REQUIRES TWO-THIRDS MAJORITY VOTE
(§§ 1-5)

A.B. 437

ASSEMBLY BILL NO. 437–ASSEMBLYMEN DALY; FLORES AND PIERCE

MARCH 21, 2011

Referred to Committee on Taxation

SUMMARY—Increases the rate of assessment of property. (BDR 32-720)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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

AN ACT relating to taxation; increasing the rate of assessment of property; providing for the use by local governments of a portion of certain revenue attributable to the increase in the rate of assessment; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides that all property subject to taxation must be assessed at 35 percent of its taxable value or, in the case of agricultural real property or open-space real property, at 35 percent of its value for agricultural use or open-space use, respectively. (NRS 361.225, 361A.130, 361A.220) **Sections 1-5** of this bill increase the rate of assessment from 35 percent to 45 percent. **Section 6** of this bill specifies that the increase in the rate of assessment applies to each fiscal year beginning on or after July 1, 2011. **Section 7** of this bill requires each local government to cause not less than 50 percent of any increase in revenue which is attributable to the increase in the rate of assessment and which the local government receives with respect to any fiscal year that falls within the period beginning on July 1, 2011, and ending on June 30, 2021, to be expended or committed for expenditure for capital improvement projects or infrastructure projects on or before December 31, 2021.

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

Section 1. NRS 361.225 is hereby amended to read as follows:

361.225 All property subject to taxation must be assessed at ~~[35]~~ ***45*** percent of its taxable value.

Sec. 2. NRS 361.260 is hereby amended to read as follows:

361.260 1. Each year, the county assessor, except as otherwise required by a particular statute, shall ascertain by diligent inquiry and examination all real and secured personal property that is in the county on July 1 which is subject to taxation, and also the names of all persons, corporations, associations, companies or firms owning the property. The county assessor shall then determine the taxable value of all such property, and shall then list and assess it to the person, firm, corporation, association or company owning it on July 1 of that fiscal year. The county assessor shall take the same action at any time between May 1 and the following April 30, with respect to personal property which is to be placed on the unsecured tax roll.

2. At any time before the lien date for the following fiscal year, the county assessor may include additional personal property and mobile and manufactured homes on the secured tax roll if the owner of the personal property or mobile or manufactured home owns real property within the same taxing district which has an assessed value that is equal to or greater than the taxes for 3 years on both the real property and the personal property or mobile or manufactured home, plus penalties. Personal property and mobile and manufactured homes in the county on July 1, but not on the secured tax roll for the current year, must be placed on the unsecured tax roll for the current year.

3. An improvement on real property in existence on July 1 whose existence was not ascertained in time to be placed on the secured roll for that tax year and which is not governed by subsection 4 must be placed on the unsecured tax roll.

4. The value of any property apportioned among counties pursuant to NRS 361.320, 361.321 and 361.323 must be added to the central assessment roll at the assessed value established by the Nevada Tax Commission or as established pursuant to an appeal to the State Board of Equalization.

5. In addition to the inquiry and examination required in subsection 1, for any property not reappraised in the current assessment year, the county assessor shall determine its assessed value for that year by:

(a) Determining the replacement cost, subtracting all applicable depreciation and obsolescence, applying the assessment ratio for improvements, if any, and applying a factor for land to the assessed value for the preceding year; or

(b) Applying to the assessed value for the preceding year a factor for improvements, if any, as adopted by the Nevada Tax Commission in the manner required by NRS 361.261, and a factor for land developed by the county assessor and approved by the

Commission. The factor for land must be so chosen that the median ratio of the assessed value of the land to the taxable value of the land in each area subject to the factor is not less than ~~[30]~~ ***40*** percent nor more than ~~[35]~~ ***45*** percent.

6. The county assessor shall reappraise all real property at least once every 5 years.

7. The county assessor shall use the standards for appraising and reappraising land adopted by the Nevada Tax Commission pursuant to NRS 360.250. In using the standards, the county assessor shall consider comparable sales of land before July 1 of the year before the lien date.

8. Each county assessor shall submit a written request to the board of county commissioners and the governing body of each of the local governments located in the county which maintain a unit of government that issues building permits for a copy of each building permit that is issued. Upon receipt of such a request, the governing body shall direct the unit which issues the permits to provide a copy of each permit to the county assessor within a reasonable time after issuance.

Sec. 3. NRS 361.333 is hereby amended to read as follows:

361.333 1. Not later than May 1 of each year, the Department shall:

(a) Determine the ratio of the assessed value of each type or class of property for which the county assessor has the responsibility of assessing in each county to:

(1) The assessed value of comparable property in the remaining counties.

(2) The taxable value of that type or class of property within that county.

(b) Publish and deliver to the county assessors and the boards of county commissioners of the counties of this state:

(1) A comparison of the latest median ratio, overall ratio and coefficient of dispersion of the median for:

(I) The total property for each of the 17 counties; and

(II) Each major class of property within each county.

(2) A determination whether each county has adequate procedures to ensure that all property subject to taxation is being assessed in a correct and timely manner.

(3) A summary for each county of any deficiencies that were discovered in carrying out the study of those ratios.

