



NEVADA DEPARTMENT OF TAXATION

Division of Local Government Services

Nevada Property Tax: Elements and Application

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| EXHIBIT H Senate Committee on Revenue and Economic Development | |
| Date: 2-5-2015 | Total pages: 84 |
| Exhibit begins with: Ha | thru: H81 |

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Nevada Property Tax: Elements and Application

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Updated December 12, 2014

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Historical Overview

“The subject of taxation is not necessarily so abstract and technical that it is devoid of interest to the ordinary citizen. It has its human interest.”

*Romanzo Adams,
Taxation in Nevada, A History, 1918*

Nevada has a history rich in adapting the system of taxation to meet the needs of her people. The early history of the tax system in Nevada reflects the heavy reliance on property taxes; the relative economic importance of mining within the state, and the experience with property tax systems of the eastern United States that the miners brought with them.

Prior to 1901, the property tax system relied wholly on county assessors, guided by general laws and motivated by a system of incentives, including commissions and penalties, to enforce a fair and equal property tax. Equitable results varied, and the need became apparent that a centralized agency was necessary for continuity of decision-making and to ensure that equity and fairness were maintained throughout the state. Checks and balances were imposed when the State Board of Assessors was created in 1901. The centralized state agency provided additional oversight and guidance to county officials, and was responsible for establishing the value of property of an interstate or intercounty nature.

Tax System turns modern in the '70's



Reorganization

Prior to 1975, the Division of Assessment Standards (now called the Division of Local Government Services) was responsible for oversight of the property tax

system, and was a direct operating arm of the Nevada Tax Commission. The Commission was composed of nine members who directed the work of the Division and also acted as the State Board of Equalization for appeals.

Based on the findings of the Governor's Tax Assessment and Equity Study committee, several proposals were made to improve the property tax system. AB 317, enacted into law in 1975, reduced the number of Tax Commission members from 9 to 7. The bill changed the language of the requirements for serving on the Commission so that business experience would be more general and not necessarily related to specific industries. In addition, the bill created the Department of Taxation headed by a chief administrative officer with the title executive director, appointed by the Governor.

AB 317 gave the executive director the authority to make final decisions on matters coming within the jurisdiction of the Department of Taxation, but provided for an appeal process before the Tax Commission. Many of the powers, authorities, and responsibilities of the Tax Commission were transferred to the Department, however, the Tax Commission remains the statutory head of the Department. Some of the transferred duties included assistance to county assessors in the appraisal of property, development of assessment standards, conducting ratio studies and carrying on a program of in-service training.

The Tax Commission was also separated from the State Board of Equalization and different individuals appointed to each board thus providing an additional check and balance in the system. Prior to the change, there was a perceived conflict of interest for the Commission members to serve in both a rule-making and adjudicatory capacity with regard to first establishing property values and then hearing the appeals on those values. Separation of the two bodies eliminated the perception of any bias during appeals. The State Board of Equalization became responsible for all appeals of value established by the Tax Commission and for appeals from the County Boards of Equalization.

New Parceling System

The bill also provided for a parceling system so that all land in the state could be described. Prior to 1975, assessors were not required to maintain a complete set of maps. Under AB 317, approved May 27, 1975, NRS 360.280 was amended to require assessors to "maintain a complete set of maps to accurately describe and illustrate all parcels of land as provided in chapter 361 of NRS." In addition, the bill provided that not later than July 1, 1979, the parceling system would be completed.

All land was to be described according to a parcel numbering system, and the department was to assist any county that did not have the

capacity to prepare such maps. The Department was to ensure that the maps were properly updated. (Section 51 of the bill). See NRS 361.189 through 361.220. The purpose of these laws was to standardize mapping practices, to ensure assessors are able to account for all of the rights, title and interest inherent with the taxpayers' ownership or use of real property. As a result, most county offices today use computer-aided drafting and design or GIS systems. The standard model was adapted from California's map-book and page system.

The definition of a parcel of land for assessment purposes is described as "a contiguous area of land under one ownership and in one general use." It is identified using an assessor's parcel number (APN). A parcel of land for assessment purposes can be a different parcel from that of a lot or a series of lots plotted on subdivision maps and other plats. The assessor's parcel consists of the largest area of land that the assessor can legally and practically "parcel" (assign an APN). This "parceled" area of land may have been conveyed by one or several deeds; it may contain numerous lots or only a fraction of a lot. Examples of parcels described for assessment purposes by an APN are:

- Several subdivision lots covered by an office or other buildings and in one ownership;
- An entire block subdivided in lots but used as a unit and in one ownership;
- An area covered by an industrial plant and in one ownership. It might consist of several subdivision lots or even parts of two or more subdivisions.
- An area covered by a store building with a parking lot used in connection with the business and in the same ownership.
- There are instances when two separate properties under a single ownership can be considered as two separate parcels. This occurs when each property has a residence situated on the lot. A distinct parcel number is assigned to each property even though the properties are under a single ownership or are lots in a new subdivision held by one owner whose intent is to sell these lots individually.

Professional Assessing Officials

The Governor's Tax Assessment and Equity Study committee recommended that "it would be better to have assessors and their staff attend school to become better qualified, and that before reelection, assessors must become certified as competent by the Nevada Tax

Commission.” (Dr. Glen Atkinson, reporting to the Assembly Taxation Committee, March 13, 1975).

The Division of Local Government Services today administers the appraiser certification program, including developing and administering the certification examination, which tests the knowledge of appraisal principles and property tax law of those persons who perform appraisals for property tax purposes; and granting appraisal certificates to every applicant who passes the exam. The Division also maintains the training records for all certified appraisers and independent contractors.

In connection with this program, the Appraiser Certification Board may recommend to the Division that the certificate of any person who fails to complete or carry forward the minimum number of continuing education hours may be suspended or revoked. In addition, the Board advises the Division what courses may be accepted for credit as continuing education.

Monitoring Assessment Work

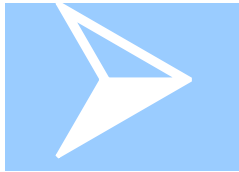
The viability of a property tax depends on the accuracy of county assessors in estimating taxable value, and a ratio study provides a means for evaluating the accuracy of those appraisals. The requirement to study and measure assessment accuracy began in 1965 with S.B. 15. The requirements in the statute were changed several times in subsequent years, with the most substantial changes made in 1973 and 1975. Today, NRS 361.333(1) requires the Department to determine the ratio of assessed value of each type or class of property for which the county assessor has the responsibility of assessing to:

- (1) the assessed value of comparable property in the remaining counties; and
- (2) the taxable value of that type or class of property within that county.

In addition, the Division also conducts performance audits pursuant to regulations that were adopted in 2010. A performance audit is an independent assessment of the performance of a county official in carrying out his or her responsibilities relating to the preparation of the assessment roll and the collection of property taxes. See *NAC 360.720 through 360.736*.

Tax Relief in 1979 and the Tax Shift of 1981

California's Prop 13



In 1978, California voters staged what has been described as a property tax revolt by approving a statewide ballot initiative known as Proposition 13. “Full cash value” was defined as the assessed valuation as of the 1975-76 tax year, or “thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. The assessment “may reflect from year to year the inflationary rate not to exceed 2 percent for any given year.”

Over time, this acquisition-value system created dramatic disparities in the taxes paid by persons owning similar pieces of property. Property values in California inflated far in excess of the allowed 2% cap on increases in assessments for property that is not newly constructed or that has not changed hands. As a result, longer-term property owners pay lower property taxes reflecting historic property values, while newer owners pay higher property taxes reflecting more recent values. For that reason, Prop 13 has been labeled by some as a “welcome stranger” system – the newcomer to an established community is “welcome” in anticipation that he will contribute a larger percentage of support for local government than his settled neighbor who owns a comparable home. (See *Nordlinger v. Hahn* (1992) 120 L. Ed. 2d 1).

Tax Reform Enacted in Nevada

In the wake of California's Proposition 13, some major changes occurred in 1979 in response to the ballot initiative known as Question 6, which itself was a response to Prop 13 in California. In 1979, the Legislature passed S.B. 204 to provide property tax relief.

One of the main features of the bill was the provision of a lower limit on the tax rate from \$5.00 allowed by the constitution to \$3.64. Essentially this reduction in the tax rate was paid for by replacing one mandatory school district levy of 70 cents with money appropriated to the Distributive School Fund, and a second school district levy of 80 cents would be reduced to 50 cents, with the difference to be state funded. Also, a medicaid levy of 11 cents would be state funded and the state tax of 25 cents would not be levied, for a total of \$1.36 reduction in the overall property tax rate.

S.B. 204 also provided that all household goods and furniture were exempt; provided for a process of requiring landlords to inform tenants of the amount of rent which represents property taxes; and provided for a limitation on expenditures by local governments, except school districts and other governmental accounting controls, such as a reasonable ending fund balance.

Tax Shift of 1981

The incentive during the Tax Shift of 1981 was to provide additional property tax relief to homeowners, while still providing an adequate source of revenue for local governments. The tax shift reduced property tax collections by 50 percent and placed a greater reliance on sales taxes for revenues for local governments.

SB 69, one of three pieces of enabling legislation, changed the method of appraisal from market value to “taxable value.” Taxable value adds the market value for land, based on the use to which it is actually put, rather than highest and best use, plus replacement cost new less depreciation for improvements. “Taxable value” remains the standard of valuation today.

As defined in NRS 361.227, the taxable value of vacant land is limited to the full cash value, based on the actual current use of the land. If the property is improved, taxable value is equal to the full cash value of the land plus the replacement cost new less depreciation of the improvements. Depreciation is set at the rate of 1.5 percent per year for each year of adjusted actual age of the improvement, up to a maximum of 50 years.

A.B. 369 was a second piece of enabling legislation. The bill provided for monthly reporting instead of quarterly reporting of the sales tax; the City-County Relief tax portion of the sales tax was made mandatory rather than optional; and it provided for increased rates. The third piece of enabling legislation was S.B. 411, which provided for revenue expenditure capping measures, regulatory fee limitations, state involvement in the audit process, limitations on the scope of enterprise and reserve fund accounting, and increasing Department of Taxation authority with regard to local government budgets.

Tax Relief in 2005: Property Tax Abatements

In 2005, the Nevada Legislature determined that rising real property values had placed an unreasonable property tax burden on taxpayers:

The Legislature hereby finds and declares that an increase in the tax bill of the owner of a home by more than 3 percent over the tax bill of that homeowner for the previous year constitutes a severe economic hardship within the meaning of subsection 10 of [Section 1 of Article 10](#) of the Nevada Constitution. The Legislature therefore directs a partial abatement of taxes for such homeowners...

To address the problem, the Legislature adopted an abatement scheme which has been codified at NRS 361.471 to 361.4735, inclusive. The abatement in effect is a limitation on the increase in taxes and is generally called a “tax cap.”

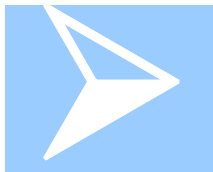
The cap applies to the taxes only and not to the taxable or assessed values as established by the county assessors. Thus, the county assessors must continue to appraise the land and improvements according to the applicable statutory methodologies and without reference to the abatement scheme. In other words, the abatement scheme does not apply until after the county assessors have established the taxable and assessed values for the year. The assessors continue to notify taxpayers annually of the taxable and assessed values which have been established for real property in the state. The abatement is then applied to reduce the tax bill. The amount of the abatement is computed by reference to the taxes as assessed for the preceding year.

The tax cap factor itself equals 1.030 (3.0% maximum tax increase) for qualified residential property. The general abatement for all other property falls into a range between 8.0% and twice the CPI growth from the prior year to the current year. Historically, the range for tax cap factors has fluctuated between 1.054 (5.4% maximum tax increase) and 1.080 (8.0% maximum tax increase) and varies by county. See NRS 361.4722.

Administrative Roles

The Nevada Tax Commission (Commission), the Nevada Department of Taxation (Department), County Assessors, Treasurers, and Commissioners, the State and County Boards of Equalization (State Board / County Board), the Committee on Local Government Finance (CLGF), and the Appraiser Certification Board (ACB) each have an important role to play in administering the property tax system.

Nevada Tax Commission

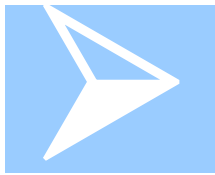


The Commission consists of eight members appointed by the Governor; and at least 5 of the members must have ten years of experience in various fields of business including real property, utilities, agriculture, finance, and mining. The Commission is responsible for prescribing regulations to carry on the business of the Commission and the Department. (*NRS 360.090*). Decisions of the Department may be appealed to the Commission, and the Commission may review any decisions of the Department. (*NRS 360.245*). The Commission may confer with, advise and direct county officials with regard to the preparation of the tax roll, collection of taxes and other revenues. (*NRS 360.250*).

The Commission also adopts the formulas used by the Department to establish the taxable value of centrally-assessed properties, and certifies the values of centrally-assessed properties appraised by the Department. (*NRS 361.320*). The Commission establishes the unit values to be used for agricultural land and mobile homes (*NRS 361.325*), as well as the standards and schedules to be used for the valuation of personal property. (*NRS 361.227*). The Commission may also take equalization action if it finds that any class of property is assessed at less or more than the proper percentage provided by law. (*NRS 361.333*).

Pursuant to *NRS 361.4547*, the Commission certifies to the board of county commissioners of each county, the combined tax rate necessary to produce the amount of revenue required by the approved budgets.

Nevada Department of Taxation

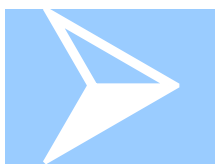


The Department exercises general supervision and control over the entire revenue system of the State. (*NRS 360.200*). In terms of the property tax, the Department, through the Division of Local Government Services, directly appraises the property of an interstate or intercounty nature (*NRS 360.210; 361.320*); determines the net proceeds of minerals (*NRS 362.100*); and bills, collects and distributes the property tax for centrally-assessed property and net proceeds taxes. The Department also appraises and assesses all mine facilities and equipment, (*NRS 362.100*) but does not bill, collect, and distribute the property tax for mine facilities. Instead, the assessed values of mine property are transmitted to the counties, who then bill, collect, and distribute the property tax.

The Department may assist and consult with County Assessors in appraising property and developing and maintaining standard assessment procedures. (*NRS 360.215*). The Department annually conducts a ratio study to determine whether property values are equalized among the counties. (*NRS 361.333*). In addition, the Department conducts the certification and continuing education program of property tax appraisers at county and state levels. (*NRS 361.221*).

The Department also administers the provisions of the Local Government Budget and Finance Act (*NRS 354.470 to 354.626, inclusive*), including overseeing the revenue limitations, indebtedness, budgets and audits of local governments. The Department establishes and monitors the maximum allowed revenue a local government may receive from property taxes; calculates and prepares property tax rates to be certified by the Nevada Tax Commission; prepares and publishes the Property Tax Rate Report (Redbook) for local governments; and reviews and approves final budgets submitted by local governments and determines whether the proposed tax rates exceed the allowed rate. (*NRS 361.4547*).

County Assessors

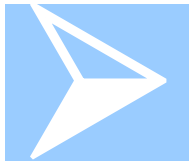


The County Assessor is an elected official who discovers, lists, and determines the taxable value of all real and personal property in his county, except property to be valued by the Department. (*NRS 361.260*). For real property not reappraised in the current year, the Assessor also determines an assessed value by applying land and improvement factors approved by the Commission. (*NRS 361.260; 361.261*). The Assessor is required to use standards for appraising and reappraising land established by the Tax Commission. (*NRS 361.260*).

The County Assessor produces and publishes the assessment roll, and notifies each taxpayer of the assessed value of his property. (*NRS 361.300*). He certifies the tax roll to the Commission that he has complied with the regulations of the Tax Commission (*NRS 360.250*), and provides a copy of the tax roll to the State Board of Equalization. (*NRS 361.390*). The County Assessor adopts and uses the manuals and regulations prescribed by the Commission; keeps assessment rolls in the form and manner prescribed by the Department; requires the appropriate property statement forms to be used by taxpayers; and maintains a complete set of maps describing all parcels of land within his county. (*NRS 360.280*).

The County Assessor produces a variety of reports for the Department, including a segregation report showing actual and projected assessed values for each taxing entity within the county for budgeting purposes; and a statistical analysis of the roll after all appeals have been heard. (*NRS 361.390*). He also defends values established by him before the County and State Boards of Equalization in the event of an appeal.

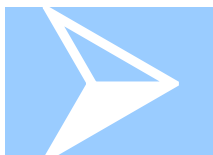
Nevada State Board of Equalization



The State Board consists of five members appointed by the Governor. At least one member must be a certified public accountant; one member must be a property appraiser with a professional designation; and one member who is versed in the valuation of centrally assessed properties. (*NRS 361.375*).

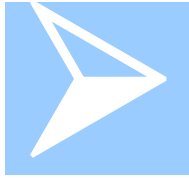
The State Board hears both appeals from the decisions of County Boards of Equalization and direct appeals of values certified by the Commission or the Department, and values established by the county assessor that could not otherwise be heard by the County Board. (*NRS 361.360; 361.400; 361.403*). The State Board may adopt regulations governing its own procedures and practices, but does not adopt regulations regarding the valuation of property, which is the prerogative of the Commission.

County Boards of Equalization



County Boards of Equalization (County Board) consist of three members or five members depending on the population of the county. The Board of County Commissioners appoints the members of the County Board. The County Board may change and correct any valuation of the county assessor found to be incorrect, as well as hear all protests with regard to locally assessed properties and the value of mines appraised by the Department.

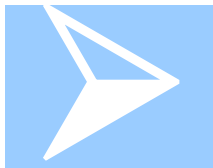
County Treasurers



The County Treasurer is an elected official who bills and collects all taxes assessed upon the real property tax roll. (*NRS 361.480; 361.475*). In certain cases, the County Assessor bills and collects property taxes for personal property. (*NRS 361.483; 361.5605*). The County Treasurer manages the collection of delinquent taxes, and the seizure and sale of property in the event taxes remain unpaid. (*NRS 361.5648 through 361.595*).

The County Treasurer calculates and applies the appropriate amount of any primary residential abatement and general abatement, and consults with the County Assessor to determine whether a property is eligible for abatement. (*NAC 361.6055*). The County Treasurer also administers any claims for the postponement of payment of the property tax. (*NRS 361.736 through 361.7898*). The County Treasurer remits a portion of the property tax to the State (*NRS 361.745*) and apportions the taxes received among the various funds and local governments within the county. (*NRS 361.755*).

County Commissioners

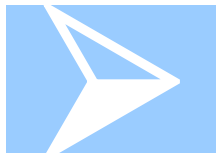


The Board of County Commissioners consists of elected officials who are required to provide the County Assessor “suitable books” for the tax list. (*NRS 361.255*). In modern day terms, this is generally interpreted to mean that certain supplies and computer programs must be provided. The members of the County Board of Equalization are appointed by the County Commission (*NRS 361.340*), and the County Commission may provide for additional panels of the County Board of Equalization. The County Commission may correct clerical errors and overassessments on the tax roll. (*NRS 361.767; 361.768*).

The County Commission, as the governing body of the county, also adopts tentative and final budgets pursuant to *NRS 354.597* and *354.598* and the regulations of the Committee on Local Government Finance. The County Commissioners must also provide in the budget a reasonable amount of money and levy a tax to provide for the payment of interest with respect to judgments which may be secured against the county. (*NRS 361.425*). In the event the combined tax rate adopted by the various governing boards of local jurisdictions exceeds the limit imposed by *NRS 361.453*, the chairman of the County Commission convenes a meeting of all the governing boards to establish a combined tax rate that conforms to the statutory limit. (*NRS 361.455*). Once the combined tax rate has been

certified by the Tax Commission, the County Commissioners levy the tax rate. (NRS 361.460).

Committee on Local Government Finance



The Committee on Local Government Finance (CLGF) consists of 11 members. The Nevada League of Cities, the Nevada Association of County Commissioners, the Nevada School Trustees Association each appoint three members and the Nevada State Board of Accountancy appoints two members.

