Understanding Nevada's Property Tax System

2015-2016 Edition

NEVADA TAXPAYERS ASSOCIATION

Carson City Las Vegas

UNDERSTANDING NEVADA'S PROPERTY TAX SYSTEM

A Publication of the

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Special thanks for the comments and suggestions made by members of the Nevada Assessors Association who took the time to review this publication.

GLOSSARY

AD VALOREM - "According to value". Refers to the property tax system.

AGRICULTURAL PROPERTY - Land devoted for at least three (3) consecutive years immediately preceding the assessment date to agricultural use on which $5,000 gross income has been produced in an agricultural pursuit.

APPRAISAL - The valuation of property. Nevada Revised Statutes require all real property to be reappraised at least once every five years. This is the responsibility of the County Assessor who determines the estimate of the full cash value of land by taking into account its location, zoning, actual use, income produced, etc. The taxable value of buildings is the estimated replacement cost less statutory depreciation.

ASSESSED VALUE - Thirty-five (35) percent of the total appraised value (taxable value) of the property.

ASSESSMENT ROLL - There are two rolls, the secured roll and the unsecured roll.

SECURED ROLL - The listing of real property and some types of personal property values as prepared annually by the assessor. The payment of the tax is secured by a lien against the real property.

UNSECURED ROLL - Personal property values not secured by the ownership of real property and the value of new construction which has not yet been added to the secured roll.

BOARDS OF EQUALIZATION - The County Board of Equalization is a three or five member board appointed by the Chairman of the County Commission. The State Board of Equalization is composed of five members appointed by the Governor. The qualifications are listed in statute. One member must be a property appraiser.

BONDS - There are generally two (2) types of bonds which are sold to finance capital expenditures:

General Obligation (G.O.) Bonds - These bonds are secured by the full faith and credit of the issuing government. A property tax rate is established to redeem these bonds.

Revenue Bonds - These bonds are redeemed by a non-property tax. For example: sales tax to redeem street construction bonds, or county hospital revenues to redeem hospital construction bonds.

BONDED INDEBTEDNESS - The sale of bonds for capital construction projects or capital equipment purchases. The bonds are frequently repaid by a property tax levy.

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Medium Term Debt - Incurred for a duration not longer than 10 years. *Does not require voter approval.* Approved by the Director of the Department Taxation.

Long Term Debt - Incurred for a duration of over 10 years. *Must be approved by the voters* at a general election.

CENTRALLY ASSESSED PROPERTY - Property which physically crosses state or county lines and is used directly in the operation of a business such as telephone companies, gas and electric utilities, airlines, carlines and railroads. The Department of Taxation values centrally assessed property.

CONSUMABLE SUPPLIES - All tangible personal property consumed (used up, drained, absorbed, dissipated, or expended) during the normal day-to-day operation of the business, not intended to become a component part of manufactured item for sale.

COUNTY ASSESSOR - The elected official responsible for the valuation and assessment of property. In some counties the assessor also collects the personal property tax.

COUNTY COMMISSION/CITY COUNCIL MEMBERS - The elected officials responsible for setting budgets and spending levels of the city or county. These expenditures will determine the property tax rate needed to fund the city or county budget.

COUNTY TREASURER - The elected official responsible for the billing and collection of real property taxes.

DEPRECIATION - This is the estimate of the decrease in value in a wasting asset (not land) due to such factors as use and obsolescence. In Nevada, for purposes of real property appraisal, depreciation is calculated at 1.5 percent of the cost of replacement for each year up to 50 years. Personal property depreciation is calculated according to schedules approved by the Nevada Tax Commission.

FISCAL YEAR - In Nevada it is that period of time from July 1 of one calendar year to June 30 of the following calendar year. It is also the taxable year for purposes of property taxation.

FULL CASH VALUE - The most probable price property would bring in a competitive and open market under all conditions requisite for a fair sale.

IMPROVEMENT DISTRICTS (General or Special) - Districts created by a local government to provide a specific service to the residents within the district. Districts may be created for fire service, streets, sewers, etc.

LEASEHOLD IMPROVEMENTS - Modifications to a building that are made to accommodate a specific business. Some examples are: draperies, partitions, paneling, counters, shelving, built-in compressed air systems, heavy duty electrical systems, etc.

LEVY - see Property Tax Levy/Rate.

LIEN - Under Nevada Law, taxes levied against property are a perpetual lien against the property assessed until the tax and any penalty charges and interest which may be due are paid.

MARKET VALUE - see Full Cash Value.

NET PROCEEDS OF MINERALS - The tax on minerals is an in-lieu of real property tax based on the value of the extracted mineral.

NOTICE OF ASSESSMENT -

Property on the Secured Roll - A statement sent by the county assessor in December to the property owner showing the taxable value and assessed value of land, buildings and secured personal property for the current fiscal year and next fiscal year. If the property owner disagrees with the taxable value, he may file an appeal with the County Board of Equalization.

Supplemental Notice of Assessment - A notice of additional value for an improvement on real property which was in existence on July 1 whose existence was not ascertained in time to be placed on the secured roll for that tax year. The supplemental notice of value is on the unsecured roll.

Personal Property on the Unsecured Roll - The request for a list of personal property is generally sent out by July 1 and should be returned to the assessor by July 31. The taxpayer must pay within 30 days of the billing demand unless the personal property is a mobile or manufactured home, for which taxes exceed $100, or business personal property over a certain value for which the taxpayer has applied for quarterly payments, then payment may be made in four equal installments.

PARCEL NUMBER - This is a numerical system assigned by the assessor and used for identifying real property.

