

***Nevada Property Tax:
Elements and Application***

February 8, 2005

Pre-1981 Tax Structure

- **Taxable value = Market Value**
- **Assessment ratio = 35%**
- **Tax Rate = < \$5.00 per 100**
- **Constitutional Requirement – Uniform and Equal**

Nevada Constitution

- Article 10, § 1 states:

1. The legislature shall provide by law for a

uniform and equal rate of assessment and taxation,

and shall prescribe such regulations

as shall secure a just valuation for taxation of all property,

real, personal and possessory, except mines and mining claims, which shall be assessed and taxed only as provided in section 5 of this article.

Comparison from 1975 to 2003

<http://www.1980sflashback.com/1982/Economy.asp>; and Department of Taxation

	1975	1982	1999	2003
Cost of a new home <small>Source: NAHB</small>	\$42,600	\$83,900	\$195,600	\$246,300
Median Household Income:	\$11,800	\$20,171	\$39,973	\$43,527
Cost of a gallon of regular gas:	\$0.57	\$1.30	\$1.17	\$1.52
Statewide Average Property Tax Rate <small>Source: DOT Redbook</small>	\$5.00	\$1.7685	\$3.0661	\$3.1115
Cost of a first-class stamp	\$0.10	\$0.20	\$0.33	\$0.37

Pre- 1980 Tax Structure

- ***Assessment process made more professional***
- ***Late 70's Property Tax Reform (California Proposition 13)***

Tax Shift of 1981

- **S.B. 69**: Changed the methodology for determining value
- **A.B. 369**: Replacement of property tax revenues with sales tax revenues
- **S.B. 411**: Revenue expenditure and ending balance caps

Entities in the Assessment Process

- ***County Assessors:***

- Value Locally Assessed Property

- Secured and Unsecured Property and Rolls

- Personal and Real Property

- ***Department of Taxation:***

- Values Centrally Assessed Property

- Interstate and Intercounty Property

- Net Proceeds of Minerals

- Mining Properties for counties- Locally Assessed

- ***Local Government Budget Section-***

- approval/oversight of over 260 Local Governments

Entities in the Assessment Process

- ***Nevada Tax Commission:***

Head of Department, authority over Title 32 taxation, approval and oversight of local government budgets, regulatory authority over property valuation.

- ***State Board of Equalization-***

Hearing body for appeals from County Boards; or original appeals for centrally assessed or locally assessed property.

After the 1981 Tax Shift

Taxable Value is:

- **Vacant Land- full cash value (market value, highest and best use)**
- **Improved Land- full cash value according to the “use” to which the improvement is put (residential in commercial area)**
- **Improvements- valued at Replacement Cost New (RCN) less statutory depreciation of 1.5% per year not to exceed a total of 75% depreciation (50 years old)**

NRS 361.260

5. for any property not reappraised in the current assessment year, the county assessor shall determine its assessed value for that year by:

(b) Applying a factor for improvements, if any, and a factor for land to the assessed value for the preceding year.

NRS 361.227 Determination of taxable value.

5. The computed taxable value of any property must not exceed its full cash value.

After the 1981 Tax Shift

- ***Taxable value = Full cash value of land + RCNLD of improvements***
- **Assessment ratio = 35%**
- **Tax Rate = < \$3.64 per \$100 of Assessed Value**

Clark County



	Taxable Value 2004-05	Market Value - Sale 3/03
Land	\$ 55,000	
Building - RCNLD	\$ 117,831	
Total Taxable Value	\$ 172,831	\$ 204,000
Level of Assessment	35%	35%
Assessed Value	\$ 60,491	\$ 71,400
Per hundred	\$ 605	\$ 714
Tax Rate	\$ 3.3002	\$ 3.3002
Tax	\$ 1,996	\$ 2,356

Location	Las Vegas
Square Feet	2,051
Quality Class	Fair / Average
Year Built	1993