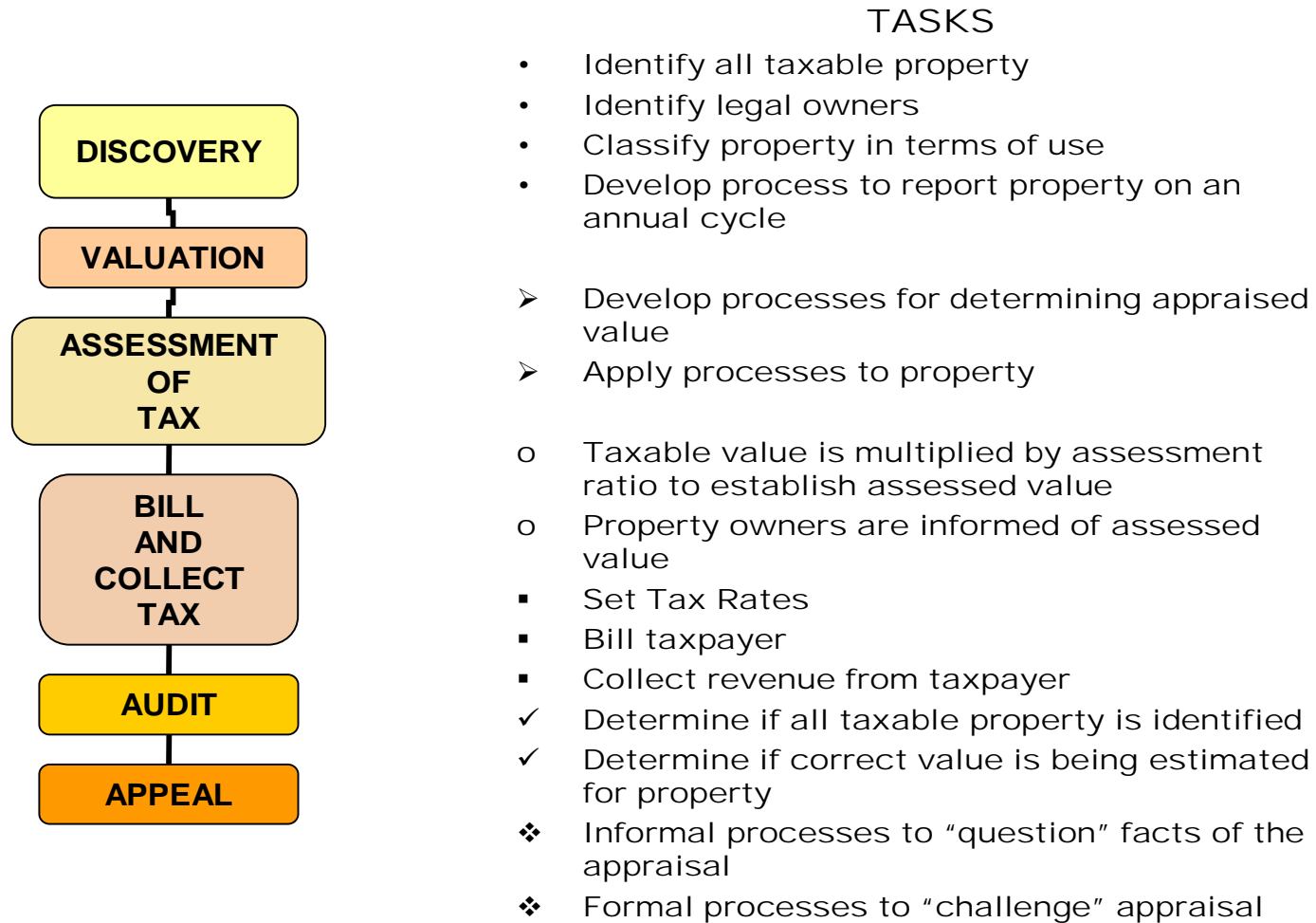
CLGF has the authority to promulgate regulations with regard to the Local Government Budget and Finance Act (*NRS Chapter 354*) as well as NRS Chapter 350, Municipal Obligations. CLGF monitors the fiscal health of local jurisdictions through a variety of reports submitted to the Department (*NRS 354.665*). CLGF reviews plans of corrective action to mitigate possible financial emergency submitted by local governments, provides observations and recommendations to the local governments, and periodically reviews the status of the financial operations of the local governments. (*NRS 354.685*).

Appraiser Certification Board



The Appraiser Certification Board (ACB) consists of six members, three of whom are county assessors appointed by their peers and three from the Department appointed by the Commission. (*NRS 361.221*). ACB advises the Department with regard to the certification and continuing education of property tax appraisers. ACB reviews and approves courses for continuing education, and determines whether individuals have met the training requirements for certification.

Table I: Steps in Property Tax Appraisal Administration



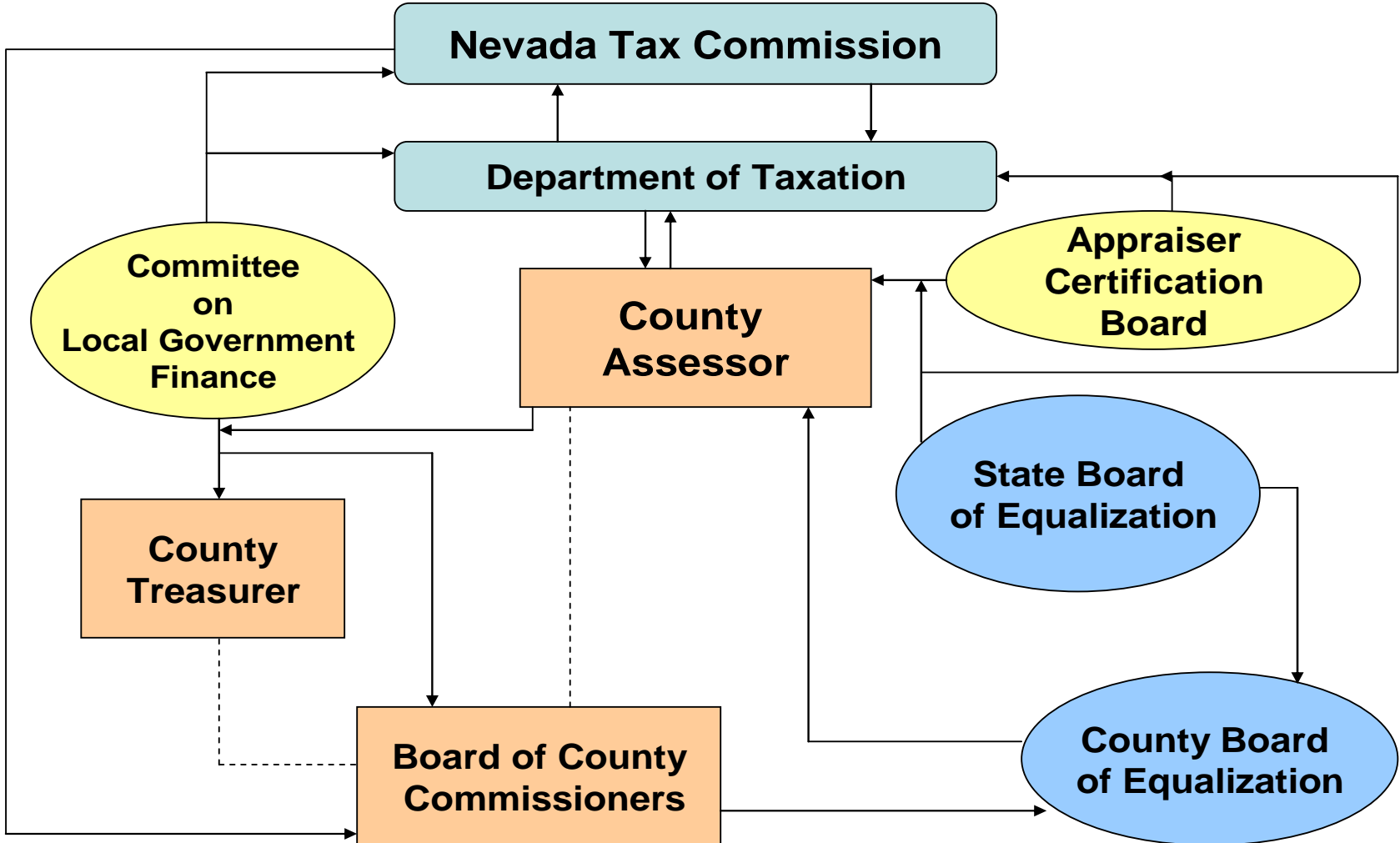


Table II: Organization Chart

2015 CALENDAR YEAR

| | | 2014-2015 FISCAL YEAR | | | | | | 2015-2016 FISCAL YR | | | | | | | | | | | |
|------------------------------|------------------------------|--|-----|---|---|--|--|---------------------|-----|--|--|--|-----|---|--|--|--|--|--|
| | | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | | | | | | |
| Secured Roll | Discovery, List, Valuation - | NRS 361.310(1): 15-16 Secured Roll is Published NRS 361.310(2): Changes may be made to 15-16 Secured Roll | | NRS 361.310(2): Changes that occur before July 1 may be made to 15-16 Secured Roll for certain specified reasons. | | | | | | NRS 361.260(1): Property on 15-16 Secured Roll is Assessed; the lien date is 7-1-15 | | | | NRS 361.300 (6)(a): Publish List of all taxpayers on the 16-17 Secured Roll on or before Dec 18 | | | | | |
| | | NAC 361.128(1)(b)(1): 16-17 Secured Roll - Use Marshall/Swift published 01/15 for improvement values on 16-17 secured roll | | NRS 361.260(1): 16-17 Secured Roll Work year begins. Improvement costs based on Marshall/Swift in January, 2014 | | NRS 361.318: Reports for centrally-assessed properties are due 3/31 for the 16-17 secured roll (lien date 7-1-16). | | | | Department publishes Personal Property Manual for 16-17 Secured and Unsecured Rolls. | | | | NRS 361.320(1): NTC establishes centrally-assessed values for 16-17 Secured Roll and 15-16 Unsecured Roll. | | NRS 361.310(2): 16-17 Roll Closes on day list is delivered for publication. | | | |
| | | | | | | NRS 361.260(5): NTC adopts improvement factors for 16-17 Secured and Unsecured Roll. | | | | Department publishes Ratio Study for property on 15-16 Secured and 14-15 Unsecured Rolls. | | NRS 361.260(7): 16-17 Land values are established based on sales occurring before 7-1-15 | | NRS.361.260(5): NTC adopts land factors for 16-17 year est. by county assessors if reappraisal has not occurred | | NRS 361.310(4): Log of all changes made to 15-16 Secured Roll delivered to Department by Oct 31. | | | |
| Discovery, List, Valuation - | Unsecured Roll | NRS 361.260(1): Continuing discovery and placement of unsecured real or personal property on 2014-2015 Unsecured roll. It must have been in existence in county on July 1, 2014. | | | NRS 361.260(1): Continuing discovery and placement of unsecured real or personal property on 2014-2015 Unsecured roll. It must have been in existence in county on July 1, 2014. 14-15 Unsecured Roll closes April 20 | | NRS 361.260(1): 15-16 Unsecured Roll Work Year begins Lien date is 7-1-15. | | | | NRS 361.260(1): Property on 15-16 Unsecured Roll is Assessed; the lien date is 7-1-15. | | | | | | | | |
| | | | | | | | | | | NRS 361.265(3): Declarations of personal property due by July 31st for the 15-16 Unsecured Roll. | | NRS 361.265(3): Declarations sent to taxpayers after July 15 have to be returned within 15 days. | | | | | | | |
| Collection | | NRS 361.483(5): 3rd installment of taxes due on first Monday in January for 14-15 Secured Roll (Lien date 7-1-14). | | | | NRS 361.483(5): 4th installment of taxes due on first Monday in March for 14-15 Fiscal Year (Lien date 7-1-14). | | | | | | NRS 361.483(5): 1st installment due on 3rd Monday for 15-16 Secured Roll; and certain personal property on 14-15 Unsecured Roll. | | NRS 361.483(5): 2nd installment due on 1st Monday in October for 15-16 Secured Roll; and certain personal property on 14-15 Unsecured Roll. | | NRS 361.320(9): 15-16 Unsecured Centrally assessed Private carlines, unsecured, PET billed | | NRS 361.320(9): 15-16 Unsecured Centrally-assessed taxes are due by December 15th. | |

| | | 2015 CALENDAR YEAR | | | | | | | | | | | |
|--------|--|--|---|---|---|---|--|--|--|------|-----|--|-----|
| | | 2014-2015 FISCAL YEAR | | | | | | 2015-2016 FISCAL YR | | | | | |
| | | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec |
| Appeal | NRS 361.356(1) & NRS 361.357(1): Appeals of values on 15-16 Secured may be made to County Board of Equalization by | NRS 361.360 (3): Appeals of values on 14-15 Unsecured Roll made after 12-15-14 but before 4-30-15 may be heard by SBE if filed prior to 5-15-15. | | | | | | | | | | | |
| | NRS 361.355(2): Appeals of values placed on 14-15 Unsecured Roll between 5-01-14 and 12-15-14 may go to CBE | NRS 361.340(10): CBE ends on 2-28-15 for appeals of values on the 15-16 Secured and 14-15 Unsecured Rolls. | NRS 361.380(1): SBE session begins on 4th Monday for 15-16 Secured Roll direct from NTC and appeals from CBE. Appeals from CBE must be filed by 3-10-15 | | NRS 362.135: NPM appeals for 2014 calendar year generally must be filed by May 20, 2015. | | | | | | | NRS 361.380(1): SBE concludes hearings by Nov 1 for the 15-16 Secured Roll and 14-15 Unsecured Roll. | |
| | NAC 361.7012(5): Direct appeals to SBE of NTC certified values for 15-16 must be filed by 1-15-15. Mine properties must be directly appealed to SBE | | NRS 361.390 (1): 2015-16 Tax roll filed with SBE on or before March 10, 2015. | NRS 361.340(11): CBE may reconvene for matters remanded by the SBE. | | | | NRS 361.340(11): CBE may reconvene for matters remanded by the SBE. | | | | | |
| | NRS 361A.273(1): Appeals of conversions from ag land designation occurring between 7-1-14 and 12-16-14 may go to CBE. | NRS 361A.273(2): Appeals of conversions from ag land designation occurring between 12-16-14 and 7-1-15 may go to SBE if filed prior to 7-15-15. | | | | | | | | | | | |
| Budget | NRS 361.390 Assessor (and Department) to file preliminary segregation report for 15-16 year prior to Jan. 31 | NRS 360.690: Department to provide preliminary revenue projections for 15-16 year to local governments by Feb. 15 | NRS 361.390 Assessor files final segregation report prior to March 5. Dept. provides final revenue projections to local govts by March 15; abatement reports by 3-25; Taxpayers file net proceeds revenue projection reports on 3-1(NRS 362.115) | NRS 362.115: Dept reports to counties by 3-15. NRS 354.596: Tentative budget filed to Dept by 4-15. | NRS 354.596: Budget hearings for 15-16 year 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; Abatement Summary Report for 15-16 Unsecured Roll due 6-1 | NRS 387.1235: Department to provide estimate of local funds available to school districts to Dept. of Education by 7-15. | | NAC 361.609 Abatement summary report due from treasurers for 15-16 Secured Roll | | | | |

Elements of the Property Tax

‘Just principles of valuation of property for taxation are those which, in their application, will result in distributing the burden of taxation in due proportion among owners of different kinds of property. . . . Any principle of valuation which is unjust in valuing houses would also be unjust if applied to the valuation of railroads’

Nevada Supreme Court, State v. Central Pacific R.R., 10 Nev. 47 (1875).

The principle elements of the property tax consist of the tax rate and the tax base. The tax base is calculated by first appraising the value of property according to statutory requirements to determine “taxable value.” “Taxable value” in turn is multiplied times the level of assessment. The resulting assessed value is the tax base against which a tax rate is applied to determine the total amount of taxes due. The elements of the property tax can be shown in this simple formula:

$$\begin{aligned} \text{Taxable Value} \times \text{Level of Assessment} &= \text{Assessed Value} \\ \text{Assessed Value} \times \text{Tax Rate} &= \text{Total Property Tax} \end{aligned}$$

Element One: Taxable Value



The Constitution of Nevada provides the first guidance in how taxable value will be determined. 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. (*Italics added*).

In 1981, the Legislature determined that a just valuation of real property should no longer be based strictly on the full cash value of the total property. Instead, the value of real property was bifurcated into two components: full cash value of the land and replacement cost new less depreciation of the improvements, with the rate of depreciation set by statute. The resulting “taxable value” must not exceed the full cash value of the entire property. (*NRS 361.227*). Full cash value is defined as “the most probable price which property would bring in a competitive and open market under all conditions requisite for a fair sale.” (*NRS 361.025*).

The Cost Approach



In general appraisal terms, the cost approach is sometimes called the summation approach. It is based on the idea that the value of an existing property is the value of the land plus the replacement cost of the improvements less depreciation. The cost approach is based on the principle of substitution, in which the value of an improvement tends to be set by the cost of acquiring an equally desirable and valuable substitute improvement, assuming that no costly delay is encountered in making the substitution.¹

There are different kinds of costs, including historical acquisition cost, book cost, reproduction cost, and replacement cost. NRS 361.227 directs the use of replacement cost less depreciation (RCNLD) to appraise improvements for taxation purposes. Replacement cost is the cost of producing a building or improvement having the same utility, but using modern materials, design, and workmanship, as opposed to reproduction cost, which is the cost of producing an exact replica of a building or improvement using the same or very similar materials, design, and workmanship.²

The following regulations also apply:

¹ See IAAO, *Glossary for Property Appraisal and Assessment*, International Association of Assessing Officers, 1997

² *Ibid.*

- The actual age of the property must be determined. (NAC 361.124).
- The total replacements made to an improvement must be considered. (NAC 361.127).
- The cost of replacement of an improvement must include all costs for labor, materials, supervision, contractor's profit and overhead, architects' plans and specifications, sales taxes and insurance. (NAC 361.128).
- The cost manuals published by the Marshall and Swift Publication Company or "other" recognized cost manuals or subscription services, if approved, must be used to determine costs. (NAC 361.128).

In general appraisal applications, the cost approach requires estimates of land value, accrued depreciation, and the current cost of constructing the improvements. Depreciation is subtracted from current construction costs to obtain an estimate of improvement value. In appraisal, the concept of depreciation does not refer to accounting depreciation, based on the number of years used, but instead means the loss in value caused by physical deterioration, functional obsolescence, or changes in the economy or neighborhood, also called external or economic obsolescence.

Nevada law directs assessors to subtract depreciation at a set rate of 1.5 % of the cost of replacement for each year of adjusted actual age of the improvement, up to a maximum of 50 years. (NRS 361.227 (1)(b)). Limiting depreciation to 1.5% per year may or may not reflect actual market depreciation. Market depreciation is defined as the difference between the current construction cost and the market value of the structure, and is extracted from market sales data, which can vary from year to year and area to area. As property ages, the accrued depreciation dictated by statute at 1.5% may not be an accurate reflection of actual market depreciation.

Assessors then add the full cash value of land to the RCNLD of improvements. The full cash value of the land is determined by applying the sales comparison approach, if there are sufficient sales, or alternative methods if there are insufficient sales. (NAC 361.118; 361.119).

If the taxable value so derived exceeds the full cash value of the property as a whole, then Nevada law directs the appraiser to measure the additional obsolescence and reduce the taxable value downward (NRS 361.227(5)). The appraiser may use the comparative sales approach, the income approach, and the cost summation approach to measure the amount of obsolescence present.

The Sales Comparison Approach



The sales comparison approach is used to estimate the value of land or the amount of obsolescence present by analyzing the sales prices of similarly situated property. In general, the sales comparison approach is the most reliable valuation approach when verifiable, valid sales data are available.³

NAC 361.118 requires that the sales prices or unit values of comparable properties be adjusted to reflect differences between the comparable properties and the subject property. Points of comparison between the subject and the comparable sales include the real property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, size, zoning, and governmental restrictions, among others. The appraiser estimates the full cash value of the subject property based on the adjusted sales prices of the comparable properties.

