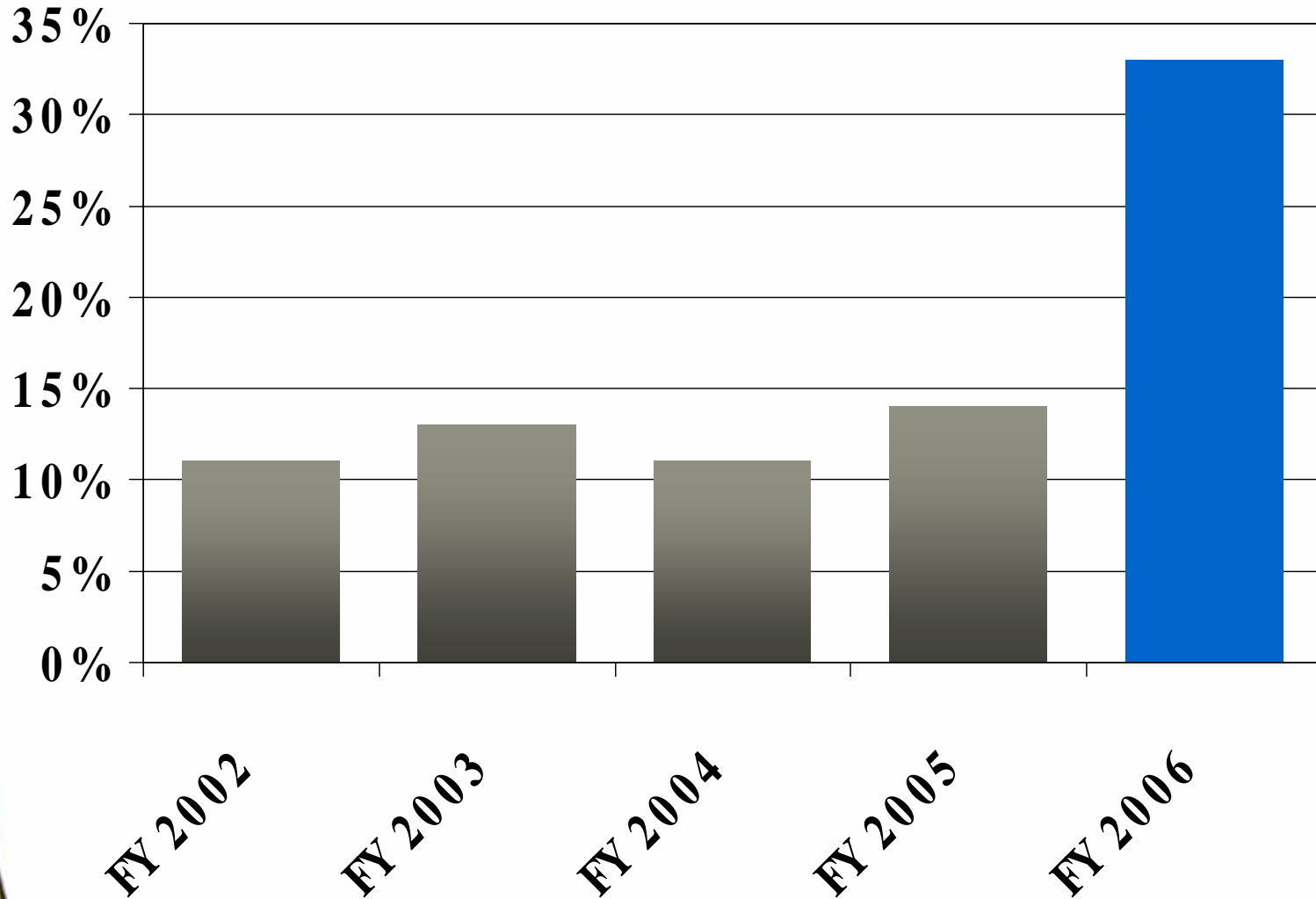
## Las Vegas MSA



# Property Tax Collections (Real Property Only)



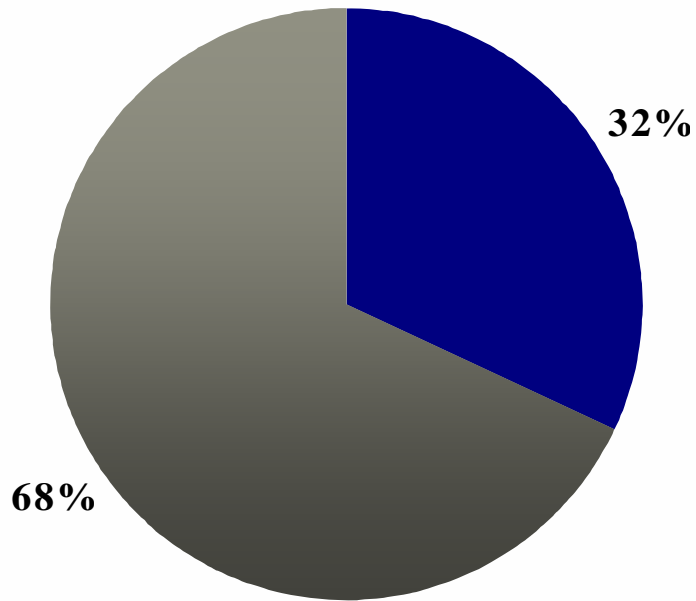
# Growth in Property Tax Collections (Real Property Only)