PARTIAL PROPERTY TAX ABATEMENTS - Please see the summary in Appendix A, page 24, of the various provisions of the legislation approved by the 2005 Legislature and further modified by the 2007 Legislature.

Owner-Occupied Single Family Residences - The total property tax bill is limited to a maximum 3 percent increase over the prior year.

Residential Rental Property - The total property tax bill is limited to a maximum 3 percent increase over the prior year if the rent charged is equal to or less than the final fair market rents as published by HUD.

All Other Property - The total property tax bill is limited by formula based upon Consumer Price Index (CPI) and prior year increases not to exceed a maximum 8 percent increase over the prior year.

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Declaration - Forms mailed by the county assessor to homeowners and residential rental property owners which must be filled out, signed, and returned to the county assessor in order to receive the 3 percent partial tax abatement each year. Properties not eligible for the 3 percent partial tax abatement will receive the partial tax abatement percentage determined for all other existing properties.

POSSESSORY INTEREST - Property which is for any reason exempt from taxation, but which is leased to or available for use by the taxpayer. Possessory interest situations typically will exist in property that is owned by a government agency or certain charitable organizations. The possessory interest is taxable in the same manner as if the user owned the property.

PROPERTY - Consists of two categories, "real and "personal".

Real - Land, buildings and improvements which are not normally removable and mobile/manufactured homes converted to real property.

Personal - All property not permanently affixed to land, such as aircraft, business equipment, agricultural equipment, billboards, etc., and mobile/ manufactured homes not converted to real property.

PROPERTY TAX - A compulsory charge levied by a governmental unit against the property of a person, natural or corporate.

PROPERTY TAX LEVY/RATE - The rate necessary to support the budgets as determined by the elected governing boards. This amount is expressed as $x.xx per $100.00 of assessed valuation.

PROPERTY TAX OVERRIDE - An increase in the allowed property tax rate, either legislatively or by voter approval and used for operating expenditures.

REMAINDER PARCEL - A parcel which is eligible for the partial abatement of taxes in the current year.

SPECIAL ASSESSMENTS - Charges for a specific purpose listed on the property tax bill, which are a lien against the property. These charges are not part of the property valuation done by the assessor.

SUPPLEMENTAL TAX BILL - The tax receiver will send a supplemental tax bill, when they receive a supplemental notice of value.

TAX RECEIVER - The person responsible in a county for receiving property tax payments. Generally the county treasurer or assessor.

TAX ROLL - see "Assessment Roll".

TAXABLE VALUE - For vacant land: full cash value; for improvements: replacement cost new less statutory depreciation. Total taxable value is not to exceed full cash value.

DEFINING PROPERTY IN NEVADA

REAL PROPERTY - Land, improvements and appurtenances such as water rights, which are not normally removable and mobile/manufactured homes that have been converted to real property.

PERSONAL PROPERTY - All property not permanently affixed to land, such as aircraft, business equipment, agricultural equipment, billboards, etc., and mobile/ manufactured homes not converted to real property.

WHO PAYS PROPERTY TAX?

REAL PROPERTY - is paid by the owners or possessory interest holders of land, buildings and other improvements which are permanently affixed to land.

PERSONAL PROPERTY - is paid by all persons, firms or businesses located or doing business in Nevada, owning, renting, leasing or controlling business personal property; the owners of mobile/manufactured homes not converted to real property; and the owners of aircraft and billboards.

THE BASIC PURPOSE OF PROPERTY TAX

Property tax, also known as “ad valorem”, is based on the value of property, both real and personal. It is used to partially fund the expenditures of local governments including school districts and for the State’s bond debt redemption.

THE PROVISIONS GOVERNING PROPERTY TAX

Nevada’s Constitution (Article 10, section 5) caps the property tax rate at $5.00 per $100 of assessed value. It is further capped by statute (NRS 361.453) at $3.64 per $100 of assessed value, plus 2 cents approved by the voters in 2002 for the protection and preservation of natural resources in Nevada. Currently, the maximum rate per $100 of assessed value that may be levied is $3.66. Property in Nevada is assessed at 35 percent of its taxable value.

The taxable value of vacant land is determined by considering the use to which it may be lawfully put. The taxable value of improved land is determined by considering the use to which the improvements are being put. The improvements (i.e. buildings) are valued at present replacement cost less depreciation at 1½ percent per year to 50 years. For personal property, depreciation is based on life expectancy.

By statute, a local government cannot receive an increase in property tax revenue more than 6 percent over the maximum revenue allowed for the prior year (excluding new construction). Local government revenues are also limited by the

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partial tax abatements established by the Legislature in 2005 which cap increases in total property taxes paid annually.
Local governments are required to obtain voter approval to allow a property tax rate to be established for any long-term debt (general obligation bonds), or operating overrides.

Personal property values are determined by the Assessor based on the Nevada Tax Commission regulations which establish:

- Standards for determining the "cost of replacement" of various types of property. The standards must include a separate index of factors that apply to the acquisition cost of billboards, mobile or manufactured homes, business and agricultural property, to determine their replacement cost; and

- Schedules of depreciation for personal property that are based on the expected life, ranging from 3 to 30 years. There are separate schedules for billboards, and mobile/manufactured homes not converted to real property.

To determine the "cost of replacement" for the purpose of computing the taxable value, the cost of all improvements, any additions or renovations of the personal property, excluding routine maintenance and repairs, must be added to the cost of acquisition. Acquisition cost is the actual cost to the present owner including transportation and installation, but excluding sales tax.

Note: The depreciation schedules are on the Department of Taxation's website. See "Contact Information," page 22.