2. The Nevada Tax Commission shall allocate the counties into three groups such that the work of conducting the study is approximately the same for each group. The Department shall conduct the study in one group each year. The Commission may

from time to time reallocate counties among the groups, but each county must be studied at least once in every 3 years.

3. In conducting the study the Department shall include an adequate sample of each major class of property and may use any statistical criteria that will indicate an accurate ratio of taxable value to assessed value and an accurate measure of equality in assessment.

4. During the month of May of each year, the board of county commissioners, or a representative designated by the board's chair, and the county assessor, or a representative designated by the assessor, of each county in which the study was conducted shall meet with the Nevada Tax Commission. The board of county commissioners and the county assessor, or their representatives, shall:

(a) Present evidence to the Nevada Tax Commission of the steps taken to ensure that all property subject to taxation within the county has been assessed as required by law.

(b) Demonstrate to the Nevada Tax Commission that any adjustments in assessments ordered in the preceding year as a result of the procedure provided in paragraph (c) of subsection 5 have been complied with.

5. At the conclusion of each meeting with the board of county commissioners and the county assessor, or their representatives, the Nevada Tax Commission may:

(a) If it finds that all property subject to taxation within the county has been assessed at the proper percentage, take no further action.

(b) If it finds that any class of property is assessed at less or more than the proper percentage, and if the board of county commissioners approves, order a specified percentage increase or decrease in the assessed valuation of that class on the succeeding tax list and assessment roll.

(c) If it finds the existence of underassessment or overassessment wherein the ratio of assessed value to taxable value is less than ~~[32]~~ ***42*** percent or more than ~~[36]~~ ***46*** percent in any of the following classes:

(1) Improvement values for the reappraisal area;

(2) Land values for the reappraisal area; and

(3) Total property values for each of the following use categories in the reappraisal area:

(I) Vacant;

(II) Single-family residential;

(III) Multi-residential;

(IV) Commercial and industrial; and

(V) Rural,

➥ of the county which are required by law to be assessed at ~~[35]~~ ***45*** percent of their taxable value, if in the nonreappraisal area the approved land and improvement factors are not being correctly applied or new construction is not being added to the assessment roll in a timely manner, or if the board of county commissioners does not agree to an increase or decrease in assessed value as provided in paragraph (b), order the board of county commissioners to employ forthwith one or more qualified appraisers approved by the Department. The payment of those appraisers' fees is a proper charge against the county notwithstanding that the amount of such fees has not been budgeted in accordance with law. The appraisers shall determine whether or not the county assessor has assessed all real and personal property in the county subject to taxation at the rate of assessment required by law. The appraisers may cooperate with the Department in making their determination if so agreed by the appraisers and the Department, and shall cooperate with the Department in preparing a report to the Nevada Tax Commission. The report to the Nevada Tax Commission must be made on or before October 1 following the date of the order. If the report indicates that any real or personal property in the county subject to taxation has not been assessed at the rate required by law, a copy of the report must be transmitted to the board of county commissioners by the Department before November 1. The board of county commissioners shall then order the county assessor to raise or lower the assessment of such property to the rate required by law on the succeeding tax list and assessment roll.

6. The Nevada Tax Commission may adopt regulations reasonably necessary to carry out the provisions of this section.

7. Any county assessor who refuses to increase or decrease the assessment of any property pursuant to an order of the Nevada Tax Commission or the board of county commissioners as provided in this section is guilty of malfeasance in office.

Sec. 4. NRS 361A.130 is hereby amended to read as follows:

361A.130 1. If the property is found to be agricultural real property, the county assessor shall determine its value for agricultural use and assess it for taxes to be collected in the ensuing fiscal year at ~~[35]~~ ***45*** percent of that value.

2. The agricultural use assessment must be maintained in the records of the assessor and must be made available to any person upon request. The property owner must be notified of the agricultural use assessment in the manner provided for notification of taxable value assessments. The notice must contain the following statement: Deferred taxes will become due on this parcel if it is converted to a higher use.

Sec. 5. NRS 361A.220 is hereby amended to read as follows:

361A.220 1. If property is to be assessed as open-space real property, the county assessor shall determine its value for open-space use and assess it for taxes to be collected in the ensuing fiscal year at ~~[35]~~ ***45*** percent of that value.

2. The open-space use assessment must be maintained in the records of the assessor and must be made available to any person upon request. The property owner must be notified of the open-space use assessment in the manner provided for notification of taxable value assessments. The notice must contain the statement: Deferred taxes will become due on any portion of this parcel which is converted to a higher use.

Sec. 6. The increase in the rate of assessment of property required by the provisions of sections 1 to 5, inclusive, of this act applies to each fiscal year beginning on or after July 1, 2011.

Sec. 7. Each local government shall cause not less than 50 percent of any increase in revenue which is attributable to the increase in the rate of assessment of property required by the provisions of sections 1 to 5, inclusive, of this act and which the local government receives with respect to any fiscal year that falls within the period beginning on July 1, 2011, and ending on June 30, 2021, to be expended or committed for expenditure for capital improvement projects or infrastructure projects on or before December 31, 2021.

Sec. 8. This act becomes effective on July 1, 2011.

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