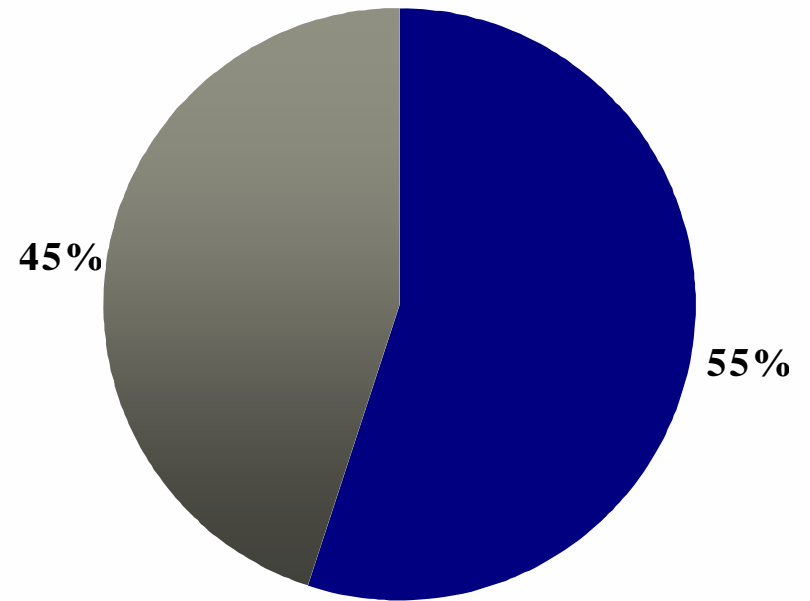
# Property Tax Share



**Clark County**



**Washoe County**

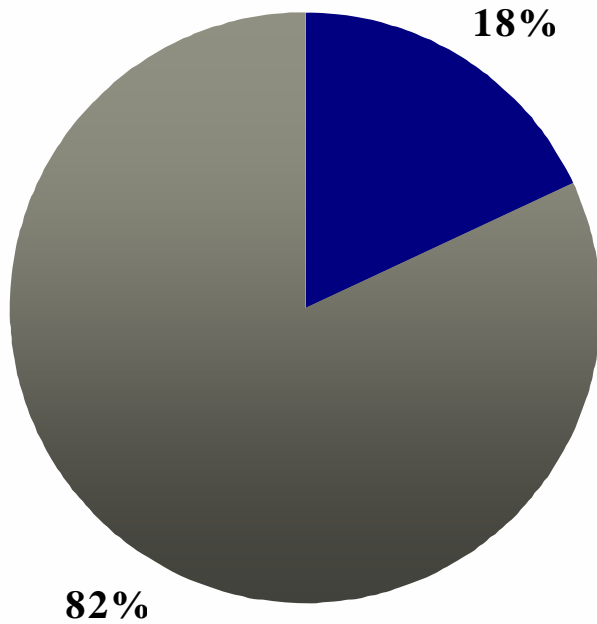




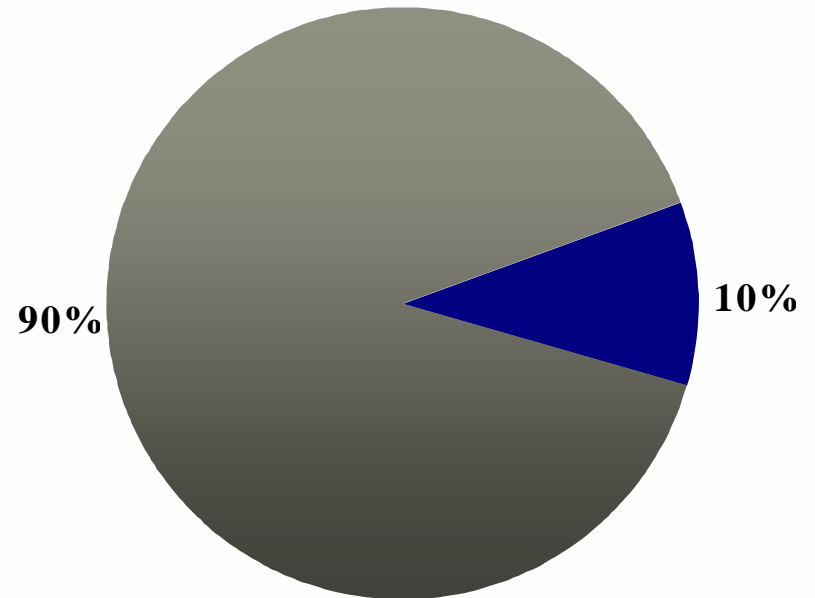
# Property Tax Share



**City of Henderson**



**City of North  
Las Vegas**



# Property Tax Structure



**Taxable Value** = ((Land<sub>fcv</sub> + (Improvements<sub>rc</sub> – Depreciation))

**Assessed Value** = Taxable Value \* Assessment Rate

**Tax Liability** = Assessed Value / 100 \* Tax Rate

- **Key Values**

- Depreciation Rate = 1.5% / Year to 25% Residual Value
- Assessment Ratio = 35%
- Rate Caps = \$3.64 & \$5.00

# Overview of Proposals



- Property tax revenue growth is the common denominator in fashioning a solution
- Solution must balance public and private interests
- Elements of good tax policy

# Element of Good Tax Policy



- Fit within Nevada's Constitutional framework
- Implementation timing & ease
- Administrative feasibility
- Ease of compliance
- Predictability
- Stability
- Sufficiency
- Equity (horizontal & vertical)
- Transparency
- Economic neutrality
- Flexibility
- Fiscally responsibly (bond ratings, etc.)

# Overview of Proposals



- Value caps
- Freeze
- Special treatment at value thresholds
- Smoothing techniques
- Circuit breakers
- Split roll

# Overview of Proposals



- Reduce the tax rates
- Credits or reimbursements
- Standard deduction
- Declaration of “severe economic hardship”
- Proposition 13 derivations

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