White Pine County



	Taxable Value	Market Value - Sale 1997
Land	\$ 2,671	
Building - RCNLD	\$ 20,292	
Total Taxable Value	\$ 22,963	\$ 98,000
Level of Assessment	35%	35%
Assessed Value	\$ 8,037	\$ 34,300
Per hundred	\$ 80	\$ 343
Tax Rate	\$ 3.6600	\$ 3.6600
Tax	\$ 294	\$ 1,255

Location	McGill
Square Feet	1,196
Quality Class	Fair
Year Built	1930

Percentage of Total Assessed Value by Property Type

County	Land & Improvements	Centrally Assessed	Local Personal Property	Mining Personal Property	Net Proceeds
Carson City	89%	4%	7%	0%	0%
Churchill	67%	13%	7%	6%	7%
Clark	87%	4%	8%	1%	.02%
Douglas	93%	3%	4%	.02%	.01%
Elko	64%	15%	8%	4%	9%
Esmeralda	32%	46%	4%	12%	6%
Eureka	44%	4%	1%	18%	34%
Humboldt	49%	18%	6%	20%	8%

Percentage of Total Assessed Value by Property Type

County	Land & Improvements	Centrally Assessed	Local Personal Property	Mining Personal Property	Net Proceeds
Lander	24%	14%	5%	16%	41%
Lincoln	46%	48%	5%	0%	0%
Lyon	74%	12%	12%	1%	0%
Mineral	54%	22%	14%	2%	8%
Nye	64%	10%	9%	6%	10%
Pershing	40%	34%	6%	7%	12%
Storey	56%	29%	14%	1%	1%
Washoe	88%	4%	7%	1%	0%
White Pine	60%	10%	6%	18%	6%

NRS 361.453 Limitation on total ad valorem tax levy; exceptions.

- 1. Except as otherwise provided in this section and [NRS 354.705](#), [354.723](#) and [450.760](#), the total ad valorem tax levy for all public purposes must not exceed \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the State Board of Examiners if the State Board of Examiners is directed by law to fix a lesser or greater amount for that fiscal year.

Components of Sales and Use Tax Rates

<u>NRS</u> <u>CHAPTER</u>	<u>TAX RATE</u>	<u>TAX DESCRIPTION</u>	<u>DISTRIBUTION</u>
Minimum Statewide Tax Rate			
372	2.00%	Sales Tax	To the General Fund.
374	2.25%	Local School Support Tax	<u>In-State Business Returns: Tax is distributed to the school district in which the business is located.</u> <u>Out-of-State Business Returns: Tax distributed to the State Distributive School Fund.</u>
377	0.50%	Basic City-County Relief Tax	<u>In-State Business Returns: Tax distributed to the county where the sale was made.</u> <u>Out-of-State Business Returns: Tax distributed to counties based on a population formula.</u>
377	1.75%	Supplemental City-County Relief Tax	Tax distributed to all local governments according to statutory formula.
	6.50%	Minimum Statewide Tax Rate	

Components of Sales and Use Tax Rates

Option Tax

Note: The following additional taxes are distributed to the county where the sale was made.

377A	0.25%	Promotion of Tourism - limited to counties with population of 400,000 or less (voter approval).	Imposed by Storey County.
377A	0.50%	Public Mass Transportation & Construction of Roads (voter approval).	Imposed at .25% by Carson City, Churchill County, Nye County, and White Pine County, .375% by Washoe County, and .50% by Clark County.
377A	0.50%	Public Swimming Pool (voter approval).	Imposed by White Pine County.
543	0.25%	Control of Floods - limited to counties with population of 400,000 or more (voter approval).	Imposed by Clark County.
377B	0.25%	Infrastructure - limited to counties with population less than 100,000 or greater than 400,000 (county commission approval).	Imposed by Clark County, Lander County, Lincoln County and Storey County.
377B	0.125%	Infrastructure - limited to counties with population between 100,000 & 400,000 (county commission approval).	Imposed by Washoe County.
374A	0.125%	Extraordinary maintenance, repair or improvement of school facility	Imposed by White Pine County.