HOW THE TAX RATE IS DETERMINED

The tax rate is proposed in April of each year based on the budgets prepared by the various local governments: counties, cities, school districts and general or special improvement districts such as fire protection districts, etc. The property tax bill separately states the various rates levied in your county, including any rate levied for debt. The operating rates for the county, each city and each general and special district functions within each county are respectively determined by the County Commission, City Council, City Supervisors and Improvement District Boards to cover the functions they are responsible for. Those rates may increase, decrease or remain the same, depending on the actions of the elected officials. Other rates, such as the school district operating and indigent fund rates are set in Nevada Revised Statutes. Debt rates are usually voter approved, although local government debt shorter than 10 years is approved by the Department of Taxation and the rate for State debt is set by the legislature.

Prior to the budget hearings held in the third week of May, the County will publish a newspaper ad which identifies any property tax rate increases and the times and places for the different budget hearings. These budget hearings present an opportunity for you to question expenditures and the property tax rates, which will be set to cover the proposed expenditures.

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The local government's budget must be adopted no later than June 1. In June of each year, the Nevada Tax Commission approves the property tax rates based on the budgets submitted by the local governments.

Note: Since 2005 property tax revenues to fund local government budgets have been constrained due to the partial abatement on property tax bills. That abatement limits the increase in property tax revenue to 3 percent for owner-occupied single family residences and no more than 8 percent for other property. See page 13 for additional information. Note: Voter approved debt rates may be inside or outside of the partial property tax abatement cap, depending on how the ballot question is worded.

HOW THE TAXABLE VALUE OF PROPERTY IS DETERMINED

REAL PROPERTY - The assessor estimates the land's taxable (full cash) value by considering its location, zoning, actual use, etc. Land values are estimated from market sales or other recognized appraisal methods. The taxable value of buildings is the estimated replacement cost new less depreciation. The land value is added to the improvement's taxable value to arrive at the property's overall taxable value.

Property in Nevada is required to be reappraised (revalued) at least once every five years. Between reappraisal years the values are adjusted each year by factors approved by the Nevada Tax Commission. Currently all county assessors value land annually and land factors are not required. Improvement factors are still calculated by the Department of Taxation. Additional appraisals may occur when improvements are added, new structures are built or because of use or zoning changes.

If a structure has been removed from the property and the assessor's office is notified, the assessor will delete the value from the assessment. Also, if on or after the lien date there was partial or total destruction of a real property improvement or personal property and the property was rendered unusable for not less than 90 consecutive days, the owner of the property may be entitled to an adjustment or credit.

PERSONAL PROPERTY - The assessor uses the "Personal Property Manual" as annually approved by the Nevada Tax Commission to determine taxable value of buildings (replacement cost, less depreciation). A copy of the Manual can be found on the Department of Taxation's website. See "Publications and Forms" on page 22.

The assessor uses the acquisition cost to the original owner adjusted by the cost factors, less depreciation at 5 percent per year to a maximum depreciation of 80 percent of the original acquisition cost. Mobile/Manufactured homes not converted to real property are considered personal property.

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<u>Billboards</u> - The taxable value of a billboard is computed by using the acquisition cost to the current owner adjusted by the cost factors, less depreciation of 1½ percent per year up to a maximum of 50 years.

<u>Business Fixtures and Equipment</u> - The taxable value is computed by using the acquisition cost to the current owner adjusted by the cost index, less depreciation based on the expected life specified in the "Personal Property Manual," which is annually approved by the Nevada Tax Commission.

Note: "Centrally assessed properties" (utilities, railroads, etc.) as well as mines are valued in a different manner than described above. For information on how those values are determined, contact the Nevada Department of Taxation (see page 22).

EXEMPTIONS AVAILABLE

TO INDIVIDUAL TAXPAYERS —

Partial tax exemptions are available to surviving spouses, veterans, disabled veterans and blind persons who meet certain requirements. The amount of the exemption will vary depending on the taxing district and the value of the exemptions, which increase or decrease each year by the Consumer Price Index (CPI). Under certain circumstances, the exemptions can be applied to real or personal property taxes or the Governmental Services Tax. Contact your county assessor to determine any specific qualifications and obtain the form(s) necessary to apply for the exemption(s).

In the case of a severe economic hardship, an individual owning a residence with an assessed value of not more than $175,000 (taxable value of $500,000) may, under certain circumstances, postpone payment of property tax. Contact your county treasurer to determine specific qualifications, and to apply for the postponement.

Special exclusions are also provided for radioactive fallout shelters, renewable resource heating and cooling systems.

Notes:

1. Exemptions require a minimum six-month residency which must be documented or a valid Nevada driver's license or Nevada identification card.

2. Veterans may request that the value of their exemption be deposited in the State Gift Account for Veterans' Homes.

TO BUSINESS TAXPAYERS —

A partial abatement is available for LEED certified buildings (green buildings). Contact the Department of Taxation or the Nevada Office of Energy for details.

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FOR PERSONAL PROPERTY the following exemptions apply:

Affordable or Qualified Low Income Housing Project

Air, Water Pollution Control Devices Required by Law or Regulation, which includes pipe and other agricultural equipment used to convey water for irrigation of legal crops.

Note: Does not include air-conditioners, septic tanks or other facilities for human waste, nor any property installed, constructed or used for the moving of sewage to the collection facilities of a public or quasi-public system.

Boats - are defined as any vessel or other watercraft, other than a seaplane, used or capable of being used as a means of transportation on the water. Boats operated in Nevada pay a registration fee instead of personal property tax.

Household Goods and Furniture includes clothing, jewelry, gold, silver and appliances not attached to real property. Does not include: (1) appliances and furniture to rent (2) renting or leasing appliances and/or furniture, as part of the rental or lease of a dwelling unit located in a complex containing five or more units.