The Nevada Tax Commission adopted regulations providing that *mass appraisal techniques* may be used to develop valuation models. See NAC 361.11795. Mass appraisal models attempt to represent the market for a specific type of property in a specified area. In general, the assessor applies the sales comparison approach by stratifying properties into groups based upon location, zoning, use or other relevant characteristics. Then, using techniques such as multiple regression analysis, sales-resales analysis, or paired sales analysis, the assessor establishes a base lot or comparative unit model representing the typical value for units of land in a neighborhood or other stratification. Adjustments are made to the base lot or comparative unit model to reflect differences of the individual subject property from the model.

The Income Capitalization Approach



From an investment standpoint, the critical element affecting value is the earning power of the asset. The income capitalization approach is used to estimate market value because it converts the right to receive future earnings and benefits into an estimate of present value. The capitalization rate is extracted from actual income and sale price data of properties that have recently sold. The income approach is based on the principle of anticipation, in which the full cash value is the

³ IAAO, Standard on Mass Appraisal of Real Property, 1984, Section 4.2.

present worth of all the anticipated future benefits to be derived from the property.

The basic steps in the income approach are (1) estimate potential gross income; (2) deduct for vacancy and collection loss; (3) add miscellaneous income; (4) determine operating expenses; (5) deduct operating expenses to determine net income before discount, recapture, and taxes; (6) select the proper capitalization rate; (7) determine the appropriate capitalization procedure to be used; and (8) capitalize the net income into an estimate of property value by dividing the net operating income by the capitalization rate.⁴

Advantages and Disadvantages of the Three Approaches



The reliability of all three approaches is dependent upon the quality of the data used in the development of the applicable valuation equations. The cost approach requires current and accurate estimates of cost data and accrued depreciation from all causes. In Nevada, this is generally obtained from the Marshall and Swift Publication Company. The advantage of the cost approach is that it is applicable to most improved properties.

The income approach requires reliable income and expense data from the taxpayers, as well as objective evidence of the relationship between income and present value. If a representative income cannot be attributed or imputed to the subject property, then the income approach must be foregone. The income approach tends to reflect the behavior of investors and can be effective in the appraisal of properties that are purchased on the basis of their ability to generate income.

The sales comparison approach depends on whether enough sales data exists from which to determine trends in a statistically valid manner. This can be difficult in the case of special purpose properties where an insufficient number of comparable sold properties may exist. The sales comparison approach tends to be the most objective when adequate data on properties that have been sold are available.

⁴ IAAO, Property Assessment Valuation (Chicago, 1977), p. 204.

Element Two: Level of Assessment and Assessed Value



The level of assessment is also known as the “rate of assessment” and is generally expressed as the overall ratio of assessed value to market value. Whether assessments are at full value or a proportion thereof is usually a constitutional or legislative policy decision.

In Nevada, NRS 361.225 requires that all property subject to taxation be assessed at 35 percent of its taxable value. For example, restating the formula expressed in NRS 361.225:

$$\textit{Taxable Value} \times \textit{Level of Assessment} = \textit{Assessed Value}$$

If the taxable value of a single family residence was estimated at \$200,000, the assessed value would be \$70,000 ($\$200,000 \times .35 = \$70,000$).

Element Three: The Tax Rate



The State of Nevada Constitution, Article 10, section 2, limits the property tax rate to 5 cents per \$1.00 of assessed value, which translates to \$5.00 per \$100 of assessed value. In the 1979 session, the Nevada Legislature set the property tax rate at no more than \$3.64 per \$100 of assessed value, plus \$.02 added to the state debt component for capital projects,⁵ for a total of \$3.66, where it remains to the present.

Pursuant to NRS 354.59811, local government entity property tax revenues are allowed to be increased by a maximum of 6% per year. The previous fiscal year’s property tax revenue is multiplied by 106%. This amount is then divided by the projected assessed valuation for the upcoming fiscal year to determine the tax rate necessary to generate that amount of revenue. The NRS also provides for a “hold harmless” scenario, in which the new calculated tax rate cannot be less than the previous fiscal year’s rate.

The tax rate is comprised of the following elements:

⁵ 2 cents added to the state tax rate pursuant to AB 564 (2009); SB 507 (2003).

School Operating Rate

Pursuant to NRS 387.195, each county board of commissioners shall levy a tax of \$0.75 per \$100 of assessed valuation for the support of public schools within the county.

General or Special Improvement Districts

The majority of general improvement districts in the State of Nevada were created pursuant to the provisions of NRS 318. Some have been established under Special and Local Acts of the Legislature. Depending on the primary purpose for their existence, many of these districts have and exercise property taxing authority.

Legislatively Approved Overrides

At various times the Legislature has enacted additional property taxes to fund a number of particular programs on a statewide basis. For example, NRS 428.185 provides for each county to levy a property tax of 1.5 cents per \$100 of assessed valuation to fund the costs of providing medical treatment to indigent persons injured in automobile accidents. NRS 549.020 provides for a levy of not less than 1 cent per \$100 of assessed valuation to fund cooperative extension work in agriculture and home economics.

Voter Approved Overrides

Pursuant to NRS 354.5982, a local government may exceed the limitations of 354.59811 by proposing an additional property tax levy. The proposal must be placed on a general or special, but not primary election ballot. The question must state the proposed additional rate, the purpose, duration of the additional levy and an estimate of the amount of annual increase to the property tax bill for the owner of a new home with a fair market value of \$100,000. The duration of the levy, if approved, cannot exceed 30 years; and may be discontinued before it expires. For example, on 11/2/2010, the citizens of Elko County School District approved an override of 75 cents for 10 years to fund capital projects.

State Debt Rate

Pursuant to AB371, an initial property tax of 5 cents per \$100 of assessed valuation was levied for state purposes. In the ensuing years, the rate has fluctuated somewhat, depending on the state's need to fund debt service on its capital improvements projects throughout the state. At the present time, the state debt rate is 15 cents per \$100 which is included in the statutory cap; and 2 cents, enacted by SB507 (2003),

which is outside the cap. 1 cent is added to the “regular” 15 cents; while the second penny is used to fund the debt service for bonds issued specifically for state projects for the conservation of the state’s natural resources.

Process to Establish Rate if Combined Tax Rate Exceeds the Statutory \$3.64 Cap

Pursuant to NRS 361.455, the chairman of the county board of commissioners convenes a public meeting of a majority of the governing boards of all affected local governments on or before June 20 of each year for the purpose of establishing a combined tax rate which conforms to the statutory limit. After discussions regarding changes to tax rates, each affected governing board must unanimously approve the changes. Immediately following the meeting the county clerk advises the Department of the results. If no agreement can be reached, or no quorum exists for one or more of the affected local government entities, then the Department reviews the record of the discussions and the budgets of the affected entities and makes a recommendation to the Nevada Tax Commission.

The Nevada Tax Commission is mandated statutorily to meet on June 25 each year to certify the property tax rates for the succeeding fiscal year. Prior to the certification vote, the Commission will determine the property tax rates for the entities in any county which exceed the statutory cap; considering any local government testimony and the Department’s recommendation. Any local government entity affected by a tax rate adjustment made by the Commission files a copy of its revised final budget by July 30.

PROPERTY TAX DISTRIBUTION FOR FY 2014-2015

| COUNTY | TOTAL ASSESSED VALUE * | PROPERTY TAX REVENUE DOLLARS PROJECTED | | | | | | | FY2014-15 AVERAGE CO. WIDE TAX RATE | FY2013-14 AVERAGE CO. WIDE TAX RATE | % OF CHANGE 13-14 TO 14-15 |
|----------------|------------------------|--|----------------------|----------------------|---------------------|----------------------------------|----------------------|------------------------|-------------------------------------|-------------------------------------|----------------------------|
| | | SCHOOLS | COUNTIES | CITIES | TOWNS | TOTAL COMBINED SPECIAL DISTRICTS | STATE | TOTAL | | | |
| Carson City ** | 1,286,890,682 | \$15,185,310 | \$27,796,839 | - | - | \$1,967,942 | \$2,187,714 | \$47,137,805 | 3.5230 | 3.5435 | -0.58% |
| Churchill | 701,513,275 | \$9,119,673 | \$8,789,260 | \$1,402,419 | - | \$755,734 | \$1,192,573 | \$21,259,659 | 3.0305 | 3.0220 | 0.28% |
| Clark | 62,904,942,089 | \$819,903,015 | \$411,461,226 | \$234,730,389 | \$66,653,626 | \$286,950,230 | \$106,938,402 | \$1,926,636,888 | 3.0628 | 3.0554 | 0.24% |
| Douglas | 2,659,900,426 | \$22,609,154 | \$31,067,637 | - | \$2,091,560 | \$23,889,525 | \$4,521,831 | \$84,179,707 | 3.1648 | 3.1436 | 0.67% |
| Elko | 1,838,648,027 | \$27,579,720 | \$15,418,902 | \$6,071,194 | \$193,567 | \$875,565 | \$3,125,702 | \$53,264,650 | 2.8969 | 2.8958 | 0.04% |
| Esmeralda | 80,030,559 | \$600,229 | \$1,680,242 | - | - | - | \$136,052 | \$2,416,523 | 3.0195 | 3.0195 | 0.00% |
| Eureka | 1,226,192,011 | \$9,196,440 | \$10,371,132 | - | \$37,026 | \$125,261 | \$2,084,526 | \$21,814,385 | 1.7790 | 1.7772 | 0.10% |
| Humboldt | 1,341,476,202 | \$11,872,064 | \$10,077,169 | \$1,930,657 | - | \$8,082,336 | \$2,280,510 | \$34,242,736 | 2.5526 | 2.4850 | 2.72% |
| Lander | 1,202,751,794 | \$9,020,638 | \$23,144,553 | - | \$51,208 | \$6,147,628 | \$2,044,678 | \$40,408,705 | 3.3597 | 3.3576 | 0.06% |
| Lincoln | 350,079,071 | \$3,406,619 | \$4,682,308 | \$131,955 | \$109,257 | \$1,804,569 | \$595,134 | \$10,729,842 | 3.0650 | 3.0776 | -0.41% |
| Lyon | 1,421,732,302 | \$19,004,296 | \$13,203,628 | \$3,802,376 | - | \$9,367,361 | \$2,416,945 | \$47,794,606 | 3.3617 | 3.3553 | 0.19% |
| Mineral | 139,502,311 | \$1,436,874 | \$3,152,752 | - | - | \$227,253 | \$237,154 | \$5,054,033 | 3.6229 | 3.6600 | -1.01% |
| Nye | 1,344,708,603 | \$17,951,860 | \$18,110,535 | - | \$4,179,589 | \$1,828,437 | \$2,286,005 | \$44,356,426 | 3.2986 | 3.3350 | -1.09% |
| Pershing | 283,724,599 | \$3,262,833 | \$3,849,575 | 300,149 | \$79,090 | \$1,191,643 | \$482,332 | \$9,165,622 | 3.2305 | 3.2018 | 0.90% |
| Storey | 517,931,276 | \$4,633,931 | \$9,588,980 | - | - | \$2,819,315 | \$880,483 | \$17,922,709 | 3.4604 | 3.4607 | -0.01% |
| Washoe | 13,286,283,600 | \$151,264,339 | \$184,905,209 | \$82,654,124 | - | \$33,759,541 | \$22,586,682 | \$475,169,895 | 3.5764 | 3.5689 | 0.21% |
| White Pine | 459,439,835 | \$4,589,804 | \$8,963,671 | - | - | \$2,480,975 | \$781,048 | \$16,815,498 | 3.6600 | 3.6600 | 0.00% |
| TOTALS | 91,045,746,662 | \$1,130,636,799 | \$786,263,618 | \$331,023,263 | \$73,394,924 | \$382,273,315 | \$154,777,771 | \$2,858,369,690 | 3.1395 | 3.1212 | |

GRAND TOTALS

3.1395 3.1212

* Includes net proceeds of minerals assessed value. Assessed value is equal to 35% of taxable value.

** Incremental value of the Redevelopment Authority (\$47,576,211) is included in the total assessed value used for the calculation of the average countywide tax rate for Carson City.

PURSUANT TO AB 505 (2013), 2¢ ADDED TO STATE TAX RATE; \$0.0055 FOR CAPITAL PROJECTS & \$0.0145 FOR CONSERVATION OF NATURAL RESOURCES; BOTH ARE OUTSIDE THE TAX RATE CAP.

**Table IV:
2014-15 Property Tax Rates by County and City**

| 1 | 2 | 3 | 4 | 5 | 6 | COMBINED SPECIAL DISTRICT TAX RATE | 8 | 9 | 10 |
|---------------------------------|-----------------------|-------------------------------------|-----------------------------|----------------------|--------------------|---|--------------------|-------------------|-------------------------------|
| LOCAL GOVERNMENT TAXING UNIT | ASSESSED VALUATION | EST. NET PROCEEDS OF MINERALS | TOTAL ASSESSED VALUATION | COMBINED TAX RATE | COUNTY TAX RATE | | SCHOOL TAX RATE | STATE TAX RATE | TOTAL PROPERTY TAX RATE |
| Carson City | 1,286,890,682 | | 1,286,890,682 | 2.1800 | | 0.0300 | 1.1800 | 0.1700 | 3.5600 |
| Churchill County | 683,625,992 | 17,887,283 | 701,513,275 | 1.2529 | | 0.1100 | 1.3000 | 0.1700 | 2.8329 |
| Fallon | 169,558,631 | | 169,558,631 | 0.8271 | 1.2529 | 0.1100 | 1.3000 | 0.1700 | 3.6600 |
| Clark County | 62,898,942,089 | 6,000,000 | 62,904,942,089 | 0.6541 | | 0.5989 | 1.3034 | 0.1700 | 2.7264 |
| Boulder City | 609,805,199 | - | 609,805,199 | 0.2600 | 0.6541 | 0.1880 | 1.3034 | 0.1700 | 2.5755 |
| Henderson | 9,599,639,616 | - | 9,599,639,616 | 0.7108 | 0.6541 | 0.0593 | 1.3034 | 0.1700 | 2.8976 |
| Las Vegas | 13,852,723,777 | - | 13,852,723,777 | 0.7715 | 0.6541 | 0.3792 | 1.3034 | 0.1700 | 3.2782 |
| Mesquite | 583,373,057 | - | 583,373,057 | 0.5520 | 0.6541 | 0.0942 | 1.3034 | 0.1700 | 2.7737 |
| North Las Vegas | 4,730,877,154 | - | 4,730,877,154 | 1.1587 | 0.6541 | 0.0682 | 1.3034 | 0.1700 | 3.3544 |
| Douglas County | 2,659,900,426 | - | 2,659,900,426 | 1.1680 | | 0.6819 | 0.8500 | 0.1700 | 2.8699 |
| Elko County | 1,743,259,203 | 95,388,824 | 1,838,648,027 | 0.8386 | | 0.0537 | 1.5000 | 0.1700 | 2.5623 |
| Carlin | 32,112,961 | - | 32,112,961 | 1.1481 | 0.8386 | | 1.5000 | 0.1700 | 3.6567 |
| Elko | 465,637,772 | 19,000 | 465,656,772 | 0.9200 | 0.8386 | 0.0537 | 1.5000 | 0.1700 | 3.4823 |
| Wells | 24,716,697 | - | 24,716,697 | 0.9605 | 0.8386 | | 1.5000 | 0.1700 | 3.4691 |
| West Wendover | 126,181,503 | - | 126,181,503 | 0.9360 | 0.8386 | | 1.5000 | 0.1700 | 3.4446 |
| Esmeralda County | 60,122,367 | 19,908,192 | 80,030,559 | 2.0995 | | | 0.7500 | 0.1700 | 3.0195 |
| Eureka County | 755,497,987 | 470,694,024 | 1,226,192,011 | 0.8458 | | 0.0085 | 0.7500 | 0.1700 | 1.7743 |
| Humboldt County | 1,081,333,429 | 260,142,773 | 1,341,476,202 | 0.7512 | | 0.3954 | 0.8850 | 0.1700 | 2.2016 |
| Winnemucca | 199,036,790 | - | 199,036,790 | 0.9700 | 0.7512 | 0.3954 | 0.8850 | 0.1700 | 3.1716 |
| Lander County | 646,297,215 | 556,454,579 | 1,202,751,794 | 1.9243 | | 0.5109 | 0.7500 | 0.1700 | 3.3552 |
| Lincoln County | 349,822,781 | 256,290 | 350,079,071 | 1.3375 | | 0.5179 | 0.9731 | 0.1700 | 2.9985 |
| Caliente | 13,033,249 | - | 13,033,249 | 0.9115 | 1.3375 | 0.2679 | 0.9731 | 0.1700 | 3.6600 |
| Lyon County | 1,420,138,197 | 1,594,105 | 1,421,732,302 | 0.9287 | | 0.5615 | 1.3367 | 0.1700 | 2.9969 |
| Fernley | 440,455,995 | - | 440,455,995 | 0.5469 | 0.8644 | 0.4803 | 1.3367 | 0.1700 | 3.3983 |
| Yerington | 53,647,404 | - | 53,647,404 | 0.4044 | 0.8644 | 0.8202 | 1.3367 | 0.1700 | 3.5957 |
| Mineral County | 134,556,573 | 4,945,738 | 139,502,311 | 2.2600 | | 0.2000 | 1.0300 | 0.1700 | 3.6600 |
| Nye County | 1,259,400,684 | 85,307,919 | 1,344,708,603 | 1.3468 | | | 1.3350 | 0.1700 | 2.8518 |
| Pershing County | 247,536,706 | 36,187,893 | 283,724,599 | 1.3568 | | 0.4200 | 1.1500 | 0.1700 | 3.0968 |
| Lovelock | 21,637,144 | - | 21,637,144 | 0.5624 | 1.3568 | 0.4200 | 1.1500 | 0.1700 | 3.6592 |
| Storey County | 516,362,669 | 1,568,607 | 517,931,276 | 1.8514 | | | 0.8947 | 0.1700 | 2.9161 |
| Washoe County | 13,281,733,500 | 4,550,100 | 13,286,283,600 | 1.3917 | | | 1.1385 | 0.1700 | 2.7002 |
| Reno | 6,374,795,643 | - | 6,374,795,643 | 0.9598 | 1.3917 | | 1.1385 | 0.1700 | 3.6600 |
| Sparks | 2,236,803,070 | - | 2,236,803,070 | 0.9598 | 1.3917 | | 1.1385 | 0.1700 | 3.6600 |
| White Pine County | 420,613,741 | 38,826,094 | 459,439,835 | 1.9510 | | 0.5400 | 0.9990 | 0.1700 | 3.6600 |
| Ely | 66,365,410 | - | 66,365,410 | | 1.9510 | 0.5400 | 0.9990 | 0.1700 | 3.6600 |