Components of Sales and Use Tax Rates

Special Act

0.25%	Local Government Tax Act - Washoe & Churchill counties (county commission approval)	Intracounty distributions to local governments according to a statutory formula. Imposed by Churchill County and Washoe County.
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Components of Sales and Use Tax Rates (continued)

0.25%	Tricounty Railway Commission - Carson City, Lyon & Storey counties (voter approval)	Imposed by Storey County.
0.125%	Washoe Railroad Grade Project (county commission approval)	Imposed by Washoe County.

Miscellaneous Amendments

0.25%	Carson City Open Space Tax - Amendment to Carson City Charter.	Imposed by Carson City.
0.25%	Douglas County Sales Tax Ordinance of 1999 (voter and legislative approval)	Imposed by Douglas County.

Consolidated Tax Summary of the Revenue Transferred by County Fiscal Year 2003-04

COUNTY	BCCRT	SCCRT	CIGARETTE	LIQUOR	RPTT	MVPT	TOTAL
CARSON CITY	\$ 4,626,760.74	\$ 15,895,264.27	\$ 379,421.34	\$ 69,243.65	\$ 538,672.75	\$ 2,654,765.23	\$ 24,164,127.98
CHURCHILL	1,234,634.21	3,971,723.63	174,418.71	31,834.93	158,576.65	1,226,213.18	6,797,401.31
CLARK	139,417,398.10	481,362,925.61	10,797,538.01	1,970,977.14	37,669,324.34	84,051,502.15	755,269,665.35
DOUGLAS	3,767,662.52	12,669,852.00	307,248.95	56,080.39	1,099,663.70	2,560,114.31	20,460,621.87
ELKO	3,450,563.96	11,720,015.05	320,843.41	58,545.21	209,146.29	2,627,482.89	18,386,596.81
ESMERALDA	35,666.39	922,260.00	7,761.54	1,416.32	2,597.10	117,077.94	1,086,779.29
EUREKA	666,350.75	2,456,800.55	9,608.07	1,753.65	4,675.55	188,626.04	3,327,814.61
HUMBOLDT	1,586,571.34	5,516,672.39	112,871.67	20,599.13	103,368.61	1,077,795.89	8,417,879.03
LANDER	248,445.77	2,460,576.00	37,983.11	6,929.56	13,707.51	443,387.07	3,211,029.02

Consolidated Tax Summary of the Revenue Transferred by County Fiscal Year 2003-04

COUNTY	BCCRT	SCCRT	CIGARETTE	LIQUOR	RPTT	MVPT	TOTAL
LINCOLN	127,543.35	1,195,164.00	26,635.97	4,859.86	18,766.55	344,068.30	1,717,038.03
LYON	1,643,052.48	8,382,948.00	271,056.96	49,483.67	746,134.40	2,143,969.69	13,236,645.20
MINERAL	194,751.15	1,716,504.00	32,432.22	5,918.51	10,537.65	299,570.34	2,259,713.87
NYE	1,940,162.97	6,908,268.00	244,146.34	44,566.41	508,287.74	2,285,419.83	11,930,851.29
PERSHING	244,274.09	1,922,244.00	47,970.78	8,754.46	18,519.20	376,705.29	2,618,467.82
STOREY	217,424.94	1,446,396.00	25,265.98	4,611.52	62,806.50	274,036.56	2,030,541.50
WASHOE	30,001,717.03	102,960,585.99	2,500,951.26	456,502.69	6,590,093.40	21,401,623.79	163,911,474.16
WHITE PINE	422,813.00	2,646,312.00	61,213.86	11,170.79	38,307.06	609,981.89	3,789,798.60
TOTAL	\$ 189,825,792.79	\$ 664,154,511.49	\$ 15,357,368.18	\$ 2,803,247.89	\$ 47,793,185.00	\$ 122,682,340.39	\$ 1,042,616,445.74