Inventory Held for Sale by a Merchant or Manufacturer

Livestock and Colonies of Bees

Mobile/Manufactured Homes Converted to Real Property no longer pay personal property tax, but now pay real property tax.

Motor Vehicles Registered in Nevada and operated on highways pay the Governmental Services Tax instead of personal property tax.

Permanent Drainage Ditches, Canals and Irrigation Systems Installed on Land Devoted to Agricultural Purposes; and Property of Water Users' Nonprofit Associations and Nonprofit Cooperative Corporations

Personal Property in Transit or Warehoused in Nevada (Freeport law) - The exemption is not lost if the property is assembled, manufactured, processed, divided or repacked in the warehouse.

Personal Property Use by Religious, Educational or Non-profit Organizations or Used in Low-income Housing, when used solely for the organizations purpose.

Raw Materials and Components held by a manufacturer for manufacture into products, and supplies consumed in the manufacturing process.

Residential Improvements Made to Remove Barriers to Persons with Disabilities

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Shares of Stock, Bonds, Bank Accounts and Other Securities

Slide-in Campers and Camper Shells

Supplies Consumed - Applies to any tangible personal property which is not required to be depreciated for federal income tax purposes.

Systems Used to Provide Alternative Energy Sources: solar, wind, biomass, geothermal, or the production of electricity from recycled material.

Note: The exemption for producing energy from recycled materials or providing renewable sources of energy must be first approved by the Commission on Economic Development. Contact the Commission for details.

Transient Personal Property - Located in this state solely for the purposes of a display, exhibition, convention, carnival, fair or circus.

NOTIFICATION OF ASSESSMENT

REAL PROPERTY - On or before December 18th the county assessor will mail each property owner a "Notice of Assessment." The notice will provide the taxable value and the assessed value (35 percent of taxable value) of the real property and any personal property included on the secured roll. The assessed value shown is the value upon which the property taxes for the next fiscal year will be based. In addition, the secured roll will be published in a newspaper or mailed to each taxpayer in the county on or before the first day of January. The assessor may also reopen the assessment roll for specific changes to properties that occur before the upcoming July lien date.

PERSONAL PROPERTY - Taxpayers with taxable personal property are required to declare the property to the assessor each year. Business taxpayers must complete a declaration form, available at the assessor's office, upon starting a new business. The assessor's office will mail a declaration form to each business annually, after the initial filing.

Business taxpayers must declare all additions and deletions in personal property annually. Mobile or manufactured home dealers and re-builders are required to have the buyer sign an acknowledgment of taxes and forward a copy to the county assessor where the home will be located. The acknowledgment form is supplied by the Manufactured Housing Division to the dealers and re-builders.

Notes:
The failure of the taxpayer to receive an affidavit or declaration form does not relieve the taxpayer from the reporting liability. If the form is not filed, the Assessor will make an estimate of the taxable value of the property.

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If the amount of personal property tax due is “de-minimis,” A tax bill will not be sent. The Tax Commission determines the de-minimis amount annually, pursuant to Nevada Law.

HOW TO FILL OUT THE PERSONAL PROPERTY DECLARATION

Business personal property declaration forms are available at the county assessor’s office.

The taxpayer should list:

- Personal property owned, rented, leased or controlled as of July 1;
- The date of acquisition and the acquisition cost of the property, including installation and set-up charges. Items reported should also be listed in chronological order;
- The property separately by type (desks, chairs, general equipment, electronic/digital equipment, property leased to or by the business, leasehold improvements, etc.) because different schedules of depreciation may apply to each type of equipment; and
- Any items sold, scrapped or dismantled in the space provided.

Notes:

Only <u>unregistered</u> vehicles should be included

Do not include: registered vehicles; inventory held for resale; raw materials held for manufacturing into finished goods, supplies not meant for resale which are used up, drained, absorbed, dissipated or expended during the normal operation of the business; “disposable” property, with a generally useful life of less than one year, and not depreciated for federal tax purposes,.

The taxpayer must report :

- The actual location of the personal property and listed ownership of the business.
- The date the business or location was closed or was acquired by another person. The type of business must be identified (i.e. restaurant, mine, retail store, doctor’s office, warehouse, etc.).

If you have any questions or need assistance in filling out the form contact the assessor’s office.

HOW PROPERTY TAXES ARE CALCULATED

To compute the property taxes for a particular parcel of property, simply multiply the assessed valuation by your county's tax rate as shown in the following example.

Taxable Value X 35% = Assessed Value X Tax Rate = Property Taxes Due

Note: Since FY 2005-2006, the total property tax due must not exceed the total property tax billed the previous year by more than 3 percent for an owner-occupied single family residence or certain residential rental property, and must not exceed 8 percent for all other real property. If the property tax due exceeds the applicable cap, it will be lowered by the County Treasurer before property tax bills are sent to the taxpayers.

REAL PROPERTY EXAMPLE

Taxable Value		$	100,000
		x	35%
Assessed Value		$	35,000
County Tax Rate	x	$	.0320[1]
Property Tax due		$	1,120.00[2]

Foot Notes:

[1] $3.20 per $100 of assessed valuation (Substitute the actual rate levied by your local government.)

[2] At this point, you may compare the property tax bill you paid the previous year to determine if the taxes, as calculated above, exceed the cap described in the previous paragraph. If they do, the amount of the tax will be lowered to the applicable amount.

PERSONAL PROPERTY

Personal property taxes are calculated in the same manner for real property and are subject to the same caps as real property. The taxable values of personal property are calculated by the assessor using the depreciation schedules adopted annually by the Tax Commission. Upon determination of the assessed value, the assessor applies the applicable tax district's combined property tax rate to the assessed value. The same tax rate is used for both the secured and unsecured property.