Table V:
Voter Approved Overrides
Fiscal Year 2014-2015

| ENTITY | PURPOSE OF FUNDS | RATE OR \$ AMOUNT APPROVED | DATE PASSED | DURATION OF LEVY |
|-------------------------------------|-----------------------------------|----------------------------------|----------------|---------------------------------|
| CARSON CITY | Senior Citizens Center | 0.0500 | 9/4/1984 | Perpetuity |
| CHURCHILL COUNTY | | | | |
| Churchill County | Fire Equipment | 0.0300 | 11/4/2008 | 6 years; expires FYE 6/30/2015 |
| CLARK COUNTY | | | | |
| Clark County Fire Service Area | Public Safety | 0.0527 | 6/6/1995 | 20 years; expires FYE 6/30/2017 |
| Henderson | Public Safety | 0.2310 | 11/8/1988 | Perpetuity |
| Henderson District Public Libraries | Operating Revenue | 0.0332 | 5/7/1991 | Perpetuity |
| Indian Springs Town * | Emergency 911 System | 0.0050 | 11/3/1998 | 30 years; expires FYE 6/30/2029 |
| Las Vegas | Fire Eqpt; facilities; staff | 0.0950 | 11/7/2000 | 30 years; expires FYE 6/30/2031 |
| Las Vegas Metropolitan Police | Manpower | 0.0800 | 11/8/1988 | Perpetuity |
| Las Vegas Metropolitan Police | Manpower | 0.2000 | 11/5/1996 | 30 years; expires FYE 6/30/2027 |
| Moapa Town | Park and Recreation Serv | \$80,000/yr + 4% | 11/8/1988 | 40 years; expires FYE 6/30/2029 |
| Moapa Town # | Emergency 911 System | 0.0050 | 11/5/2002 | 30 years; expires FYE 6/30/2033 |
| Moapa Valley Town * | Emergency 911 System | 0.0050 | 11/8/1994 | 30 years; expires FYE 6/30/2025 |
| North Las Vegas | Emergency 911 System | 0.0050 | 11/6/1984 | Perpetuity |
| North Las Vegas | Public Safety | 0.1800 | 11/4/1986 | Perpetuity |
| North Las Vegas | Public Safety | 0.3500 | 5/2/1989 | Perpetuity |
| North Las Vegas | Public Safety | 0.2000 | 11/5/1996 | 30 years; expires FYE 6/30/2027 |
| North Las Vegas | Street Improvements | 0.2400 | 6/5/1995 | 30 years; expires FYE 6/30/2025 |
| DOUGLAS COUNTY | | | | |
| Cave Rock Estates GID | Snow removal and Road maintenance | 0.3000 | 6/19/2000 | 30 years; expires FY 6/30/2030 |
| Douglas County "911" | Communications System | 0.0475 | 5/1/1990 | Perpetuity |
| East Fork Paramedic District | Building & Equipment | 0.0860 | 5/1/1990 | Perpetuity |

| ENTITY | PURPOSE OF FUNDS | RATE OR \$ AMOUNT APPROVED | DATE PASSED | DURATION OF LEVY |
|-----------------------------------|---|----------------------------|-------------|---|
| Logan Creek GID | Road Repair; Maintenance Snow Removal | 0.4500 | 11/4/1986 | Perpetuity |
| Skyland GID | Street Repaving & Capital Improvements | 0.1500 | 11/4/1986 | Perpetuity |
| Tahoe Douglas Fire District | Paramedic Program | 0.0600 | 11/6/1984 | Perpetuity |
| Tahoe Douglas Fire District | Capital Projects Wildland Fire Protection | 0.0300 | 5/2/1989 | Perpetuity |
| Tahoe Douglas Fire District | Equipment Snow Removal and Road Maintenance | 0.0500 | 11/4/2008 | 30 years; expires FY 6/30/2039 |
| Zephyr Knolls GID | Maintenance | 0.4800 | 11/6/1984 | Perpetuity |
| ELKO COUNTY | | | | |
| Elko County | Senior Citizens Center | 0.0200 | 11/8/1988 | Perpetuity |
| Elko County School District | Capital Projects | 0.7500 | 11/2/2010 | 10 years; expires FYE 6/30/2022 |
| ESMERALDA COUNTY | | | | |
| EUREKA COUNTY | | | | |
| HUMBOLDT COUNTY | | | | |
| Humboldt County | Senior Citizens Center | 0.0150 | 11/4/1986 | Perpetuity Perpetuity: Total allowed rate to equal Winnemucca Fire's total combined rate |
| Humboldt County Fire District | Public Safety | Variable | 11/4/1986 | rate |
| Kings River GID | Community Center | 0.2000 | 7/1/2004 | 30 years; expires FYE 6/30/2034 |
| McDermitt Fire District | Public Safety | 0.1500 | 11/4/1986 | Perpetuity |
| Orovada Fire District | Fire Equipment | 0.1500 | 11/4/1986 | Perpetuity |
| LANDER COUNTY | | | | |
| LINCOLN COUNTY | | | | |
| LYON COUNTY | | | | |
| Central Lyon County Fire District | Paramedics/Firefighters | 0.0700 | 11/8/1994 | 30 years; expires FYE 6/30/2025 |
| Fernley Swimming Pool District | Swimming Pool | 0.2000 | 11/4/1986 | Perpetuity |
| Mason Valley Fire District | Fire Protection | 0.0800 | 11/6/1990 | Perpetuity |
| Mason Valley Mosquito District | Mosquito Control | 0.0300 | 4/14/1987 | Perpetuity |
| North Lyon Fire Maintenance Distr | Fire Protection | 0.0500 | 11/8/1994 | 30 years; expires FYE 6/30/2025 |
| Smith Valley Fire District | Public Safety | 0.0500 | 11/5/1996 | 20 years; expires FYE 6/30/2017 |
| South Lyon Hospital District | Hospital Expenses | 0.2500 | 11/4/2008 | 30 years; expires FYE 6/3/2044 |

| ENTITY | PURPOSE OF FUNDS | RATE OR \$ AMOUNT APPROVED | DATE PASSED | DURATION OF LEVY |
|---|--------------------------------|----------------------------|-------------|---------------------------------|
| MINERAL COUNTY | | | | |
| Mineral County | Senior Citizens Center | 0.0600 | 11/6/2012 | 8 years; expires FYE 6/30/2021 |
| NYE COUNTY | | | | |
| Nye County | Emergency 911 System | 0.0050 | 11/6/1990 | Perpetuity |
| PERSHING COUNTY | | | | |
| Pershing County Hospital District | Operating Revenue | 0.0800 | 5/2/1989 | Perpetuity |
| Pershing County | Emergency 911 System | 0.0025 | 11/6/1990 | Perpetuity |
| Pershing County | Emergency 911 System | 0.0065 | 11/6/1990 | Perpetuity |
| STOREY COUNTY | | | | |
| WASHOE COUNTY | | | | |
| No. Lake Tahoe Fire Protection District | Fire Dist. Upgrade & Equipment | 0.3100 | 3/30/1982 | Perpetuity |
| Reno | Fire Dept. Upgrade & Equipment | 0.0654 | 5/5/1987 | Perpetuity |
| Reno | Public Safety | 0.1684 | 5/17/1988 | Perpetuity |
| | | Variable-Tied to | | |
| Reno | Road & Street Improvements | Debt Rate | 11/2/2004 | 30 years; expires FYE 6/30/2038 |
| Reno | Fire Facilities; Equipment | 0.0715 | 11/5/1996 | 30 years; expires FYE 6/30/2027 |
| Sparks | Public Safety | 0.1105 | 9/2/1986 | Perpetuity |
| Washoe County | Senior Citizens Center | 0.0100 | 6/4/1985 | Perpetuity |
| Washoe County | Child Protection | 0.0400 | 11/4/1986 | Perpetuity |
| Washoe County | Libraries | 0.0200 | 11/8/1994 | 30 years; expires FYE 6/30/2025 |
| Washoe County | Animal Shelter Operations | 0.0300 | 11/5/2002 | 30 years; expires FYE 6/30/2033 |
| WHITE PINE COUNTY | | | | |
| White Pine County | Senior Citizens Center | 0.0200 | 7/7/1992 | Perpetuity |
| White Pine County | Funding for EMT Services | 0.0350 | 7/7/1992 | Perpetuity |
| White Pine County | Senior Citizens Center | 0.0300 | 11/2/2010 | 5 years; expires FYE 6/30/2016 |

Elements of the Tax Roll

“Assessors are responsible for administering the ad valorem tax system, and their chief task is to identify and appraise all property in their jurisdictions.”

International Association of Assessing Officers, Property Appraisal and Assessment Administration, 1990.

The assessor lists all property subject to taxation in his or her county, along with the “names of all persons, corporations, associations, companies or firms owning the property” (NRS 361.260), and the total valuation of the property (NRS 361.300). Then the assessor prepares a certificate attesting to the sufficiency of the roll and to compliance with the statutory provisions for its preparation. He delivers the tax roll to the county clerk by January 1st each year, who accepts the list on behalf of the county commissioners. The assessor also posts a physical copy of the roll in the courthouse for public inspection and publishes the roll in the local newspaper or delivers the roll by mail to taxpayers within the county. A copy, which must contain the land use code and other information, must also be filed with the Secretary of the State Board of Equalization no later than March 10th. (NRS 361.390; NAC 361.154).

At the same time, a notice of assessed value assigned to each property is delivered to individual taxpayers. The notice also advises the taxpayers of the appeal process in the event they disagree with the value so assigned.

Secured and Unsecured Tax Rolls



What is the difference between the secured and unsecured tax rolls? The principal difference has to do with the levy of the tax. Pursuant to NRS 361.450, every tax levied is a perpetual lien against the property assessed until the tax and any penalty charges and interest which may accrue are paid. The lien attaches on July 1 each year, upon all [real] property within the county. NRS 361.450(2) states: "if real and personal property are assessed against the same owner, a lien attaches upon such real property also for the tax levied upon the personal property within the county." Thus, the lien for taxes levied is "secured" by real property. Taxes levied on property not secured by real property is "unsecured." The only way to collect unpaid taxes for unsecured property is to seize, seal or lock enough of the property to satisfy the unpaid debt, as opposed to the legal creation of a perpetual lien for secured property.

The secured roll is therefore principally made up of real property assessments, however, personal property may also appear on the secured roll. See *NRS 361.260(1)*. For example, mining personal property such as conveyor belts may be integrally related to the mining improvements (mill house). Both could be placed together on the secured roll as one taxpayer account.

The unsecured roll is also known as the "personal property roll" and the "supplemental roll". The unsecured roll is primarily a list of property tax assessments that have not been placed on the secured roll, generally including personal property, migratory personal property, certain mobile homes, and new construction. New construction originally assessed on the unsecured roll is considered a supplemental billing because its value was not included on the secured roll. It would likely appear the following year on the secured roll as real property.

In determining which roll to use, the assessor must consider whether the property was in existence within the jurisdiction on or before the lien date. For the 2013-2014 fiscal year, if the property was in existence on or before July 1, 2013, the assessor may place the property on either the 2013-2014 secured roll, depending on the type of property, or the 2012-2013 unsecured roll, depending on the time of first existence.

Central Assessment Tax Rolls

The Department of Taxation produces a central assessment roll of property of an interstate or intercounty nature (*NRS 361.3205*). The roll lists all unitary values and six-month construction-work-in-progress (CWIP). The roll is considered to be a secured tax roll and does not distinguish between real and personal property. (*See the discussion on unitary value in Chapter 4*). An unsecured roll is also produced and consists of the values for carlines, property escaping taxation, property which may be migratory in nature, and twelve-month CWIP. The Department notifies each taxpayer of the assessment certified by the Commission on or before January 1 of each year, as well as publishes a Bulletin by taxpayer name and amount of assessed value.

Classification of Property As Real or Personal



The practice of appraisal often requires the appraiser to distinguish between real property and personal property. NRS 361.030 defines personal property as:

(j) All property of whatever kind or nature, except vehicles . . . not included in the term “real estate” as that term is defined in NRS 361.035.

NRS 361.035 defines real property as

“all houses, buildings, fences, ditches, structures, erections, railroads, toll roads and bridges, or other improvements built or erected upon any land”

When an item of personal property becomes attached to real property, it is called a “fixture.” In determining whether an article is a fixture attached to real property, there are three tests:

1. The manner of its annexation (physical annexation);
2. Its adaptability to the use and purpose for which the realty is used (constructive annexation); and
3. The intention of the party making the annexation.

Property is physically annexed if it is attached, imbedded, permanently resting upon land or improvements, or is attached by other means that are normally used for permanent installation. If the item cannot be removed without substantially damaging it or the real property with which it is being used, it is considered to be physically annexed.

An item of property not physically annexed to real property is constructively annexed to real property if the nonattached item is:

1. A necessary, integral, or working part of the real property, and;
2. Designed or committed for use with real property, and;
3. So essential to the real property that the real property cannot perform its desired function without the nonattached item.

Finally, the courts have found that for purposes of taxation, whether the parties intended to make the article a permanent part of the realty is the crucial factor and that intention is manifested by the physical facts or reasonably manifested outward appearances.

An example of property that meets the test for real property is billboards. The Nevada Legislature specifically recognized that billboards meet the physical or construction annexation test because the depreciation allowed for billboards must be calculated as if they were real property. (See *NRS 361.227(4)*). Another example is found in *NRS 361.244*. A mobile or manufactured home is eligible to become real property if it becomes permanently affixed to land owned or leased by the owner of the mobile home and certain other legal criteria. Conversely, *NRS 361.2445* provides a process for converting a mobile or manufactured home from real to personal property.

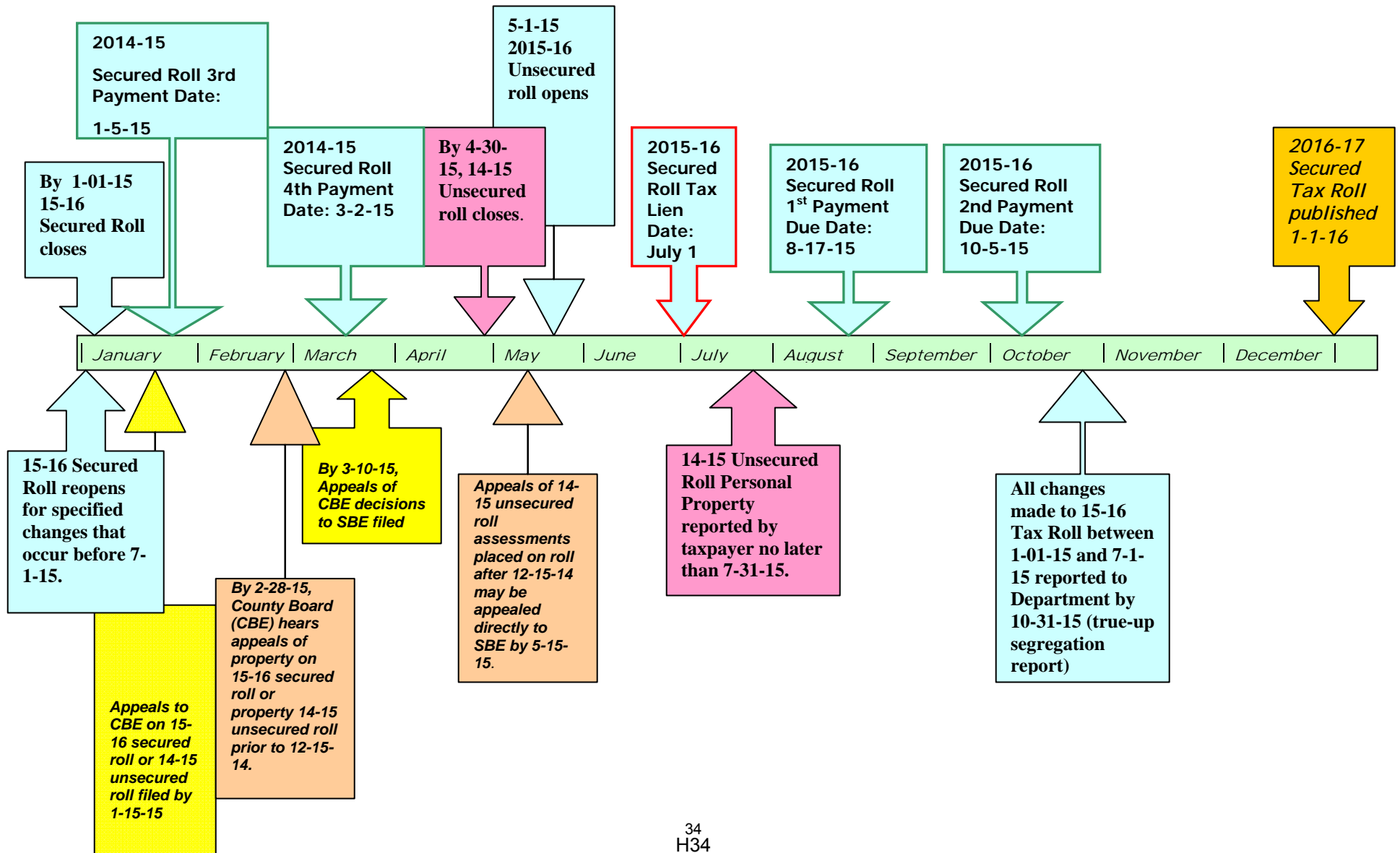
The Nevada Tax Commission adopted regulations in 2010 regarding the fixture test discussed above, to clarify how an assessor should determine whether property is real or personal. In particular, the regulations provide a definition related to fixtures, stating that it means an item that was originally personal property which has been installed or attached to land or an improvement in a permanent manner.¹ In 2012, the Tax Commission provided an exception to the fixture test for trade fixtures, which are items of personal property that are attached non-permanently for the purpose of conducting a business or trade and not for the enhancement of real property.² A more complete discussion on the treatment of fixtures may also be found in The Personal Property Manual, Appendix, published by the Department and approved by the Commission annually.

Under *NRS 361.227*, improvements and fixtures are depreciated at the rate of 1.5 percent annually, up to 50 years, thus leaving a residual value of 25%. By contrast, personal property is depreciated using a 200% double-declining balance methodology, at varying rates depending on the life assigned to the property, with a residual value of 5%. The proper classification of property is therefore very important in order to value property correctly.

¹ NAC 361.1127.

² LCB File No. R068-12A

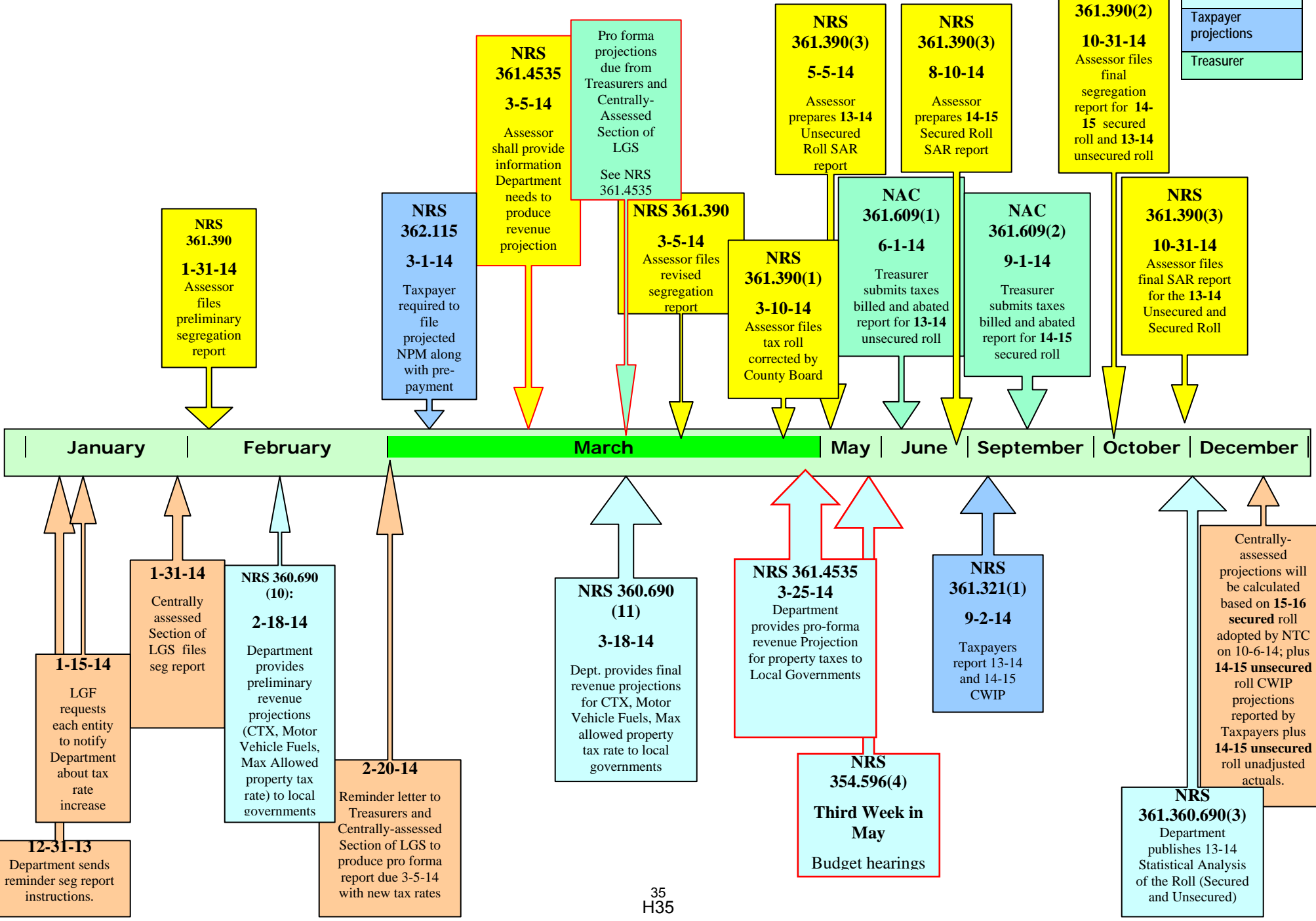
2015-16 Secured and 2014-15 Unsecured Roll



Revenue Projections Timeline

FY 2014-2015 Budgets

| |
|------------------------|
| Assessor |
| Department |
| Dept Published Reports |
| Taxpayer projections |
| Treasurer |



Agricultural, Personal, Special Purpose, Mines, and Mineral Properties

But the value of property results from the use to which it is put and varies with the profitableness of that use, present and prospective, actual and anticipated.