		2005-2006 FISCAL YR					
		July	Aug	Sept	Oct	Nov	Dec
Discovery, List, Valuation - Secured Roll	NRS 361.260(1): Property on 05-06 Secured Roll is Assessed; the lien date is 7-1-05.				NAC 361.238 (2)(b): 07-08 Secured Roll - Establish improvement value using Marshall/Swift		NRS 361.300 (3)(a): Publish List of all taxpayers on the 06-07 Secured Roll
	NRS 361.260(1): 06-07 Secured Roll Work year begins. Improvement costs based on Marshall/Swift in October, 2004.				NRS 361.320(1): NTC establishes centrally-assessed values for 06-07 Secured Roll and 05-06 Unsecured Roll.		NRS 361.310(2): 06-07 Roll Closes on day list is delivered for publication.
	NRS 361.260(7): 06-07 Land values are established based on sales occurring before 7-1-05			NRS.361.260(5): NTC adopts land factors for 06-07 year est. by county assessors	NRS 361.310(4): Log of all changes made to 05-06 Secured Roll delivered to Department.		

2005-2006 FISCAL YEAR						
	Jan	Feb	Mar	April	May	June
Discovery, List, Valuation - Secured Roll	<p>NRS 361.310(1): 05-06 Secured Roll is Published</p> <p>NRS 361.310(2): Changes may be made to 05-06 Secured Roll</p>	<p>NRS 361.310(2): Changes may be made to 05-06 Secured Roll</p>	<p>NRS 361.310(2): Changes may be made to 05-06 Secured Roll</p>	<p>NRS 361.310(2): Changes may be made to 05-06 Secured Roll</p>	<p>NRS 361.310(2): Changes may be made to 05-06 Secured Roll</p>	<p>NRS 361.310(2): Changes may be made to 05-06 Secured Roll</p>
			<p>NRS 361.318: Reports for centrally-assessed properties are due 3/31 for the 06-07 secured roll (lien date 7-1-06).</p>		<p>Department publishes Personal Property Manual for 06-07 Secured and Unsecured Rolls.</p>	
			<p>NRS 361.260(5): NTC adopts improvement factors for 06-07 Secured and Unsecured Roll.</p>		<p>Department publishes Ratio Study for property on 05-06 Secured and Unsecured Rolls.</p>	

2004-2005 FISCAL YEAR						
	Jan	Feb	Mar	April	May	June
Discovery, List, Valuation - Unsecured Roll	NRS 361.260(1): Continuing discovery and placement of unsecured real or personal property on 2004-2005 Unsecured roll. It must have been in existence in county on July 1, 2004.	NRS 361.260(1): Continuing discovery and placement of unsecured real or personal property on 2004-2005 Unsecured roll. It must have been in existence in county on July 1, 2004.	NRS 361.260(1): Continuing discovery and placement of unsecured real or personal property on 2004-2005 Unsecured roll. It must have been in existence in county on July 1, 2004.	NRS 361.260(1): Continuing discovery and placement of unsecured real or personal property on 2004-2005 Unsecured roll. It must have been in existence in county on July 1, 2004. 04-05 Unsecured Roll closes.	NRS 361.260(1): 05-06 Unsecured Roll Work Year begins Lien date is 7-1-05.	
Collection	NRS 361.483(5): 3rd installment of taxes due on first Monday in January for 04-05 Secured Roll (Lien date 7-1-04).		NRS 361.483(5): 4th installment of taxes due on first Monday in March for 04-05 Fiscal Year (Lien date 7-1-04).			
Budget	NRS 361.390 Assessor to file preliminary segregation report prior to Jan. 31	NRS 360.690: Department to provide preliminary revenue projections to local governments by Feb. 15	NRS 361.390 Assessor to file final segregation report prior to March 5. Dept. to provide final revenue projections to local govts by March 15	NRS 362.115: Taxpayers to file net proceeds revenue projection reports on 4-1; Dept reports to counties by 4-25. NRS 354.596: Tentative budget filed to Dept by 4-15.	NRS 354.596: Budget hearings held 3rd week in May for local jurisdictions	NRS 354.598: Final budget adopted by local governments by June 1 (June 8 for school districts); NRS 361.455: Tax rates adopted by NTC 6-25