WHY YOUR PROPERTY TAX CHANGES WHEN THE VALUE OF YOUR PROPERTY INCREASES OR DECREASES

Each year property taxes are calculated based on the assessed value multiplied by the tax rate. The table below illustrates how the partial abatement on property tax bills can impact an owner occupied home or a rental property with rents charged below the HUD Fair Market Rents. In this example, the effect of changing assessed values on your property tax bill are illustrated, as well as the effect, if any, of the 3% cap when the tax bill is greater than 3 percent over the amount of the previous year's tax bill. In that case the tax bill is then lowered so it does not exceed 3 percent. Note: a change in the tax rate because one of the levies is outside the abatement can change how the tax owed is calculated. See How the "Tax Rate is Determined" on page 6 for information.

2004	2006	2008	2010	2012	2014	2015
Home Value						
$100,000	$250,000	$160,000	$95,000	$113,000	$135,000	$170,000
Assessed Value (35%)						
$35,000	$87,500	$59,000	$33,250	$39,550	$47,250	$59,500
Taxes Billed (Assessed Value times a sample Tax Rate of $3.20 per $100 of assessed value)						
$1,120	$2,800	$1,888	$1,064	$1,266	$1,512	$1,904
Taxes Billed with the 3% cap						
$1,120.00	$1,188.21	$1,260.56	$1,064.00	$1,095.92	$1,128.80	$1,162.66

In the example above, between 2006 and 2008 the value of the home went down by $90,000. However, the tax due still went up by the 3 percent allowed under the partial abatement. The actual tax due on the property in 2008 was $1,888, but because of the abatement it was lowered to $1260.56; a savings of $627.44 to the homeowner. For 2010, because of a continued reduction in assessed value the actual tax of $1,064, which was less than the 2009 tax bill, is the amount of the 2010 tax bill. By 2015, the increase in property value brought the taxes billed to $1,904 but the abatement lowered the tax bill to $1,162.66. This same rule applies to non-residential property and residential rental property (rents charged over HUD approved rents) under the 8% cap.

Statute (NRS 361.4725) provides a provision for the "recapture" of property tax. If the taxable value of a property decreases greater than 15% in one year and then in the year immediately following the reduction, the property increases greater than 15% the tax bill will be adjusted to recapture the tax that was not collected during that period. The taxpayer will be billed for the

Continued next page

amount to be recaptured in equal amounts over the next three years. No interest or penalties may be levied. If the amount owed is less than $100, the entire amount may the collected in the initial year.

Note: A taxpayer who believes the wrong percentage abatement has been applied may appeal to the county assessor. See next section, "How to Appeal Your Property Tax Abatement" for details.

HOW TO APPEAL YOUR PROPERTY TAX ABATEMENT

A taxpayer who disagrees with the application of the partial abatement to their property may petition the county assessor to review the determination. Contact the Department of Taxation for a Partial Abatement Appeal form. The petition must be received by June 30th of the fiscal year for which the determination is effective.

The petition must include the following information:

- Your name and address;
- A daytime telephone number;
- An email address (optional);
- The tax year you are appealing;
- A description of the property and the assessor's parcel number;
- A copy of the decision; and
- A statement of the relief requested.

If the taxpayer still disagrees with the decision, he or she may appeal to the Nevada Tax Commission who will appoint a hearing officer to hear your case. If you disagree with the hearing officer an appeal may be filed with the Commission. Contact the Department of Taxation for a partial abatement appeal form. Judicial review is authorized if you are still dissatisfied with the decision.

An owner of a parcel of real property for which only a portion of the single-family residence is the primary residence of the owner and for which the remainder of the residence is used in another manner may apply for the partial abatement allowed for an owner-occupied residence. Contact the county assessor.

Note: If a person falsely claims they are entitled to the 3 percent cap with the intent to avoid the required payment of tax, the person shall pay a penalty of three times the amount of the tax deficiency, in addition to the amount of tax due and any other penalties.

HOW PROPERTY TAXES ARE COLLECTED

PROPERTY LISTED ON THE SECURED ROLL -
Property taxes are collected by the county treasurer based on the tax bills sent out in July each year. Each county treasurer mails to either the property owner or the mortgage holder an itemized tax bill. The itemization details the individual tax rate for each level of government which is supported by a property tax rate. If the property tax due is greater than $100, it may be paid in four installments.

REAL PROPERTY TAXES ARE DUE:

August - Third Monday — First Installment

October - First Monday — Second Installment

January - First Monday — Third Installment

March - First Monday — Fourth Installment

The county treasurer is required to mail the itemized tax bill or statement to each property owner. If your mortgage company pays your tax bill through an impound account and you receive the tax bill, you need to send it to the mortgage company so they can pay the taxes from your impound account. Property owners who do not have a mortgage, or do not have an impound account, will receive the bill and are responsible for timely payment of taxes. If a taxpayer fails to make a timely payment of the tax due to circumstances beyond his control, the treasurer may waive the penalty and interest.

PROPERTY LISTED ON THE UNSECURED (SUPPLEMENTAL) ROLL -
Depending on the individual county's procedures, the tax receiver (either the assessor or the treasurer) collects the taxes for property assessed on the unsecured roll. The taxes are calculated in the same manner as taxes for property assessed on the secured roll, but they must be paid within 30 days after demand. A business which has paid its property taxes without penalty for the previous two (2) years and whose total personal property taxes exceed $5,000, is eligible for installment billing if the property declaration is filed by July 31 of the applicable tax year. A written request for quarterly payment must be filed with the tax receiver for that county. For mobile or manufactured homes on the unsecured roll, if the bill is greater than $100 it may be paid in four (4) equal installments.