Cleveland, C.C. & St. Louis RR Co. v. Backus (1893) 154 U.S. 445.

As the pundits will say, “every rule has an exception.” In Chapter Two, it was very clear that taxable value for improved properties was defined as the replacement cost new less depreciation of the improvement plus the full cash value of the land. Exceptions to this valuation methodology have been created, however, to accommodate the unique nature of certain kinds of property. Chapter Four discusses these variations.

Valuation of Agricultural Property

For many years, the legislature tried to give the assessors the right to assess agricultural land based on a “use” value, and they were doing that until a lawsuit was filed challenging the ability to apply use value. The Supreme Court held it was unconstitutional to do so, because the constitution of Nevada requires all land to be assessed at a uniform and equal rate.

In 1973, AJR 23 was then presented to the voters of Nevada, who subsequently amended the Constitution to say that the legislature may

provide for use value assessment or for a lower assessment value on agricultural land; but, the legislature must also pass a measure to allow for the recapture of taxes for at least seven years, if the land is converted to a higher use. So, in 1975, the legislature passed S.B. 167. As NRS 361A.090 states: “It is the intent of the legislature to (a) constitute agricultural and open-space real property as a separate class for taxation purposes; and (b) provide a separate plan for the appraisal and valuation of such property and partial deferred taxation of such property with tax recapture. The legislature hereby declares that it is in the best interest of the state to maintain, preserve, conserve and otherwise continue in existence adequate agricultural and open-space lands and the vegetation thereon to assure continued public health and the use and enjoyment of natural resources and scenic beauty for the economic and social well-being of the state and its citizens.”

For example, if a farmer or a rancher has some acreage that has an actual value of \$1,000 per acre because it could be subdivided into housing lots, but he is assessed instead at a use value of \$100 per acre, he pays the tax on the lower value. Seven years from now, if he converts or subdivides it, then he is required to pay the deferred tax, the tax that he didn't pay during those years.

An assessor may determine that property is no longer used as agricultural or open-space when the property has been converted to a higher use. In determining whether the property has been converted to a higher use, the assessor must consider whether one or more of the following events have occurred:

- (1) A physical alteration of the surface of the property enabling it to be used for a higher use;
- (2) The recording of a final map or parcel map which creates one or more parcels not intended for golf course use; or
- (3) A change in zoning to a higher use made at the request of the owner.

Agricultural Land Classification and Valuation



NRS 361.325 (1)(b) requires the Nevada Tax Commission to classify land and fix and establish the valuation thereof for assessment purposes. The classification of agricultural land must be made on the basis of crop, timber or forage production, either in tons of crops per acre, board feet or other unit, or animal unit months of forage.

NRS 361A.140 requires the Commission to:

- (a) Define the classifications of agricultural real property;
- (b) Determine the valuations for each classification on the basis provided in NRS 361.325;
- (c) Determine the value of land covered by a residence or necessary to support the residence in the same manner as other real property pursuant to NRS 361.227; and
- (d) Prepare a bulletin listing all classifications and values thereof for the following assessment year.

Valuation methodology for agricultural land is based on a capitalized earnings approach, whereby an estimated income stream is capitalized into an estimate of value. There are two major components to the capitalized earnings approach. First, an income stream is developed from information obtained from an annual survey of agriculturalists throughout the state.

The survey requests information about the price per ton of alfalfa hay; estimated tonnage, and total tons. The survey also asks for information regarding wild or other hay, watered pasture rental prices per animal unit month (AUM), and grazing rental prices per AUM. The information is then compared to statistics developed by the Nevada Agricultural Statistics Service (NASS) to verify reasonableness. The NASS develops average price-per-month for alfalfa hay and the average price-per-month for wild hay used to compare information for cultivated land values and native meadow or wild hay land, respectively.

Each year, a mean average for the price of hay and for pasture and grazing land rentals is calculated from the annual survey data. A five-year, weighted average using the mean average for five years is then calculated. The weighting is intended to reflect a normalized, typical drought cycle estimate of typical gross revenue for cultivated lands. The same process is used to develop a normalized, typical drought cycle estimate of typical gross revenue for native meadow or wild hay lands using the average price of wild hay reported by survey participants.

Estimated expenses are then deducted from the normalized gross revenue for each category. The actual cost of production of hay varies widely year by year and area to area. All of the other costs including fuel, fences, payroll, insurance and maintenance are included in the estimate.

Procedures for the administration of the assessment of agricultural lands may be found in the NAC, Chapter 361A. For

instance, real property owners may apply for an agricultural use assessment on real property qualifying as agricultural land. In order to qualify, the lands must meet the requirements of NRS 361A.020-361A.030, and NAC Chapter 361A. County assessors determine the eligibility of agricultural use applications for properties of 20 acres or more and the Division of Local Government Services reviews those applications of less than 20 acres.



Open-Space Land Classification

NRS 361A.170 requires the governing bodies of every city or county, as part of their master plan, to establish and promote the conservation, maintenance and protection of open-space property. If a property is designated as open-space property, it is eligible for an open-space use assessment. In addition, property used as a golf course is classified as open-space real property and must be assessed as an open-space use.

With the exception of property designated as open-space golf course property, open-space use applications are filed with county assessors who forward the applications to the county commissioners or city governing body. The county commissioners or governing bodies evaluate open-space use assessment applications and take action based on procedures adopted by ordinance. Golf course owners, however, do not need to apply for the open-space designation. Under NRS 361A.170(1), county assessors must automatically apply the open-space designation.

Pursuant to NRS 361A.050, historic sites may also qualify for open-space use assessment. The following conditions must be met:

1. Department of Cultural Affairs, State Historic Preservation Office must designate the site as historical.
2. In addition, an historic site must meet the requirements of NRS 361A.170 through 361A.210.

Disqualification of Property for Open-Space Designation

NRS 361A.230 states there are three ways to disqualify property from an open-space use designation. Those are:

- (1) The sale or transfer of the property to an owner who is exempt from property taxation;

(2) Upon discovery the property is no longer being used as open-space, the assessor may remove the property from open-space use status, if the board of county commissioners concurs; and

(3) For properties other than golf-courses, if the applicant notifies the assessor to remove the open-space designation or fails to renew the application.

Under these provisions, golf course property must remain designated as open-space until the property is either sold to an owner with an exempt status such as a local government; or if the assessor discovers the golf course is no longer being currently used as a golf course.

Open-Space Land Valuation

If an application is approved, the assessor calculates an open-space use assessment by discounting the property's equalized taxable value. The formula for all open-space uses other than golf courses is to discount the taxable value by a factor of .74, which represents a long-standing decision of the Nevada Tax Commission to derive the present worth of 1 at a discount rate of 9 percent for a term of 3-1/2 years. The 3-1/2 year period represents half, or the median, of seven years. Seven years is the recapture period for which the deferred tax may be imposed in the event the open-space or agricultural use no longer applies. See *NRS 361A.280*.

In the case of golf courses, NRS 361A.225 states that the value of open-space golf course land must not exceed the product of \$2,860 per acre based on its classification, taking into account the percentage change in the Consumer Price Index from July 1, 2004.

Personal Property Valuation



For taxable personal property, assessors are directed to subtract all applicable depreciation and obsolescence from the cost of replacement. (NRS 361.227(4)). The Commission has defined the cost of replacement to be the “acquisition” or “original” cost of the property to the present owner, including the costs of transportation and costs of installation,

appropriately adjusted by a cost-index factor. (NAC 361.1351; 361/1371).

- An assessor begins with the reported original acquisition cost, including the costs of installation. (NAC 361.1371).
- The written statement from the taxpayer listing personal property must be returned no later than July 31 (NRS 361.265).
- The assessor determines the expected life of the property. Using the Personal Property Manual developed by the Department, a conversion factor is applied which converts the original cost of the property to an estimate of the current cost of replacement. The Manual also provides a formula for depreciation. (NAC 361.1375).

The Commission annually adopts the Personal Property Manual developed by the Department. The Manual contains Life Expectancy Guidelines stratified into major industrial classifications. Each industrial category is assigned an expected life. Certain types of equipment within the industry are identified separately as “Itemized Equipment.” The “Itemized Equipment” Section under each industry group provides a specific life which may be different from the industry as a whole. If the itemized equipment can be identified, the specific life is preferable to the industry classification expected life.

The Manual also contains Cost Conversion Indices by the expected life of the property. Once the appropriate expected life is selected, a conversion factor is applied, appropriate to the age of the property, to the original acquisition cost to determine the taxable value.

Special Purpose Properties: Unit Valuation



NRS 361.043 specifically provides that “taxable value” for interstate and intercounty property is defined differently than property that is locally assessed. The Commission is required to establish the valuation “of any property of an interstate and intercounty nature” which includes, for example, all interstate or intercounty railroads, airlines, power companies, and telephone companies. (NRS 361.320). The statute goes on to require the Commission to value the operating property as a “collective unit.” Properties valued as a collective unit are also known as “centrally-assessed properties.”

Unit valuation means estimating the value of an integrated group of assets functioning as an economic unit, as “one thing,” without reference to the independent value of the component parts. The logic of

this concept is that informed buyers and sellers will most likely buy or sell a viable operating unit as “one thing.”

Unit appraisal was originally devised, and basically has been supported, by the courts for over a hundred years, because components of a system are often located in more than one taxing jurisdiction, such as when an electric utility generating plant is located in one jurisdiction, transmission lines run through several other jurisdictions, and all the customers are located in yet other jurisdictions. The courts have commented for years that assets taken separately have little value. The value of assets working together, however, may have tremendous value and should be allocated amongst the jurisdictions.

There are practical advantages to unit valuation to the taxpayer. If each county were to value a portion of an interstate company, the company conceivably would receive hundreds of tax bills. Multiple assessments mean duplication of work and duplication of cost. Unit valuation promotes uniformity in methodology and uniformity in value. Furthermore, unit valuation is principally driven by financial information rather than physical inspection. Interstate companies are typically very large in size and have many assets located all over the country. Physical inspection would be extremely difficult for either local or central assessment personnel.

The cost indicator used for centrally assessed properties is gross book cost less accrued book depreciation (*NAC 361.421*). Book value (or cost) is generally defined as the net amount at which an asset or asset group appears on the books of account, as distinguished from its market value or some intrinsic value. *Gross book value* is the amount appearing in an asset account; while *book value (or net book value)* is the gross book value less any applicable portion of accumulated depreciation or other *valuation account*.¹ Generally book value is based on the historical money amount attaching to any asset or expense, generally representing cost, and does not involve market value.

As amended by SB 411 in 1999, NRS 361.320 (4) requires the development of cost and income indicators of value, “but the taxable value may not exceed the cost of replacement as appropriately depreciated.”

¹ Kohler, Eric L., *A Dictionary for Accountants*, 5th Edition, (Prentice-Hall, Englewood Cliffs, NJ: 1975), p. 70.

Allocation and Apportionment



When centrally-assessed property extends into two or more states, the Department is required to first estimate the value of the system in all states and then allocate a portion of the system value to Nevada. Based on a series of U.S. Supreme Court decisions on taxable nexus (location), one state cannot tax property physically located in another state. Therefore a process of allocation is required.

The goal of allocation is to reasonably reflect the property value contained in each state.² The formulas for allocation are generally based on a combination of property, use, and revenue factors.

In Nevada, the comparison of system value to state value is limited to book cost, gross operating revenues, and certain use factors, depending on the information available. Book cost is a property factor intended to identify and describe the distribution of various physical assets throughout the system. Gross operating revenue is a revenue factor based on actual earnings within the system compared to actual earnings in Nevada. This factor tends to be least used because large corporations often do not distinguish from where revenues were earned. Use factors, such as air time, ground time, line haul, and terminal statistics, are most often found in the railroad and airline industries.

Once a system value is allocated to Nevada, it is further apportioned to various jurisdictions within Nevada based on a mile-unit valuation methodology. (*NRS 361.320(2)*). Table VI shows the allocation and apportionment formulas by industry.

Valuation of Mines



The Department is charged with the valuation of all reduction, smelting and milling works, plants and facilities, whether or not associated with the mine, all drilling rigs, and all supplies, machinery, equipment, apparatus, facilities, buildings, structures and other improvements used in connection with any mining, drilling, reduction, smelting or milling operation. (*NRS 362.100*). The valuation of mines uses the same cost methodology prescribed for locally assessed properties pursuant to *NRS 361.227*. Even though the appraisers in the Division of Local Government Services perform the appraisals, mines are not “centrally-assessed

² Western States Association of Tax Administrators, *Appraisal Handbook*, (1989), p. 116.

properties.” This is so because “centrally-assessed properties” is a reference to those properties which have a unitary valuation pursuant to NRS 361.320, such as utilities and airlines.

Valuation of Minerals for Net Proceeds



The net proceeds of minerals tax is annually determined by the Department, and is based on the actual production of minerals from all operating mines, oil and gas wells, as well as geothermal operations in Nevada.

The Department determines the net proceeds of minerals tax due based on the information filed by the taxpayer, as well as from available data, evidence and reports. The net proceeds are determined by subtracting from the gross yield certain deductions for costs incurred during the calendar year immediately preceding the reporting year. Costs available for deduction may be ascertained from Nevada Revised Statutes (NRS) 362.120 and Nevada Administrative Code (NAC) 362.030 through 362.070. Royalties paid by operators are reported as net proceeds, as no costs are allowed to be deducted from the gross royalty. The Department certifies the net proceeds no later than April 20th for production occurring in the previous year. Taxes must be paid on or before May 10th of the year in which the certificate is received. (NRS 362.130).

The tax rate applied to the net proceeds is based on a sliding scale between 2% and 5%, depending on the ratio of net proceeds to gross proceeds. (NRS 362.140). Of the total tax rate, the local portion of the overall tax liability is based on the local rate where the mine is located, and the balance, up to the constitutional limit of five percent, is the state portion of the tax. For example, if a company generates \$1,000,000 in net proceeds, out of a total of \$2,000,000 gross yield, then, according to the statutes, the ratio of net proceeds to gross proceeds is 50%, and the rate of tax would be 5%. If the local tax rate where the mine is located is .0364, then the balance after subtraction from 5% would be the state portion of the tax, or .0136.

During a special session in 2008, the Legislature amended the billing and collection statutes related to the Net Proceeds of Minerals tax. SB 2 (2008 special session) amends NRS 362.110 by eliminating reporting by royalty recipients beginning with the 2009-2010 fiscal year. Instead, operators are required to report and pay tax on royalties on behalf of royalty recipients. The tax so paid on royalties must be deducted from the royalty payment to the royalty recipient.

In the past, operators have been required to send in a statement on March 1 showing the estimated gross yield and net proceeds for the current calendar year. In addition to this requirement, operators are required to pay a tax based on the statement of estimated net proceeds. The statute also provides that operators may supplement the report due on March 1 with quarterly reports and pay any additional amounts due. The billing and collection amendments are due to sunset June 30, 2013, but will likely be renewed.

**Table VI:
Allocation and Apportionment Factors and Weights by Industry Type**

Railroads

Allocation by:
 Road Property 40%
 Line Haul 45%
 Terminal 15%

Apportionment by:
 Track miles by tax district

Telecommunications

Allocation by:
 System to Nevada Cost 75%
 System to Nevada Income 25%

Apportionment by:
 Wire or air miles by tax district

Electric Utilities

Allocation by:
 System to Nevada Cost 75%
 System to Nevada Income 25%

Apportionment by:
 Wire miles by tax district

Natural Gas Pipelines

Allocation by:
 System to Nevada Cost Mostly 100%

Apportionment by:
 Inch miles by tax district

Liquid Product Pipelines

Allocation by:
 System to Nevada Cost 100%

Apportionment by:
 Inch miles by tax district

Airlines – National & Regional

Allocation of:
 Flight Equipment (System to Nevada):
 Air to ground time 50%
 Revenue Ton Miles flown 35%
 Orig/Term tons 15%

Apportionment by:
 Air miles by tax district

Airlines – Charter & Feeder

Allocation of:
 Flight Equipment (System to Nevada):
 Air time 25%
 Ground time 25%
 Revenue Ton Miles flown 25%
 Orig/Term tons 25%

Apportionment by:
 Air miles by tax district

Tax Relief

As a general rule of law, assessment and taxation of property are the rule, with exemptions being the exception.

City of Cheyenne v. Board of County Commissioners (1971), 484 P.2d 706

A key principle of property tax systems is that all property is taxable unless it is specifically exempt, and exemptions are to be narrowly construed.¹ Nevada follows suit in this respect because, by constitution and statute, all property within the state is subject to taxation, except as otherwise provided by law. (Nevada Constitution, Article 10, Section 1; NRS 361.045).

Property tax relief programs are designed to help alleviate property tax burdens or encourage publicly desired objectives. There are two principle kinds of relief available: property tax limitations and property tax credits or abatements and exemptions.

Property tax limitations can be broken down into six categories:

| | |
|------------------------|------------------------------|
| Tax rate limits | Spending limits |
| Revenue limits | Assessment limits |
| Property tax rollbacks | Truth-in-taxation provisions |

There are a variety of property tax credits and exemptions, but the common categories are:

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

¹ IAAO, Standard on Property Tax Policy, 1997, p. 20.

Property Tax Limitations



Constitutional and Statutory Tax Rate Limits

The State of Nevada Constitution, Article 10, § 2, limits the property tax rate to 5 cents per \$1.00 of assessed value, which translates to \$5.00 per \$100 of assessed value. In the 1979 session, the Nevada Legislature set the property tax rate at no more than \$3.64 per \$100 of assessed value, where it remains to the present. (*NRS 361.453*). In 2003, the Legislature passed SB 507 which authorized an additional 2 cents for capital projects and conservation of natural resources. The 2 cents is outside the tax rate limit, so that a total of \$3.66 per \$100 of assessed value may actually be assessed.

In addition, § 5 of the Nevada Constitution limits the tax upon the net proceeds of minerals to no more than 5 percent of the net proceeds. (*Constitution, Article 10*).

Revenue Limits: Local Government Operating Rule

Pursuant to NRS 354.59811, local government entity property tax revenues are allowed to be increased by a maximum of 6% per year. The previous fiscal year's property tax revenue is multiplied by 106%. This amount is then divided by the projected assessed valuation for the upcoming fiscal year to determine the tax rate necessary to generate that amount of revenue. The NRS also provides for a "hold harmless" scenario, in which the new calculated tax rate cannot be less than the previous fiscal year's rate.

Assessment Limits: Taxable Value

The assessment of real property is limited to the full cash value of land, and if improved, the full cash value of land plus the replacement cost new less depreciation of the improvements. Depreciation is limited to 1.5 percent per year for the first 50 years, or a maximum of 75%. (*NRS 361.227*).

Truth-in-taxation provisions

The Taxpayers' Bill of Rights affords taxpayers certain rights. For instance, each taxpayer has the right to a prompt response from the Department and to provide the minimum documentation and information necessary to determine the tax; to written instructions and explanations; and other provisions to enhance the transparency of governing the property tax (*NRS 360.291*).

Property Tax Exemptions and Tax Credits



Article 10, Section 1 of the Nevada Constitution requires the "valuation for taxation of **all** property, real, personal and possessory...." NRS 361.045 also provides that, except as otherwise provided by law, all property of every kind and nature whatever within this state shall be subject to taxation. Other statutes, however, grant exemptions to particular types of property. Some are granted exemption at face-value, and other types of property must qualify according to specific criteria in order to receive the exemption.