Property Tax Relief

Property tax limitations include:

- **Tax rate limits**
- **Revenue limits**
- **Spending limits**
- **Assessment limits**
- **Truth-in-taxation provisions**

Other Types of Relief:

- **Partial exemptions**
- **Full exemptions**
- **Abatements**
- **Classification of property**
- **Deferrals**

Nevada Home Sales 2003

Lyon County

Decade	Median Taxable Value	Median Selling Price	Median Bldg. Sq. Feet	Median Year Built	Median Quality Class	Median Lot Size Sq. Feet	Number of Sales
2000	135,044	146,002	1,562	2002	2.8	7,841	470
1990	120,714	145,450	1,513	1996	2.5	8,712	150
1980	106,671	143,000	1,404	1986	2.5	9,583	31
1970	78,364	116,000	1,332	1978	2.0	15,246	33
1960	60,990	83,500	1,371	1968	2.0	19,166	8
1950	39,825	70,500	1,276	1955	1.8	11,761	14
<1950	42,629	60,000	1,092	1940	1.5	12,197	9
ALL	127,315	142,000	1,510	2002	2.5	8,712	715

Nevada Home Sales 2003

Washoe County

Decade	Median Taxable Value	Median Selling Price	Median Bldg. Sq. Feet	Median Year Built	Median Quality Class	Median Lot Size Sq. Feet	Number of Sales
2000	189,002	229,500	1,932	2002	3.0	8,378	3,129
1990	174,687	235,000	1,744	1996	3.0	8,843	2,924
1980	137,541	200,000	1,646	1986	2.5	8,494	1,223
1970	115,416	182,000	1,627	1977	2.5	8,451	1,177
1960	85,531	168,950	1,379	1964	2.0	7,318	756
1950	63,782	139,900	1,149	1955	2.0	7,275	559
<1950	58,983	150,000	1,024	1940	2.0	6,665	357
ALL	157,838	209,000	1,683	1994	3.0	8,233	10,125

Nevada Home Sales 2003

Clark County

Decade	Median Taxable Value	Median Selling Price	Median Bldg. Sq. Feet	Median Year Built	Median Quality Class	Median Lot Size Sq. Feet	Number of Sales
2000	209,105	209,900	1,950	2000	2.3	5,662	24,285
1990	178,414	187,500	1,758	1996	2.3	6,098	17,229
1980	142,519	164,700	1,595	1986	2.3	6,534	5,820
1970	114,887	152,000	1,575	1976	2.2	6,969	4,060
1960	82,594	129,900	1,492	1963	2.2	6,969	2,431
1950	66,882	117,000	1,324	1954	2.1	6,534	1,087
<1950	62,520	114,000	1,152	1942	2.1	6,534	359
ALL	179,851	186,037	1,767	1998	2.3	6,098	55,271

National Association of Home Builders:

- “New homes today are larger and have more amenities than ever before.”

2004 Housing Facts, Figures, and Trends

National Association of Home Builders: New Home Characteristics

Item	1950	1970	1990	2002	2003P
Finished Area Median		1,385	1,905	2,113	2,123
Over 2,400 sq. ft.	--	10%	29%	37%	37%
2 stories or more	14%	17%	49%	52%	52%
2-1/2 baths or more	1%	16%	45%	55%	56%
Central Air Conditioning – Yes	NA	34%	76%	87%	88%
2 car or more garage	--	39%	72%	82%	83%

Summary

- Professional Assessment Practices
- 1979 Legislation and Tax Shift of 1981:
 - Established unique valuation method *below or well below market*
 - Capped property tax rates
 - Shifted to sales tax revenue
 - Provided oversight and accountability for local governments

Questions?