WHY PROPERTY VALUES CHANGE

REAL PROPERTY - The assessed value can change because of a boundary change, new construction, a change in use, a mandatory five-year reappraisal, factoring in years a reappraisal is not done, appreciation, inflation, *or any combination of these factors.*

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- Boundary changes occur when old parcels are either divided or combined.
- New construction includes new buildings, additions, remodeling, etc.
- Changes in use - such as from residential to office or retail, or from agricultural to residential.
- Reappraisal of property done at least once every five years. Improvements are recalculated to current cost of replacement, less depreciation and land is revalued.
- Factoring to keep values current with changes in individual properties and local and neighborhood trends. In a non-reappraisal year the prior assessed value of the improvement is multiplied by a factor approved by the Nevada Tax Commission. Currently land values are not factored.
- Any combination of the above.

PERSONAL PROPERTY - The assessed value of personal property can change because of depreciation, the addition or deletion of personal property and the yearly change in cost factors. That new value, when multiplied by the property tax rate may change the property tax due.

FREQUENTLY ASKED QUESTIONS ABOUT PERSONAL PROPERTY

Why do I have to pay personal property tax? I paid tax when I bought the merchandise.

The tax paid when you purchased the item was the sales and use tax, not personal property tax. The law requires all personal property to be taxed unless specifically exempted by law.

ABOUT BUSINESS PERSONAL PROPERTY . . .

What is business personal property?

Generally it is furniture and equipment used in a business. For example: desks, chairs, copy machines, drapes, filing cabinets, furniture in a reception area, bookcases, credenzas, display fixtures, pictures, computers, rentals, gaming, telecommunications, x-ray, or mobile equipment. Call your county assessor if you have any questions.

What if I didn't purchase it?

You are still required to report the acquisition of the personal property.

How can I list the acquisition cost if I don't know it?

You list what the value would be if you had purchased the item.

ABOUT MOBILE/MANUFACTURED HOMES . . .

Why are mobile/manufactured homes taxed as personal property?

All mobile homes or vehicles not registered through the Department of Motor Vehicles are subject to the tax. All personal property is taxable unless specifically exempted by law.

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Why are my taxes higher on my home than my neighbor's?

Several factors are possible. The most likely are the original purchase price, age, size, quality or a new addition to the home.

ABOUT UNREGISTERED VEHICLES . . .

Why are unregistered vehicles taxed as personal property?

All personal property unless specifically exempt by law is taxable. Unregistered vehicles are any vehicles not registered by the Department of Motor Vehicles. Examples include: Mini motor homes, travel trailers, and off road motorized vehicles owned or used by a business.

HOW TO QUESTION AN ASSESSMENT

If, in your opinion, the taxable value of your property shown on the "Notice of Assessment" seems excessive, or you have any questions, call or go to your county assessor's office immediately and speak with an appraiser. More often than not your question or problem can be taken care of at that level.

The county assessor will, upon the request of the property owner, furnish within 15 days a copy of the most recent appraisal of the property. The depreciation tables and cost indexes used can also be obtained by contacting the assessor. A reasonable fee is allowed to be charged for copying the information.

If you are unable to resolve your valuation problem, you can appeal to the County Board of Equalization to adjust your property's assessed value. For the specific time frames for real or personal property appeals see page 20. The appeal forms may be obtained by contacting the assessor's office.

Note: The role of the assessor concerns property valuations ... not property tax rates or property tax bills. Questions concerning your tax rates or taxes should be directed to your locally elected officials (see page 22 for contacts).

FILING AN APPEAL TO CONTEST VALUE
GENERAL INFORMATION

REAL PROPERTY - The value of the real property (property on the secured roll) must be contested by January 15 by the filing of an appeal. Unless the value is contested and changed, the "Notice of Assessment" shows the value upon which your property tax bill and any abatement of taxes for the next fiscal year will be based.

PERSONAL PROPERTY - For property assessed prior to December 15, you can file an appeal with the County Board of Equalization prior to January 15.

For property assessed after December 15, the appeal is filed directly to the State Board of Equalization. The appeal must be filed no later than May 15.

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Nevada Revised Statutes govern the procedures for filing an appeal before the County and State Boards of Equalization.

Even though you file an appeal, because of the time frames involved, you have to pay the personal property tax which is due prior to having your appeal heard. You must file a formal protest in writing. Nevada law requires that the protest must be filed the same time as your tax payment. Failure to pay the taxes due will result in interest and penalties being imposed.

The time frames for filing and hearing the appeals, the requirements for the information that must be contained in the appeals and the Boards' authority to change valuations are statutory requirements. ***Boards of Equalization can only consider issues of valuation (assessments) not tax rates or taxes billed.*** Further, the Boards cannot reduce the valuation of your property because of a financial hardship. Specific provisions in statute provide for relief for a financial hardship. Contact your county assessor for information.

HOW TO APPEAL TO THE COUNTY BOARD OF EQUALIZATION

To obtain a copy of the appeal form (petition):

Contact your county assessor's office. (You will have to provide the parcel number or physical address.) If there is more than one parcel and they are not contiguous or if they are under different ownership, you will need to obtain and file a separate appeal for each parcel.

Appeals must be filed with the county assessor's office on or before January 15 or the first business day following a Saturday, Sunday, or holiday.

Hearings before the County Boards of Equalization will be scheduled as necessary, and will generally be concluded on or before the last day of February. You will be notified in writing of your hearing date and time at least ten (10) days prior to the hearing.

Hearings are conducted in accordance with Nevada's Open Meeting Law (NRS 241) and the Nevada Administrative Procedures Act (NRS 233B).