The types of exemptions range from partial exemptions granted to veterans, disabled veterans, surviving spouses and blind persons to exemptions from taxation for all real and personal property granted to governmental entities, religious, charitable and non-profit organizations, and individual organizations which are specifically cited. In many cases, the statutes specifically recite that the property must be used to carry out the legitimate function of the organization, and if not, the property becomes taxable.

For the types of exemptions which must go through a qualification process, the county assessors must collect, evaluate and process the various claims for property tax exemptions. Application forms which have been approved by the Nevada Tax Commission should be made available to the claimant. Each form requests information regarding taxpayer contact information, the type of exemption being claimed, the property which the exemption, if granted, would affect, a statement regarding why the property qualifies for the exemption, and supporting documentation if necessary. The purpose of any form is to provide sufficient information to help assessors make a reasoned determination to approve or deny applications.

In the event a claim for exemption is ambiguous or open to interpretation, how the property is used may indicate whether or not an exemption applies. The general rule espoused by the courts is that strict construction of exemption statutes applies to exemptions for property held in private ownership but not to exemptions for public property where exemption is the rule and taxation the exception. 2 Thomas M. Cooley, *The Law of Taxation*, § 673 at 1414-15 (4th ed. 1924). Said another way, property held in private ownership must strictly comply with all the criteria established for the exemption because "taxation is the rule and exemption the exception." On the other hand, for property held by a public entity, the rule is reversed to say "exemption is the rule and taxation the exception."

The purpose in establishing a broad construction of exemption for public entities is to prevent an escalating spiral of unnecessary taxation and administrative costs with no benefit to the public. 16 Eugene McQuillin, *The Law of Municipal Corporations*, § 44.57 at 206 (3rd ed. 1994). If one governmental entity chooses to tax the property of another governmental entity, the governmental entity forced to pay taxes may have to levy and collect new taxes to meet the demands of the tax. 2 Cooley, *supra*, § 621 at 1313. The effect of such a tax spiral is that the public would be taxing itself to raise money to pay itself.

Partial Exemptions

Partial exemptions are those in which a percentage or fixed dollar amount of value is removed from the otherwise taxable value of a property. Some examples are:

- Property of surviving spouses (*NRS 361.080*)
- Property of blind persons (*NRS 361.085*)
- Veterans' exemptions (*NRS 361.090*)
- Property of lodges and other charitable organizations (*NRS 361.135*)

Full exemptions

Full exemptions are granted to property, such as federal government property, that may be subject to constitutional immunity from taxation. Some examples include:

- State lands (*NRS 361.055*)
- Property of political subdivisions of State (*NRS 361.060*)
- Property of school districts and charter schools (*NRS 361.065*)
- Business inventories and consumables, (*NRS 361.068*)
- Household goods and furniture (*NRS 361.069*)
- Irrigation systems (*NRS 361.070*)
- Property used for pollution control (*NRS 361.077*)
- Qualifying low-income housing projects (*NRS 361.082*)
- Churches and chapels (*NRS 361.125*)

See Appendix I for a complete list of all exemptions.

Property Tax Abatements

Tax Limitation by Abatements

Pursuant to A.B. 489 and S.B. 509 (2005), property owners are eligible for a partial abatement of property taxes assessed upon real and personal property in Nevada. The legislation has been codified from NRS 361.471 through 361.4735.

AB 489 imposes a system of calculating an abatement, or reduction, of tax liability. Two types of abatements were created. The first type of abatement applies to owner occupied single family residences which constitute the primary residence of the owner, as well as for certain qualifying rental properties. The primary residence of the owner is defined as being the residence designated as the primary residence of the owner, exclusive of any other residence of the owner within the state, and is not rented or leased for exclusive occupancy by any person other than the owner and members of his or her family. (NRS 361.4723 and 361.4724). The abatement for qualifying residential properties is calculated by multiplying last year's tax liability times 1.03. This result is then compared to this year's tax liability. Any amount of this year's tax liability which exceeds the result of multiplying last year's tax liability times 1.03 is abated.

Residential rental properties that qualify for the abatement are low-income housing using the standards of the U.S. Department of Housing and Urban Development (HUD). The property tax bill on these dwellings cannot increase by more than 3 percent over the prior year's tax levy. To qualify for this partial abatement, the amount of rent collected from each tenant of the residential rental dwelling cannot exceed the fair market rent of the county in which the dwelling is located, as established by HUD.

The second type of abatement is applied to all other parcels or other taxable unit of property, including centrally-assessed property, with certain exceptions, and is known as the "general" abatement (NRS 361.4722).

The same basic calculation is applied to all other property, however, the level of abatement varies from county to county and is based on a complicated two-part formula. The first part of this formula is the lesser of the average percentage change in the assessed value of all taxable property within that county over the past ten years (the fiscal year in which the levy is made and the nine fiscal years immediately preceding that year), or 8 percent. The second part of the formula is determined by establishing twice the percent change in the Consumer Price Index (U.S. City Average, All Items, All Urban Consumers) for the prior calendar year.

The percentage used to determine the limit of increase on property tax bill under this partial abatement is the greater of the percentages calculated in the first and second parts of the formula. See *the Appendix for the 12-13 Level of Abatement Tables*.

The partial abatements do not apply under the following conditions:

- Properties that had no assessed valuation established for the preceding fiscal year;
- Properties whose value is in the first year of existence on the tax roll,

- including changes as the result of new improvements or enhancements to existing improvements; or
- Properties with a change in actual or authorized use.

When first added to the tax roll as new property value, land is valued at full cash value, and improvements are valued at replacement cost new less depreciation. After April 6, 2005, if a legislative act requires a local government to levy a new property tax rate or increases the rate on a currently-existing assessment, the amount of the new tax is exempt from all of the partial abatements provided by A.B. 489.

Other Abatements and Tax Increment Financing

Property tax abatements and tax increment financing systems are also used to attract businesses to economically depressed areas. The Governor's Office on Economic Development (fka Commission on Economic Development) grants and administers a variety of incentives to attract businesses, including personal property tax abatements and real property tax abatements for recycling and retail wheeling. In addition, the Office of Energy certifies properties for abatement that qualify as "green" based on LEED standards (Leadership in Environmental and Energy Design). County tax receivers administer the abatements after the grant is awarded by other agencies. The amount of the abatement varies from 25 to 35%, depending on the level of LEED standard achieved. Property taxes of renewable energy companies, including geothermal companies, are also subject to abatement at the rate of 55% abatement.

Property Tax Deferrals

Deferrals delay but do not excuse taxes, which accrue as an increasing lien until property is sold or the estate is settled. Deferred taxes are subject to interest charges. The postponement of payment of tax program is administered by county treasurers. (*NRS 361.736 through 361.7398*). Property qualifying as agricultural or open-space may also enjoy deferred taxes. See *Chapter 4*.

Equalization

The ancient principles of uniformity, equality, justness and fairness permeate the law, principles which cannot now be ignored.

Nevada Supreme Court, Boyne v. State, 390 P. 2d 228.

Equalization is the process of assuring all locally assessed and state assessed properties are treated uniformly and fairly, according to the valuation standards and methods set by law.

In order to ensure property in the state is appraised equitably by county assessors, the Department tests a variety of information using applied statistics to determine if inequity or assessment bias exists. The Department also audits assessor work practices to ensure the uniform application of valuation and assessment methodology as provided by law and assessment standards. If inequity or bias is discovered, NRS 360.215 and 361.333 provide the Nevada Tax Commission the authority to pursue certain procedures designed to correct inequitable conditions. NRS 361.395 also provides the State Board of Equalization with the authority to equalize. County Boards of Equalization also have the ability to equalize pursuant to NAC 361.624.

Ratio Study



To facilitate the analysis of equitable appraisal, the Department of Taxation conducts a ratio study each year designed to measure the level of appraisal accuracy of local county assessors. Generally speaking, a “ratio study” is “designed to evaluate appraisal performance or determine taxable value through a comparison of appraised or assessed values estimated for tax purposes with independent estimates of value based on either sales

prices or independent appraisals.”¹ The comparison of the estimate of assessed value produced by the assessor on each parcel in the sample to the estimate of taxable value produced by the Department is called a “ratio.”

The Department independently appraises a sample of randomly selected properties in the study areas and compares the results to the assessed values established by the county assessor. The properties comprising the sample are physically inspected by Department appraisers and valued according to statutory and regulatory requirements. The independent appraisals conducted by the Department comprise a *sample* of the *universe or population* of all properties within the jurisdiction being reviewed. From the information about the *sample*, the Department *infers* what is happening to the population as a whole.

The Department examines the ratio information for *appraisal accuracy*. Two essential elements of appraisal accuracy are *appraisal level* and *appraisal uniformity*. Appraisal level compares how close the assessor’s estimate of assessed value is to the legally mandated standard of 35% of taxable value. Appraisal level is measured by a descriptive statistic called a *measure of central tendency*. A measure of central tendency, such as the mean, median, or aggregate ratio, is a single number or value that describes the center or the middle of a set of data. In the case of this ratio study, the median describes the middle of the array of all ratios comparing the assessed value to the taxable value established for each parcel.

Assessment uniformity refers to the degree to which different properties are assessed at equal percentages of taxable value. If taxable value could be described as the center of a “target,” then assessment uniformity looks at how much variation or distance there is between each ratio and the “target.” The statistical measure known as the coefficient of dispersion measures uniformity or the distance from the “target.”

The ratio study by law must include the overall ratio (also known as the aggregate ratio or weighted mean ratio) of the total property within each subject county and each class of property. The study must also include two comparative statistics known as the median and the coefficient of dispersion (COD) of the median, for both the total property in each subject county and for each major class of property within the county. NRS 361.333 (5) (c) defines the major classes of property as:

- I. Vacant land;
- II. Single-family residential;

¹ International Association of Assessing Officers, Standard on Ratio Studies, (1999), P. 6.

- III. Multi-residential;
- IV. Commercial and industrial; and
- V. Rural

Section 5 of NRS 361.333 outlines how the Tax Commission may equalize properties if in fact the ratio study indicates that equalization is necessary. The actions the Tax Commission may take include (1) no action, if it finds that all property has been assessed at the proper percentage; (2) applying a specified percentage to correct any deficiency, if any class of property is assessed at less or more than the allowed range (32% to 36%); and (3) ordering reappraisal if the range is exceeded in the reappraisal area, if the land and improvement factors are not being appropriately applied in the non-reappraisal areas, or if the board of county commissioners does not agree with a specified percentage to correct any deficiency.

The State Board also has authority to equalize property pursuant to NRS 361.395. The State Board adopted regulations in 2010 providing for the process for determining whether equalization action is required. The State Board regulations reference the International Association of Assessing Officers (IAAO) standards to determine assessment accuracy and uniformity. The State Board may order additional analyses beyond the ratio study performed for the Nevada Tax Commission.²

Performance Audits

NRS 361.333 (1)(b)(2) requires the Department to make a determination about whether each county has adequate procedures to ensure that all property subject to taxation is being assessed in a correct and timely manner, and to note any deficiencies. In addition, the Department reviews assessments in those areas where land and improvement factors are applied pursuant to NRS 361.260 (5) to ensure the factors are appropriately applied.

In addition, NAC 360.728 requires the Department to periodically conduct performance audits of the books and records of county officers to determine:

- (a) Whether the appraisals of the county assessor comply with all applicable laws and regulations governing the assessment of property taxes;
- (b) Whether any county procedures relating to the preparation of the assessment roll or the collection of property taxes comply with law;
- (c) Whether the system of management controls of the county relating to the preparation of the assessment roll and the collection of property taxes are accurate and reliable; and

² LCB File No. R153-09, Section 12, effective October 1, 2010.

(d) Whether there is an adequate system of management controls.

Department auditors travel to the offices of county assessors to review the procedures used to discover, value, and assess all real and personal property within the jurisdiction of the county assessor. The Department reviews the resources of the office; reviews a sample of property files; and interviews assessors and their staffs. Departures from required or accepted appraisal practices are noted and recommendations for improvement are made to the Tax Commission. The Tax Commission has adopted regulations relating to the conduct of performance audits.³

³ NAC 360.720 through 360.736.

The Appeal Process

Assessment appeals are an important component in the assessment process. They provide property owners with an opportunity to meet with the assessor, to inquire about their assessments, and to learn about the procedures used and the various factors considered in the appraisal of their properties..

Standard on Assessment Appeal, IA40, 1982.

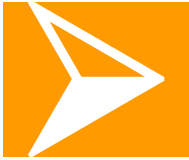
The State and County Boards of Equalization correct errors on tax rolls and hear complaints. Persons appealing to the County Board may do so by claiming overvaluation by reason of undervaluation of other properties (NRS 361.355); inequity of treatment exists between properties (NRS 361.356); or the full cash value of the property is less than its taxable value (NRS 361.357). The State Board hears and determines all appeals from the action of the County Board (NRS 361.400) or direct appeals from valuations of the Nevada Tax Commission (NRS 361.403). The two boards may also add property to the secured roll for property escaping taxation (NRS 361.769).

The State and County Boards are public bodies subject to the Open Meeting Law (NRS Chapter 241) and the Public Records law. All meetings of the State and County Boards must be open to the public with an agenda of items and topics to be discussed and acted upon clearly and completely described. The agenda must be posted at least three full working days before the meeting of the State or County Board.

The Nevada Administrative Procedure Act (APA) (NRS Chapter 233B), also applies to the proceedings of the State and County Boards to supplement those proceedings specifically set forth in NRS Chapter 361 and NAC Chapter 361. The APA requires that a party be given reasonable notice of a hearing in which the legal rights, duties or

privileges of a party are to be determined. (*NRS 233B.032, 233B.121*). Additionally, the State Board is specifically required to provide reasonable notice to all parties appearing before it. (*NAC 361.702*).

County Board of Equalization



The session of the County Board may begin prior to January 15 and ends on the last day in February (*NRS 361.340 (10)*), except as to matters remanded by the State Board. If the business of the County Board is such that these time constraints make it impossible to fully hear the cases before the County Board, the County Board may consider extending the statutory deadline. (*AGO 94, 8-12-55 and reconfirmed in AGO 2001-17*).

The County Board has the power to change and correct any valuation of the County Assessor found to be incorrect. Any change so made is effective only for the fiscal year for which the assessment was made (*NRS 361.345*).

With the prior approval of the State Board, each County Board may adopt more detailed rules of procedure (*NAC 361.622*).

State Board of Equalization



The State Board convenes each session on the fourth Monday in March in Carson City, Nevada, and holds as many meetings as necessary to complete the business of the State Board. Typically the State Board meets about 15 to 20 days during the session. If a proposed equalization action affects local governmental entities in more than one county and the action is likely to have a substantial effect on tax revenues, the State Board must notify the local governments on ore before April 30th. All other individual appeals must be hear before November 1. This deadline is directory and not mandatory, but the State Board makes all efforts to finish hearing such cases before that deadline (*NRS 361.380*).

All appeals of County Board decisions must be based upon the same facts and evidence submitted to the County Board (*NRS 361.360, 361.400, NAC 361.739(2)*). New evidence is not admitted unless it is discovered after the County Board hearing and could not, by due diligence, have been discovered before the final adjournment of the County Board (*NRS 361.360, 361.400, NAC 361.739(3)*).

Hearings that are on appeal from a County Board are reviewed to determine the correctness of the county board's decision, and are not

hearings de novo. Accordingly, there is no cross examination of witnesses and no new evidence should be submitted, except as noted above. Hearings on direct appeals are conducted to allow all relevant evidence to be admitted and witnesses may be examined and the opposing party may cross-examine such witnesses, and such witnesses may be impeached (*NAC 361.733*). Such hearings are not conducted according to the technical rules of evidence and procedures as practiced in civil actions, and any relevant evidence may be admitted, if it is of a type commonly relied upon by reasonable and prudent persons (*NAC 361.737*).

Nevada Tax Commission

The Commission may hear the appeals of taxpayers in the event the county treasurer or county assessor has denied relief from interest and penalties imposed when the taxpayer has failed to make a timely return or payment of the tax (*NRS 361.4835*). The Commission also hears the appeals of taxpayers seeking relief from penalties and interest imposed by the Department (*NAC 360.402*).

The Commission has a process in place to hear appeals of taxpayers denied an abatement of tax liability. See *Chapter 5*. Once written notice of an appeal is received by the Commission, the appeal is assigned to a hearing officer. The hearing officer makes recommendations to the Commission about whether the abatement should be granted, and the Commission may adopt, modify or reverse the hearing officer's decision. See *NAC 361.6105 through 361.61074*.

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Appendix I:

PROPERTY TAX EXEMPTIONS AND ABATEMENTS

Nevada Department of Taxation
List of Property Tax Exemptions

Legend:

Due Date for Application:

- (1) No application required
- (2) One time only until status changes. The claim must be made by June 15th. See *NRS 361.155 (1) and (3)*
- (3) Annually, by June 15th. See *NRS 361.155 (1)*
- (4) Annually, by July 1st. See *NAC 361.062*
- (5) Annually, by December 30th. See *NRS 362.050*

| Exemption Type | NRS Reference | NAC Reference | Property Type | Due Date for Application See Legend | Explanation |
|--|-----------------------|---------------|---------------|--|---|
| Airport | 361.061(1) | | Real | (2) | Improvement of land by the public as an airport is a municipal purpose, whether or not the airport is owned or operated by a local government. |
| American Land Conservancy | 361.111 | | Real | (2) | Real property including improvements is exempt if: the property is held for acquisition by a Federal, state or local government and the said government has agreed in writing to consider acquiring said real property; or if the property will be held indefinitely and vested in the listed conservancy organization. If the property is held for purposes of conservation for any entity other than the State or local government, the land must be assessed as first class pasture. If the property is transferred for purposes other than conservation, taxes must be collected for each year it was exempt. |
| American National Red Cross and Nevada Chapters | 361.110 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. See also <i>YMCA, YWCA, American National Red Cross, Salvation Army Corp, GSA, Camp Fire Girls, BSA, Sierra Arts Foundation, Nevada Museum of Art, Inc.</i> |
| Apprenticeship Programs | 361.106 | | Both | (2) | Real and personal property of an apprenticeship program is exempt if (1) the property is held in a trust created by 29 U.S.C. § 186 or (2) is owned by a local or state apprenticeship committee and the program is operated by a qualifying organization and registered and approved by the state apprenticeship council. |
| Archaeological Conservancy | 361.111 AB 209 (2007) | | Real | (2) | See explanation under American Land Conservancy. |
| Architectural barrier Removal for Disabled Persons | 361.087 | | Real | (2) | Improvements to a residence occupied by a person with a disability are exempt. The person must claim the benefit by filing an affidavit setting forth the nature of the improvement and the date of making the improvement. See statute for examples. |
| Bank Deposits | Article 10 | | Personal | (1) | Articles of personal property deemed to represent an interest in real or personal property already assessed and taxed is exempt. |
| Bee colonies | 361.068 | | Personal | (1) | Bee colonies are exempt personal property. |
| Blind Persons | 361.085 | | Both | (3) | Property of blind persons up to an assessed value of \$3,000, as modified by CPI, is exempt. The original affidavit of claim must be accompanied by a certificate from a physician certifying the person is blind. Renewal affidavits must be completed each year. |
| Boats | 361.068 | | Personal | (1) | All boats are exempt. |

Nevada Department of Taxation
List of Property Tax Exemptions

| Exemption Type | NRS Reference | NAC Reference | Property Type | Due Date for Application See Legend | Explanation |
|---|---------------|---------------|---------------|--|--|
| Bonds | Article 10 | | Personal | (1) | Articles of personal property deemed to represent an interest in real or personal property already assessed and taxed is exempt. |
| Book Accounts | Article 10 | | Personal | (1) | Articles of personal property deemed to represent an interest in real or personal property already assessed and taxed is exempt. |
| Boulder City Museum and Historical Association | 361.110 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. <i>See also YMCA, YWCA, American National Red Cross, Salvation Army Corp, GSA, Camp Fire Girls, BSA, Sierra Arts Foundation.</i> |
| Boy Scouts of America | 361.11 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. <i>See also Nevada Museum of Art.</i> |
| Business Inventories & Consumables | 361.068 | 361.065 | Personal | (1) | Property consumed during the operation of the business, as differentiated from a component part of a manufactured item, is exempt. The property must meet the criteria listed in NAC 361.065. |
| Camp Fire Girls Inc. | 361.11 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. <i>See also Nevada Museum of Art.</i> |
| Campers, slide-in & shells | 361.068 | | Personal | (1) | All slide-in campers and camper shells are exempt. |
| Carnival, circus, convention, display, exhibition, fair | 361.068 | | Personal | (1) | Personal property, transient in nature, owned by a non-resident and located in this state for use by or in a carnival, circus, convention, display, exhibition or fair is exempt. <i>See also transient personal property.</i> |
| Cost of collection | 361.068 | | Personal | (1) | Personal property for which the annual taxes would be less than the cost of collecting those taxes is exempt. NTC determines level of cost. |
| Cemeteries and Graveyards - Public | 361.130 | | Real | (1) | Exempt cemeteries and graveyards must be open to the public and no charge is made for burial. |
| Cemeteries and Graveyards -Private | 361.132 | | Real | (2) | Real property of a nonprofit corporation governed by the provisions of NRS Chapter 82 formed for the purposes of procuring and holding lands to be used exclusively for a cemetery are exempt, so long as the lots or plats remain dedicated to the purpose of a cemetery. |
| Charitable Foundation: <i>See University</i> | 361.098 | | Both | (2) | All property owned by the charitable foundation established by the Board of Regents of University of Nevada is exempt unless it is used for a purpose other than carrying out the legitimate functions of the foundation. |
| Charitable Organizations | 361.135 | | Both | (2) | See Lodges |
| Charitable Corporations | 361.140 | | Both | (2) | Property actually occupied and used by corporation meeting certain qualifying criteria is exempt. |
| Charter School Leased Property | 361.096 | | Both | (2) | All property leased or rented to a charter school is deemed to be used for an educational purpose and is exempt. Only the portion of the property that is used for the lease or rental to a charter school is exempt. |

Nevada Department of Taxation
List of Property Tax Exemptions

| Exemption Type | NRS Reference | NAC Reference | Property Type | Due Date for Application See Legend | Explanation |
|--|------------------------|----------------------|------------------------------------|--|---|
| Churches & Chapels | 361.125 | | Both | (2) | Land, buildings, and personal property used for religious worship other than marriage chapels, is exempt. The property must be owned by a recognized religious society or corporation. If the property is used for other than church purposes and a rent is received, the property is not exempt. |
| Counties, Town, Municipal Corp | 361.060 | | Both | (1) | Property of counties, domestic municipal corporations, irrigation drainage, reclamation district, or town, except for certain community pastures, is exempt. <i>See also Nevada Rural Housing Authority, Irrigation Districts</i> |
| Conservation District | 361.060 | | Real | (1) | Real property acquired on or after 7-1-2003 by a conservation district is exempt. |
| Defenders of Wildlife | 361.135 | | Both | (2) | <i>See Lodges for explanation.</i> |
| Disabled Veterans | 361.091 | | Both | (3) | Up to \$20,000 assessed value of property, adjusted by CPI, may be exempt, based on a sliding scale of disability of the veteran-owner. Only the property of residents or their surviving spouses meeting certain qualifying criteria is eligible for exemption. |
| Drainage Ditches, Canals & Irrigation Systems | 361.070 | | Real | (1) | Drainage ditches and canals along with the lands included in the right-of-way of the ditch or canal are exempt. Each part of a permanently installed irrigation system, including pipes, concrete linings of ditches and headgates, are exempt. |
| Elderly & Handicapped Housing | 361.086 | | Real and personal used for housing | (2) | All real property and mobile or modular housing and related facilities for elderly or handicapped persons are exempt if certain qualifying criteria are met. |
| Eagles Club | 361.135 | | Both | (2) | <i>See Lodges for explanation</i> |
| Elks Club | 361.135 | | Both | (2) | <i>See Lodges for explanation.</i> |
| Energy Systems (fka Heating & Cooling Systems) | 701A.200 (fka 361.079) | 361.052-361.058 | Both | (1) | A qualified energy system is exempt. A qualified energy system is defined as any system, method, construction, installation, machinery, equipment, device or appliance which is designed, constructed or installed in or adjacent to one or more buildings or an irrigation system in an agricultural operation to heat or cool the building or buildings or water used therein if the source is a renewable energy source. |
| Fine Art for public display | 361.068; 361.186 | 361.030 – 361.044 | Personal | (3) | The exemption is limited to certain kinds of works of art purchased for \$25,000 or more and meets certain public display requirements. When a taxpayer collects an admission fee, the amount of exemption is reduced by the net revenue received by taxpayer. <i>See NRS and NAC requirements.</i> |
| Girl Scouts of America | 361.11 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. <i>See also Nevada Museum of Art.</i> |
| Habitat for Humanity | 361.115 | | Both | (2) | All property is exempt unless it is used for a purpose other than carrying out the legitimate functions of the organization. <i>See also Nevada Children's Foundation, Nevada Heritage Association.</i> |

Nevada Department of Taxation
List of Property Tax Exemptions

| Exemption Type | NRS Reference | NAC Reference | Property Type | Due Date for Application See Legend | Explanation |
|--|---------------|---------------|---------------|--|--|
| Hospital | 361.083 | | Real | (2) | Property on which stands a hospital or other charitable asylum for the care or relief of orphans or sick, infirm or indigent persons owned by a qualifying non-profit corporation, is exempt. If the property is used for a different purpose, the property is taxable. <i>See also orphan children.</i> |
| Household goods and furniture | 361.069 | 361.085 | Personal | (1) | Household goods, furniture except certain appliances and furniture of time-share projects, are exempt. Examples are in both statute and regulation. |
| Irrigation, Drainage, Reclamation District | 361.060 | | Both | (1) | See Counties, Towns for explanation. |
| Knights of Pythias | 361.135 | | Both | (2) | <i>See Lodges for explanation.</i> |
| Knights of Columbus | 361.135 | | Both | (2) | <i>See Lodges for explanation.</i> |
| Lahontan Audubon Society | 361.135 | | Both | (2) | <i>See Lodges for explanation.</i> |
| Livestock | 361.068 | | Personal | (1) | Livestock is exempt. Livestock is defined at NAC 361A.055. See also Article 10 (6). |
| Lodges & other charitable organizations | 361.135 | | Both | (2) | Funds, furniture, paraphernalia and regalia owned by certain charitable organizations as well as real estate and fixtures are exempt. If the real estate is leased, the exemption does not apply to the portion so leased or rented. |
| Low income housing projects | 361.082 | 361.089 | Both | (3) | That portion of real property and tangible personal property used for housing and related facilities for persons with low incomes is exempt if the property meets certain criteria. |
| Masons | 361.135 | | Both | (2) | <i>See Lodges for explanation.</i> |
| Mortgages | Article 10 | | Personal | (1) | Articles of personal property deemed to represent an interest in real or personal property already assessed and taxed is exempt. |
| Motor Vehicles | 361.067 | | Personal | (1) | Vehicles defined in NRS 371.020 are exempt, except mobile homes. NRS 371.020 refers to NRS 482 and 706. Under NRS 482.210, special mobile equipment is not licensed and is therefore taxable for property tax. |
| Nathan Adelson Hospice | 361.088 | | Both | (2) | All property is exempt, unless it is used for any purpose other than carrying out the legitimate functions of hospice care. |
| National Audubon Society | 361.135 | | Both | (2) | <i>See Lodges for explanation.</i> |
| Nature Conservancy | 361.111 | | Real | (2) | <i>See explanation under American Land Conservancy.</i> |
| Nevada Children's Foundation | 361.115 | | Both | (2) | <i>See Habitat for Humanity for explanation.</i> |
| Nevada Heritage Association | 361.115 | | Both | (2) | <i>See Habitat for Humanity for explanation.</i> |
| Nevada Land Conservancy | 361.111 | | Real | (2) | <i>See explanation under American Land Conservancy.</i> |
| Nevada Museum of Art | 361.11 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. <i>See also YMCA, YWCA, American National Red Cross, Salvation Army Corp, GSA, Camp Fire Girls, BSA, Sierra Arts Foundation.</i> |
| Nevada Rural Housing Authority | 361.060 | | Real | (1) | <i>See explanation under Counties, Cities</i> |

Nevada Department of Taxation
List of Property Tax Exemptions

| Exemption Type | NRS Reference | NAC Reference | Property Type | Due Date for Application See Legend | Explanation |
|--|-----------------|-----------------|---------------|--|---|
| Noncommercial theaters | 361.145 | | Both | (2) | Buildings, furniture & equipment of noncommercial theaters owned and operated by nonprofit educational corporations organized for the exclusive purpose of conducting theater practice classes and the production of plays on a nonprofessional basis are exempt. |
| Nonprofit private schools | 361.105 | | Both | (2) | All property is exempt from taxation. |
| Odd Fellows | 361.135 | | Both | (2) | <i>See Lodges for explanation.</i> |
| Orphan children or sick, infirm or indigent persons | 361.083 | | Real | (2) | Land and buildings use for the care or relief of orphans or of sick, infirm or indigent persons owned by a nonprofit corporation organized or existing pursuant to NRS 82, is exempt. <i>See also Hospitals.</i> |
| Patented Mining Claims | 362.010-362.095 | | Real | (5) | Upon receipt of an affidavit from the county recorder pursuant to NRS 362.050, the assessor shall exclude from the roll the assessment against the patented mine or mining claim named in the affidavit. |
| Pershing County Kids, Horses, Rodeo Inc. | 361.107 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. |
| Personal Property held for sale by merchant | 361.068 | | Personal | (1) | Personal property held for sale by a merchant is exempt. |
| Personal Property held for sale by manufacturer | 361.068 | | Personal | (1) | Personal property held for sale by a manufacturer is exempt. |
| Personal property in transit | 361.160-361.185 | 361.062 | Personal | (4) | Claims must be submitted to county assessor in which the warehouse is located and a certification from the warehouse as to the status of the property must be attached. |
| Pipe & Irrigation Equipment | 361.068 | | Personal | (1) | Pipe and other agricultural equipment used to convey water for the irrigation of legal crops is exempt. |
| Pollution control devices | 361.077 | 361.046-361.050 | Both | (3) | Property used as a facility, device, or method for the control of air or water pollution is exempt. Taxpayer must supply an annual affidavit to assessor on a form approved by Department. Certain property is not exempt per NAC 361.046. |
| Possessory Interest –Vending stands | 361.159 | | Personal | (3) | The possessory interest in otherwise exempt property is taxable, except for vending stands operated by blind persons under the auspices of the Bureau of Services to the Blind – DETR. |
| Possessory Interest – Public Airport | 361.159 | | Personal | (2) | The possessory interest in otherwise exempt property is taxable, except for personal property owned and used in a public airport. |
| Possessory Interest – Public airport, park, market, fairground | 361.157(2)(a) | | Real | (2) | The possessory interest in otherwise exempt property is taxable, except for real property located upon a public airport, park, market, or fairground. Certain leased property on a public airport made available for purposes other than the purposes of a public airport is taxable. |
| Possessory Interest – Federal Property | 361.157(2)(b) | | Real | (1) | A possessory interest in federal property for which PILT payments are made is exempt. |

Nevada Department of Taxation
List of Property Tax Exemptions

| Exemption Type | NRS Reference | NAC Reference | Property Type | Due Date for Application See Legend | Explanation |
|---|---------------|---------------|---------------|--|--|
| Possessory interest – state-supported educational institution | 361.157(2)c | | Real | (1) | A possessory interest in the property of any state-supported educational institution is exempt, except any part located within a TIA created pursuant to NRS 278C.155. |
| Possessory interest – Taylor Grazing Act, USFS, BuRec | 361.157(2)(d) | | Real | (1) | A possessory interest in property used by persons, associations or corporations according to the Taylor Grazing Act, United States Forest Service or the Bureau of Reclamation is exempt. |
| Possessory interest – Indian tribe | 361.157(2)(e) | | Real | (1) | A possessory interest in property of any Indian held in trust by the U.S. is exempt. |
| Possessory interest – Vending stands of the blind | 361.157(2)(f) | | Real | (1) | A possessory interest in vending stand locations operated by blind persons under the auspices of the Bureau of Services to the Blind and Visually Impaired – DETR, is exempt. |
| Possessory interest – geothermal leases | 361.157(2)(g) | | Real | (1) | A possessory interest in geothermal leases for resources which have not been put into commercial production, is exempt. |
| Possessory interest – public officer or employee | 361.157(2)(h) | | Real | (1) | A possessory interest in property that is leased, loaned or made available to a public officer or employee in the course of public employment, is exempt. |
| Possessory interest – parsonage | 361.157(2)(i) | | Real | (1) | A possessory interest in a parsonage owned by a recognized religious society or corporation when used exclusively as a parsonage, is exempt. |
| Possessory interest – Charitable or religious residence | 361.157(2)(j) | | Real | (1) | A possessory interest in a residence used by a person carrying out the activities of a charitable or religious organization is exempt |
| Possessory interest – shelter for elderly or indigent | 361.157(2)(k) | | Real | (1) | A possessory interest in property which is used to provide shelter at a reduced rate to the elderly or indigent is exempt. |
| Possessory interest – rental of meeting rooms | 361.157(2)(l) | | Real | (1) | A possessory interest in property used as meeting rooms or similar facilities for periods of less than 30 consecutive days is exempt. |
| Possessory interest – daycare | 361.157(2)(m) | | Real | (1) | A possessory interest in property used as a daycare by a nonprofit organization is exempt. |
| Possessory interest - easements from RTC of Southern Nevada - Boulder City Bypass | 361.157(2)(n) | | Real | (1) | A possessory interest in any lease, easement, operating agreement, license, permit or right entry for exempt state property granted by Department or RTC of Southern Nevada pursuant to Boulder City Bypass Toll Road Demonstration Project Act |
| Promissory Notes | Article 10 | | Personal | (1) | Articles of personal property deemed to represent an interest in real or personal property already assessed and taxed is exempt. |
| Privately owned airports used by public | 361.061(2) | | Real | (2) | Privately owned airport property used for a public purpose, except areas from which income is derived, is exempt. |
| Privately owned parks used by public | 361.0605 | 361.080 | Real | (2) | The initial claim for exemption must be accompanied by a copy of the agreement with a local government that the property may be used by the public without charge. A sign must also be posted at each entrance to park. The exemption does not include areas from which income is derived. |

Nevada Department of Taxation
List of Property Tax Exemptions

| Exemption Type | NRS Reference | NAC Reference | Property Type | Due Date for Application See Legend | Explanation |
|---|---------------|---------------|---------------|--|--|
| Public Function Trusts | 361.062 | | Both | (2) | Property of a trust created for the benefit of any public function pursuant to law is exempt, however, PILT monies may be paid to the beneficiary if so provided in any agreement contained in creating the trust. |
| Radioactive fallout shelters | 361.078 | | Real | (3) | Residential property is exempt up to \$1,000 in assessed value if it meets certain qualifying conditions. |
| Raw materials & components consumed in the process of manufacture | 361.068 | | Personal | (1) | Raw materials are exempt when they are held by a manufacturer for manufacture into products. Supplies consumed in the process of manufacture are also exempt. |
| Salvation Army Corps | 361.11 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. <i>See also Nevada Museum of Art.</i> |
| School districts | 361.065 | | Both | (1) school dist | All property owned by any legally created school district or charter school and devoted to public school purposes is exempt. |
| | | | | (2) charter school | |
| Sierra Arts Foundation | 361.11 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. <i>See also Nevada Museum of Art.</i> |
| State lands | 361.055 | | Both | (1) | All property owned by the state, except land assigned to the Department of Wildlife, is exempt. PILT payments are made by the Department of Wildlife. |
| Stocks | Article 10 | | Personal | (1) | Articles of personal property deemed to represent an interest in real or personal property already assessed and taxed is exempt. |
| Surviving Spouse | 361.080 | | Both | (3) | Property of surviving spouses up to an assessed value of \$1,000, as modified by CPI, is exempt. The original affidavit of claim must be accompanied by a death certificate showing the claimant was married to the deceased at the time of their death. Renewal affidavits must be completed each year. |
| Surviving Spouses of Disabled Veterans | 361.091 | | Both | (3) | See Disabled Veterans. |
| Transient Personal Property | 361.068 | | Personal | (1) | Personal property owned by a non-resident and located in Nevada for purposes of a display, exhibition, convention, carnival, fair or circus is exempt. <i>See also Carnival, fair circus.</i> |
| United States | 361.050 | | Both | (1) | All property owned by the United States is exempt. |
| University Fraternities & Sororities | 361.100 | | Real | (2) | Real property owned by fraternities and sororities whose members are students at UNR or UNLV and use the property as their home, is exempt. |
| University System: Charitable Foundation | 361.098 | | Both | (2) | All property owned by a charitable foundation established by the Board of Regents of the University of Nevada is exempt, unless it is used for a purpose other than the legitimate functions of the foundation. |

Nevada Department of Taxation
List of Property Tax Exemptions

| Exemption Type | NRS Reference | NAC Reference | Property Type | Due Date for Application See Legend | Explanation |
|-------------------------------------|---------------|---------------|---------------|-------------------------------------|---|
| University System Leased Property | 361.099 | 361.070 | Both | (2) | Property leased to the Nevada System of Higher Education is exempt if the total consideration from the lease is less than 10 percent of the fair market value of the property. <u>Certain documentation must be provided.</u> See NAC 361.070. |
| Unpatented Mines & mining Claims | 361.075 | | Real | (1) | Unpatented mines and mining claims are exempt, except for possessory interests in lands held by U.S. or state of Nevada. |
| Vehicles | 361.067 | | Personal | (1) | See <i>Motor Vehicles</i> |
| Veterans | 361.09 | | Both | (3) | Up to \$2,000 assessed value, adjusted by CPI, of property may be exempt. Only the property of residents meeting certain qualifying criteria is eligible for exemption. |
| Veteran Organizations | 361.095 | | Both | (2) | Up to \$10,000 assessed value, adjusted by CPI, of Funds, furniture, paraphernalia and regalia owned by certain charitable organizations as well as real estate and fixtures, is exempt. If the real estate is leased, the exemption does not apply to the portion so leased or rented. |
| Volunteer Fire Departments | 361.150 | | Both | (2) | All property is exempt, unless it is used for any purpose other than carrying out the legitimate functions of a volunteer fire department. |
| Water Users' Nonprofit Associations | 361.073 | | Both | (2) | All property is exempt, unless it is used for any purpose other than carrying out the legitimate functions of a water users' nonprofit cooperative corporation. |
| Young Men's Christian Assocation | 361.110 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. See also <i>Nevada Museum of Art</i> . |
| Young Women's Christian Assocation | 361.110 | | Both | (2) | All real and personal property is exempt, unless it is used for a purpose other than the legitimate functions of the organization. See also <i>Nevada Museum of Art</i> . |

Nevada Department of Taxation
List of Abatements

| Abatement Type | NRS Reference | NAC Reference | Property Type | Explanation |
|--|---------------|-------------------|---------------|--|
| New or expanded businesses | 361.0687 | | Personal | Duration of abatement not to exceed 10 years and must not exceed 50% of the taxes on personal property payable by a business each year. Commission on Economic Development determines whether abatement may be awarded using certain criteria. |
| Property acquired by governments | 361.484 | | Both | Taxes on property acquired by Federal, state, or local governments must be abated ratably for the portion of the fiscal year in which the property is owned by the said government. |
| All property except qualifying residential | 361.4722 | 361.606-361.613 | Both | exceeds up to 108% of the prior year's taxes. See statute and regulations for guidance. |
| Residential property | 361.4723 | 361.606 - 361-613 | Real | Taxes on qualifying residential property must be partially abated for the amount which exceeds 103% of the prior year's taxes. See statute and regulations for guidance. |
| LEED property | 701A.110 | LCB File R003-08 | Real | Taxes on qualifying property is abated for a duration of not more than 10 years and in an amount which varies with the LEED level of certification. |
| Recycled material businesses | 701A.210 | | Both | Duration of abatement not to exceed 10 years and must not exceed 50% of the taxes on personal property payable by a business each year. Commission on Economic Development determines whether abatement may be awarded using certain criteria. |
| Renewable energy facilities | 701A.370 | | Both | Duration of abatement must be for 20 years and be equal to 55% of the taxes on real and personal property. The Nevada Energy Commissioner approves applications. |

Appendix II:

Descriptions of Publications

Division of Local Government Services

**DEPARTMENT OF TAXATION
LIST OF PUBLICATIONS**

DIVISION OF LOCAL GOVERNMENT SERVICES

General

1. Pursuant to NRS 361.0445, the Department provides information regarding the assessment process and an explanation of the manner in which property taxes are calculated. The publication is entitled “Nevada Property Tax: Elements and Applications” and can be found at:
[http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Elements and Applications/](http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Elements_and_Applications/).