It is not necessary to be represented by an attorney or an accountant before the Board; however, a person who makes an appeal on behalf of the owner of the property must have written authorization signed by the owner. If you hire an attorney to represent you, the attorney must be licensed to practice before the highest court of any state of the United States (NAC 361.698).

HOW TO PREPARE AND PRESENT AN APPEAL TO THE COUNTY BOARD OF EQUALIZATION

Complete all the information on the appeal form including the owner's opinion of market value. Incomplete appeal forms will be returned to the taxpayer. If you have any questions about filling out the form, contact your county assessor's office for assistance.

Continued next page

To receive a change in the taxable value from the Board of Equalization, you must provide evidence that proves there is an error in the taxable value of the property.

The burden of proof is on you to show that the valuation is not at taxable value and/or the taxable value exceeds full cash value. It is not sufficient to say the Assessor's value is incorrect. You must state the correct value and present evidence to support the value you claim.

Proof may consist of evidence that:
- Recent sales of similar properties in the vicinity are less than the taxable value of your property;
- Adverse factors affecting the value have not been considered in determining the taxable value;
- The fair economic income expectancy of the property does not justify the valuation;
- An error has been made in computing the taxable value; or
- Any combination of the above.

If you present an appraisal to back up your claim, the appraisal must be from a licensed, certified Nevada appraiser.

The County Boards may set time limits for appeals and may limit redundant or irrelevant testimony. Consideration will be given to the fact that complex appeals may require more time to establish a record to permit further appeals.

Note: If you wish to have a verbatim transcript of the hearing you must provide and pay for a court reporter. A copy of the transcript must be provided to the secretary of the State Board of Equalization if it is to be part of the record (prior to subsequent appeal or hearing).

HOW TO PRESENT TESTIMONY AND EVIDENCE TO THE COUNTY BOARD OF EQUALIZATION

The deputy district attorney or the county clerk will administer the oath to the witnesses who are to appear.

The assessor will make a brief presentation for the sole purpose of identifying the property in question, the general neighborhood or area in which the property is located and any other information necessary to orient and familiarize members of the County Board with your property.

You or your representative present the reasons and evidence to establish that the market value of the property is less than the taxable value computed for your property as shown on the "ASSESSMENT NOTICE" or is inequitable.

The assessor will present evidence supporting the assessor's opinion of the taxable value of the property and rebuttal evidence.

Continued next page

You are allowed to rebut the evidence presented by the assessor.

At the conclusion of the appeal, the County Board may deliberate and consider the matter immediately or may defer the time for decision until other appeals have been completed. If you are not given a decision at the time of hearing, you will be notified in writing of the Board's decision. You will also be notified of the procedure for appealing to the State Board of Equalization.

Note: *If a change is determined to be warranted, the change is effective only for the fiscal year for which the assessment was made*. Each year the county assessor reviews all changes made for the previous fiscal year and maintains or removes each change as circumstances warrant.

Current costs of construction do not substantiate the taxable value. If you do your own construction, the cost of construction, per statute, will be based on Marshall & Swift construction costs as an industry standard, ***not*** your costs.

IF YOU DISAGREE WITH THE COUNTY BOARD'S DECISION

If you are not satisfied with the decision reached by the County Board of Equalization you may file a "Petition for Review of Assessed Valuation" with the State Board of Equalization at:

State Board of Equalization
1550 College Parkway, Suite 115
Carson City, NV 89706

Note: The State Board is limited to reviewing the record (facts and evidence) established by the County Board...unless it can be proven to the satisfaction of the State Board that new evidence was discovered, "which by due diligence could not have been discovered and presented to the County Board."
The "Petition for Review of Assessed Valuation" may be obtained at the county hearing or from your county assessor's office or from the State Board of Equalization through the Department of Taxation's website at http://tax.state.nv.us (select "Equalization Board").

HOW TO APPEAL TO THE STATE BOARD OF EQUALIZATION

The following is general information about appeals to the State Board of Equalization:

You must file your appeal with the State Board of Equalization no later than March 10. If your real or personal property is placed on the unsecured tax roll or is assessed after December 15, but before the following April 30, you may file an appeal directly to the State Board. The appeal must be filed on or before May 15.

If you had a transcript made of your hearing before the County Board you are

Continued next page

required to provide a copy of the transcript to the secretary of the State Board upon filing your appeal to the State Board. Remember, you are also required to provide one to the county clerk.

If you are presenting new evidence, it must be submitted in writing seven (7) days before your hearing to both the State Board and county assessor.

The State Board begins its hearings the fourth (4th) Monday in March for the purpose of hearing the appeals. The Board will hold as many hearings as necessary to complete its work no later than November 1. Hearing schedules are posted on the Department of Taxation website.

You will receive reasonable notice of your hearing date.

HOW TO PRESENT TESTIMONY AND EVIDENCE TO THE STATE BOARD OF EQUALIZATION

The assessor will identify the property for the Board members.

You or your representative will present the evidence to establish that the market value of your property is less than the taxable value established by the assessor. The evidence must be the same as the record established at the County Board of Equalization, unless the appeal is a direct appeal (not heard by the County Board).

The assessor will present the evidence to support his/her taxable value. This must be the same evidence as the record established at the County Board of Equalization. You are allowed to rebut the assessor's evidence.

New evidence will only be considered if the Board determines that it could not be presented during the County Board hearings (due diligence).

The State Board begins its hearings the fourth (4th) Monday in March for the purpose of hearing the appeals. The Board will hold as many hearings as necessary to complete it work no later than November 1. Hearing schedules are posted on the department of taxation website.

The State Board may deliberate and consider the decision of the appeal immediately or may defer the time for the decision. All decisions will be in writing and served in person or by certified mail within 60 days after the date of the hearing at which the decision was made.