Tax Roll Reports

2. Property Tax Rolls

A tax roll is a list of all persons, firms, corporations, associations or companies; the property they own within each county; and the assessed value of each property. County assessors are responsible for producing property tax rolls of locally assessed property. See NRS 361.260(1) and NRS 361.310.

Secured Roll - The listing of real property and some types of personal property values by owner as of July 1 each year. The payment of the tax is secured by a lien against the real property. See NRS 361.450 “. . . every tax levied under the provisions of or authority of this chapter is a perpetual lien against the property assessed until the tax and any penalty charges and interest which may accrue thereon are paid.” Each county assessor produces a secured roll.

Unsecured Roll – Personal property, including “migratory” property values not secured by the ownership of real property; new construction which has not yet been added to the secured roll; and possessory interests. See NRS 361.505; NRS 361.535. – *payment upon demand; failure to pay results in seizure, lock and seal procedure.* A portion of the unsecured roll is referred to as the “supplemental roll” indicating the new construction added to the roll. Each county assessor produces an unsecured roll.

The unsecured roll runs from May 1 and closes April 30th, nine months after the lien date for the secured roll for the same fiscal year. For example, the 2015-2016 secured roll lien date is July 1, 2015; and the 2015-2016 unsecured roll closes on April 30, 2016.

The Department produces the following tax rolls:

- a) Centrally-assessed Secured Roll Bulletin, published in October annually (NRS 361.3205) See
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Property_Tax_Rolls_Secured/
- b) Centrally-assessed Unsecured Roll Bulletin, published in November annually (NRS 361.3205). See
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Property_Tax_Rolls_Unsecured/
- c) Net Proceeds of Minerals Bulletin, A list of each operating mine by industry and by county and a list of royalty recipients by county together with information on the

gross proceeds, net proceeds, county and state taxes due. Published in June annually. See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Net_Proceeds_of_Minerals/

3. Segregation of the Roll, Statistical Data

The segregation of the roll reports the aggregate amount of assessed value of property located in each taxing entity. Segregation reports are required three times a year pursuant to NRS 361.390. County assessors report the assessed values of all property, both taxable and exempt, for each taxing entity. The January segregation report is a preliminary projection; the March segregation report is a final projection; and the October segregation report contains both the final actual prior year unsecured values and the final actual current year secured values. (i.e. 2014-15 unsecured roll and 2015-2016 secured roll).

4. Statistical Analysis of the Roll

The Statistical Analysis of the Roll (SAR) provides locally and centrally-assessed values by category of property for the fiscal year. The SAR provides the most accurate reporting of assessed values because it contains all changes in any given fiscal year that occur on the Secured Roll through October following the July 1 lien date of the current year; and all entries on the Unsecured Roll when it closes on April 30 following the July 1 lien date of the prior year. For example, the 2013-2014 SAR contains the assessed values by type of property from the 2013-2014 secured roll and re-opened roll which closed 7-1-2013; and the 2013-2014 unsecured roll which closed 4-30-14.

NRS 361.390(3) requires a county assessor to report final assessed values for all categories of property as follows:

- (1) Current fiscal year Secured Roll, lien date of July 1, statistical analysis report due August 10;
- (2) Current fiscal year Unsecured Roll, closing date April 30th (9 months after Secured Roll lien date), statistical analysis report due May 5 of the year following the lien date; and
- (3) Current fiscal year Secured and Unsecured Rolls, statistical analysis report due October 31st of the year following the current year July 1 lien date. This is to allow completion of the unsecured roll which closes on April 30 following the July 1 lien date and because assessors are allowed to change the secured roll pursuant to NRS 361.310(4) until October 31 following the July 1 lien date (re-opened roll).

The SAR is published in December annually. See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Statistical_Analysis_of_the_Roll/

Assessment Standards Publications

5. Agricultural Land Values, Open Space Property Procedures

The Ag Bulletin defines classifications of agricultural real property and provides valuations for each classification on the basis provided in NRS 361.325. The bulletin also provides the valuation methodology for lands designated as open-space, including golf courses. See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/LGS_Ag_Bulletin/.

6. Billing Cost Exemption Report

NRS 361.068(2) provides that the Nevada Tax Commission may exempt from taxation personal property for which the annual taxes would be less than the cost of collecting those taxes. The Department annually prepares a report which evaluates the cost of collection of taxes. See *NTC hearing records*.

7. Capitalization Rate Study

The Department analyzes and calculates appropriate capitalization rates for use in the income approach in the valuation of centrally-assessed properties and mining properties. The Study is published annually about June 1.

See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Capitalization_Rate_Study/.

8. Improvement and Land Factor Reports

NRS 361.260(5) provides that assessors may either apply factors to improvements and land in non-reappraisal areas or, in the case of improvements, they have the option of determining the replacement cost and subtracting all applicable depreciation and obsolescence for improvements in non-reappraisal areas. The Department calculates the improvement factor based on the change in costs reported by the Marshall and Swift Costing Service from the previous year. Assessors calculate land factors which are reviewed by the Department. The Nevada Tax Commission reviews and approves all proposed factors. The Improvement Factor report is generally published about July 1.

See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Improvement_Factors/.

9. Land Use Code Manuals

Annually, a land use code manual is published. Land use codes are used for categorizing property in the assessment roll, the statistical analysis of the roll, and other purposes required by the Department of Taxation, such as selection of parcels included in Department ratio studies or performance audits. The manual includes descriptions and assigns code numbers, as well as appendices on occupancy codes, special property codes, special ownership codes, agricultural land classifications, exemption codes, and glossary.

See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Land_Use_Code_Manuals/.

10. Manual of Rural Building Costs

The Manual of Rural Building Costs provides replacement costs for different quality classes of farm buildings, sheds or other rustic structures which do not conform to any applicable building code adopted by a local governmental entity or are constructed with the use of unskilled farm labor, pursuant to NAC 361.128(2). See

http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Rural_Building_Cost_Manual/.

11. Personal Property Manual

Annual publication that sets forth the cost conversion factor and depreciation schedules used to determine taxable value for personal property. It is used in conjunction with NAC 361.134 through 361.140. See

http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Personal_Property_Manuals/.

12. Ratio Study Report

A “ratio study” is “designed to evaluate appraisal performance by comparing the estimate of assessed value produced by the assessor on each parcel in the sample to the estimate of taxable value produced by the Department. The comparison is called a “ratio.” The Department examines the ratio information for *appraisal level* and *appraisal uniformity*. The Ratio Study is published annually in May, pursuant to NRS 361.333. See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Ratio_Studies/.

13. Performance Audit Reports

The Performance Audit Report supplements the ratio study with more specific analysis of critical parts of property tax administration. Performance Audits generally include all 17 counties instead of one-third of the counties each year. The reports are published when audits are completed. See NAC 360.736; http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Performance_Audit/.

TAX ABATEMENT PUBLICATIONS

14. Fair Market Rents Report

Certain qualifying residential rental properties may be eligible for the residential abatement at 3% (as opposed to the general abatement ranging up to 8%). The Department annually notifies county assessors of the amounts of the applicable fair market rents for the current years, as published for March 31 of that year by the Department of Housing and Urban Development. Tables are also published showing the fair market rents as adjusted downward to reflect applicable utility allowances reported by various Nevada regional housing authorities (NAC 361.607(3)).

See <http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/FairMarketRents/>.

15. Tax Cap Tables

For purposes of applying the general abatement (“tax cap”), the Department publishes a table showing the appropriate abatement percentage for the application of a general abatement in each county each year. Generally the Department publishes a preliminary table so that county tax receivers can calculate and complete the Pro-Forma Property Tax Projections which are due to the Department annually on March 5th. A final Tax Cap Table is published in June (NAC 361.605(1)(a)). See

http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/General_Abatement_Factors/.

16. Property Tax Billing Summary and Preliminary Summary Reports of Property Tax (PSOPT)

The Property Tax Billing Summary combines data from county tax receivers who submit reports on actual billed amounts for property taxes for properties on the secured and unsecured tax rolls pursuant to NAC 361.609. The Summary contains the total number of parcels, the total assessed value of the property for which the property taxes were billed,

the total amount of property taxes that would have been billed were it not for the abatement; the total amount of reduction as a result of abatement and other exemptions; and other information. Because the secured and unsecured rolls close at different times during the year, two billing reports are required. The billing report for the Secured Roll is due September 1 after the lien date; and the billing report for the Unsecured Roll is due June 1 after the close of the Unsecured Roll on April 30th (nine months after the close of the Secured Roll).

Because the assessed value reported in the Segregation Reports and Redbook is insufficient to determine actual property tax revenue because of the partial abatement of property taxes, the Pro Forma Report was developed. In addition, to check the accuracy of the Pro Forma Report, NAC 361.609 requires the county tax receiver to submit reports on actual billed amounts for property taxes for properties on the secured and unsecured tax rolls.

PSOPT

Although the billing reports are a good check on the accuracy of the property tax revenue projected in the Pro Forma Report, some state agencies require even more exact analysis of property tax revenue. The distribution of support funds from the state to the local government is dependent on analysis of actual collected revenue. The Distributive School Account (DSA) administered by the Department of Education and the State Medical Indigent Levy are both dependent on an accounting of actual property tax revenue collections.

As a result, the Committee on Local Government Finance (CLGF) adopted NAC 354.566 through NAC 354.577 which required the county tax receiver to report actual property tax receipts paid pursuant to NRS 361.483 as well as deferred agricultural property taxes, taxes on property escaping taxation, property taxes on the unsecured roll, taxes from the centrally-assessed tax rolls, and net proceeds of minerals taxes. The county tax receiver must also report that portion of the various receipts listed that is distributed to the school districts. These reports do not contain assessed values but are restricted to taxes collected.

LOCAL GOVERNMENT FINANCE REPORTS

17. Tax Rate Book (also known as the "Redbook")

"Property Tax Rates for Nevada Local Governments," also known as the "Redbook," is approved by the Nevada Tax Commission annually on June 25th, and contains total property tax rates by taxing unit by county, combined property tax rates by component by taxing unit; property tax overrides and the relative impact thereof; and overlapping taxing districts. This annual publication schedules the certified ad valorem tax rates for all local governments by county. The report totals the operating rate, debt rate, school rate, state rate and overlapping special district rates to denote combined unit rate. See <http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Redbook/>.

The assessed value shown in the Redbook is based on the March 15th segregation reports by county assessors and the reports from the Department, LGS, Centrally

Assessed Section regarding centrally assessed properties, mines, and net proceeds of minerals taxes.

The assessed value reported in the Segregation Reports and the Redbook contains projections for new property on the unsecured roll, as well as projections of production from mines. Because projections are included, the actual assessed value as billed and collected over the ensuing year can and does vary from the amounts reported in the Redbook. In addition, the assessed value reported in the Redbook does not consider the effects of abatements and so cannot be used in a direct calculation of projected revenue from property taxes.

18. Report of Local Government Indebtedness

Pursuant to NRS 354.6025, the Department compiles local government reports of indebtedness. Part A of the report presents the assessed value, general obligation debt limit, outstanding general obligation debt and debt margin for each category of local government entity, pursuant to the statutes governing that entity. For example, the total bonded indebtedness for school districts cannot exceed 15 percent of the assessed value, pursuant to NRS 387.400. Part B presents the overlapping total debt for each entity and the percentage of debt to assessed value. Part C presents a five-year debt requirement projection, including the principal and interest for each type of indebtedness by entity and for each total county, as well as the fiscal year in which final maturity will occur. See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/LGF_Indebtedness_Report/.

19. Local Government Syllabus

This publication provides reference to *Nevada Revised Statutes*, *Nevada Administrative Code* and guidelines pertaining to Nevada Local Government Finance. Included is the Local Government Budget and Finance Act, Securities Law and General Improvement District Law. See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Local_Government_Finance_Documents/

20. Revenue Projections

Annual projections are made for local governments' budgeting purposes. Projections are made for County Option Gasoline Tax, 2.35 cents Gasoline Tax, BCCRT, liquor and cigarette tax, LSST, GST, RPTT, and the property tax (with abatements). The revenue projections report includes the local government allowed revenue from ad valorem and Supplemental City-County Relief Tax calculation. The Department prepares a preliminary revenue projection for local governments, published by February 15. See NRS 360.690 (10). The final report is published by March 15. See NRS 360.690(11).

The Revenue Projection reports include on the first page a summary of assessed value by county for both the secured and unsecured rolls, and the net proceeds of minerals. The current year assessed value used in the tax rate calculations for the Preliminary and Final Revenue Projections is based on the information reported in the segregation reports, as well as net proceeds of minerals projection estimates received from mine operators.

Section A in each report contains the maximum allowable property tax rate calculation based on the revenue limitations required by NRS 354.59811 and other statutes. In general, the property tax rate is a function of revenue divided by assessed value. Stated

another way, assessed value times a tax rate produces revenue. Section A therefore calculates the maximum allowable tax rates taking into account increases or decreases in assessed value of property as well as statutory limitations in revenue. The calculation does not take into account the effects of the partial abatement of property taxes allowed by NRS 361.4722, 361.4723, and 361.4724 enacted in 2005. A separate report is now issued with regard to the property tax revenue projections net of the abatement. See *discussion on the Pro Forma report*.

The segregation reports due on January 31st are used to produce the preliminary Revenue Projections published on February 15th; and the segregation reports due on March 5th are used to produce the final Revenue Projections published on March 15th.

The Preliminary and Final Revenue Projection Reports contain the following:

Section A: Property Tax Rate Calculation

NRS 354.59811 limits the amount of revenue that can be generated from property taxes to no more than 106 percent of the maximum allowable revenue from the preceding year. There are several exceptions and additions to the calculation, described below.

Section B: Revenue from Motor Vehicle Fuel Taxes, including:

- (1) County Option Motor Vehicle Fuel Tax;
- (2) 1.25 cents Motor Vehicle Fuel Tax;
- (3) 1.75 cents Motor Vehicle Fuel Tax; and
- (4) Allocation of the 2.35 cents Motor Vehicle Fuel Tax.

Section C: Revenue for Nevada School Districts from:

- (1) Local School Support Tax; and
- (2) Governmental Services Tax.

Section D: Consolidated Tax Distribution, including:

- (1) Basic City-County Relief Tax (BCCRT);
- (2) Supplemental City-County Relief Tax (SCCRT);
- (3) Cigarette Tax;
- (4) Liquor Tax;
- (5) Real Property Transfer Tax; and
- (6) Governmental Services Tax (GST).

See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/LGF_Revenue_Projections/.

21. Pro-Forma Property Tax Projections

Information regarding the effects of the residential and general property tax abatements is produced annually by county treasurers, due on March 5th. The Department then uses that information to produce a report due on March 25th, called the Pro Forma Projection report. The report shows the total pre-abated tax revenue less the amount of abatement for a net property tax. From the net tax are deducted amounts for redevelopment agencies and LEED abatements and renewable energy abatements. See *NRS 361.4535*.

As a result of the partial abatement of property taxes enacted in 2005 (AB 489 and SB 509), also called the “tax cap,” revenue projections could no longer be a simple function of assessed value times tax rate equals revenue. NRS 361.471 through NRS 361.4735

describe complex formulas for the calculation of the abatement as well as numerous exceptions from the abatement. Certain kinds of assessed value are exempt from the partial abatement, as well as certain components of tax rates.

As a result of the complex formulas and exemptions of portions of assessed value or tax rates from abatement, aggregate estimates of the amount of total abatement by jurisdiction were found to be relatively inaccurate. To improve the accuracy, county assessors now apply the abatement formula or exemption from the abatement, as needed, to each individual property. The assessor transmits the information to the treasurer who applies the proposed tax rates for the current year as if the tax bills were going to be produced (hence the name, “pro forma”). The aggregate assessed value information from most counties is reported on a “net” basis, meaning that the assessed value reported does not include the assessed value for properties exempt from taxation.

See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/LGF_ProForma_Tax/.

22. Top Ten Reports

Lists of taxpayers and assessed value are reported for the ten highest assessed taxpayers statewide and for each county.

See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Top_Ten_Taxpayers/.

REAL PROPERTY TRANSFER TAX REPORTS

23. Real Property Transfer Tax Quarterly and Year-End Reports

The Real Property Transfer Tax (RPTT) is collected in each county when deeds are presented for recording, with some exceptions. The quarterly and year-end reports provide total tax by county, distribution of the tax, number of exemptions granted by type and county and historical trends.

See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Real_Property_Transfer_Tax/

Other Publications

The Department develops and publishes a variety of reporting and claim forms for taxpayers, as well as guidelines on a variety of subjects, such as templates for ballot language which involve tax or tax rate questions, budget augmentation guidelines, medium term obligation guidelines, real property transfer tax exemption guidelines, and many other topics. The Department also publishes summaries of abatement appeal decisions of the Nevada Tax Commission, fiscal notes on renewable energy projects, and worksheets for use by assessors, taxpayers, and others in determining LEED and other property tax abatements.

Appendix III:

Tax Cap Factor Table 2014-2015

NEVADA DEPARTMENT OF TAXATION
 FINAL NRS 361.4722 TAX CAP FACTORS
 FISCAL 2014 - 2015

| COUNTY | MOVING AVERAGE GROWTH RATE | 2 X 2012-13 CPI CHANGE | 3.00% RES CAP | 8.00% GENERAL CAP | RESIDENTIAL CAP FACTOR | GENERAL CAP FACTOR |
|-------------|----------------------------------|---------------------------|------------------|----------------------|---------------------------|-----------------------|
| CARSON CITY | 1.5% | 3.0% | 3.0% | 3.0% | 1.030 | 1.030 |
| CHURCHILL | 4.7% | 3.0% | 3.0% | 4.7% | 1.030 | 1.047 |
| CLARK | 1.4% | 3.0% | 3.0% | 3.0% | 1.030 | 1.030 |
| DOUGLAS | 1.5% | 3.0% | 3.0% | 3.0% | 1.030 | 1.030 |
| ELKO | 7.3% | 3.0% | 3.0% | 7.3% | 1.030 | 1.073 |
| ESMERALDA | 10.4% | 3.0% | 3.0% | 8.0% | 1.030 | 1.080 |
| EUREKA | 12.5% | 3.0% | 3.0% | 8.0% | 1.030 | 1.080 |
| HUMBOLDT | 13.0% | 3.0% | 3.0% | 8.0% | 1.030 | 1.080 |
| LANDER | 23.8% | 3.0% | 3.0% | 8.0% | 1.030 | 1.080 |
| LINCOLN | 14.5% | 3.0% | 3.0% | 8.0% | 1.030 | 1.080 |
| LYON | 4.2% | 3.0% | 3.0% | 4.2% | 1.030 | 1.042 |
| MINERAL | 5.6% | 3.0% | 3.0% | 5.6% | 1.030 | 1.056 |
| NYE | 2.9% | 3.0% | 3.0% | 3.0% | 1.030 | 1.030 |
| PERSHING | 8.3% | 3.0% | 3.0% | 8.0% | 1.030 | 1.080 |
| STOREY | 10.5% | 3.0% | 3.0% | 8.0% | 1.030 | 1.080 |
| WASHOE | 1.3% | 3.0% | 3.0% | 3.0% | 1.030 | 1.030 |
| WHITE PINE | 16.9% | 3.0% | 3.0% | 8.0% | 1.030 | 1.080 |
| STATEWIDE | 1.7% | 3.0% | 3.0% | 3.0% | 1.030 | 1.030 |