If your appeal is denied you may commence a suit in any court of competent jurisdiction in Nevada against the state and county in which the taxes were paid.

WHO TO CONTACT IF YOU HAVE QUESTIONS ABOUT . . .

Your appraisal, assessment (depreciation schedule for personal property) exemptions or the property tax abatement:

COUNTY ASSESSOR'S OFFICE

The payment of your tax:

COUNTY TREASURER'S OFFICE

Your tax rate:

COUNTY COMMISSIONERS or CITY COUNCIL MEMBERS

Property tax appeal forms:

COUNTY ASSESSOR'S OFFICE or NEVADA DEPARTMENT OF TAXATION

TO OBTAIN PROPERTY TAX PUBLICATIONS & FORMS. . .

The following publications and forms are available on the Department of Taxation's Website, *www.tax.state.nv.us*.

PROPERTY TAX RATES AND OTHER INFORMATION FOR SPECIFIC ENTITIES: Click on "Publications" and then "Local Gov't Services Publication." Choose "LGS Publications" and scroll down to "Local Government Finance - Red Book" (located after the list of counties).

PERSONAL PROPERTY DEPRECIATION SCHEDULES AND LIST OF EXEMPTIONS: Click on "Publications" and then "Local Gov't. Services Publication." Click on "LGS Publications" and scroll down to "Property Tax –Locally Assessed" and choose "Personal Property Manual."

STATE BOARD OF EQUALIZATION FORMS: Click on "Local Government" and then Choose "Appeals" and scroll down to the form you need.

CENTRALLY ASSESSED PROPERTY INFORMATION: Click on "Local Government" and choose "Centrally Assessed Property" and choose the type of centrally assessed property from the menu.

Additionally, contact information for the County Assessors and Treasurers can be obtained from the Department's website under "Local Government." Click on "Links to County Assessors and Treasurers."

CONTACT INFORMATION

NEVADA DEPARTMENT OF TAXATION: www.tax.state.nv.us

LOCAL GOVERNMENT OFFICES: Check your local phone directory under the name of the local government, then select the department you want. If you have computer access and want to contact your assessor or treasurer, log onto the department of taxation and click on "Local Government—Links to County Assessors and Treasurers." Scroll down to your county and click on "Assessor" or "Treasurer."

NOTES

APPENDIX A

PROPERTY TAX ABATEMENT SUMMARY

TO CALCULATE THE ABATEMENT APPLIED TO THE TAX BILL:

For the owner-occupied single family residence, the property tax bill is capped at an increase of 3 percent. Excluded from the cap is any increase in the assessed valuation of the property from the prior year which is due to any improvement or change in the actual or authorized use of the property. Additionally, the owner of the single family residence who operates a home business out of his residence or has placed the title in a trust for the purpose of estate planning is still entitled to the abatement.

A "single family residence' is defined as a parcel or other unit of real property or unit of personal property intended to be occupied by one family with facilities for living, sleeping, cooking and eating. This includes: a mobile or manufactured home whether or not the owner owns the property on which the home is situated; a condominium; a home in a common-interest community; a planned unit development; or a similar property.

For residential rental property the 3 percent abatement also applies if the rent charged does not exceed the fair market rent as most recently published by the United States Department of Housing and Urban Development. Excluded from the cap is any increase in the assessed valuation of the property from the prior year which is due to any improvement or change in the actual or authorized use of the property. This abatement does not apply to hotels, motels or other transient lodging.

For all other property in a county including centrally assessed property, the cap over the prior year is equal to:

The greater of (1) The average percentage change in the assessed value of a county over the current year plus the previous nine years, or (2) twice the increase in the CPI for the previous calendar year. If the greater of the two is higher than 8 percent, the cap is set at 8 percent. The cap must not be less than zero.

EXCEPTIONS TO THE ABATEMENT

Ballot questions that ask the voters for approval of a property tax increase will be outside of the abatement, if so stated in the ballot question.

If an additional tax rate is necessary to satisfy general obligation bonds, the tax rate required is outside the property tax abatement.

If any legislative act after 2005 imposes a requirement on a taxing entity to impose a new property tax levy or increase the rate, the amount of the new levy or the increase in rate is outside the property tax abatement.

If property is subdivided, but part of the property remains as it was in the prior year, the tax for the "remainder" parcel is calculated as "for all other property."

"Remainder parcel of real property" is defined in NRS 361.4722 (2) as a

> *"parcel of real property which remains after the creation of new parcels of real property for development from one or more existing parcels of real property, if the use of that remaining parcel has not changed from the immediately preceding fiscal year."*

If a parcel of property <u>decreases by 15 percent or more from its taxable value </u>in the prior year and then increases by 15 percent or more in the following year, the amount of tax which would have been collected without the cap will be levied on the property. One-third of this additional amount will appear on the tax bill in addition to the capped tax amount due for that year and to the amounts due in each of the following two years. If the amount due is less than $100 the amount will appear on the bill due for that year. This is known as the "recapture" provision.

MISCELLANEOUS PROVISIONS

Taxing entities within a county receive a share of the revenue based on the proportion their rate bears to the combined rate of all property taxes levied in the county for that year.

For the purposes of establishing a tax rate for bonds, a "taxing entity" does not include the State.

Establishes a definition of "primary residence of the owner" which

> *"(1) Is designated by the owner as a primary residence of the owner in this State, exclusive of any other residence of the owner in this State;*

and

> *"(2) Is not rented, leased or otherwise made available for exclusive occupancy by any person other than the owner of the residence and member of the family of the owner of the residence."*

Note: This definition applies only to the partial abatements, and is not used for general assessment purposes.