

Understanding Nevada's
Property Tax
System

2007 - 2008 Edition



Carson City

Las Vegas

**UNDERSTANDING NEVADA'S
PROPERTY TAX SYSTEM**

A Publication of the

NEVADA TAXPAYERS ASSOCIATION

offices in

CARSON CITY, NEVADA

PHONE: (775) 882-2697

FAX: (775) 882-8938

and

LAS VEGAS, NEVADA

PHONE: (702) 457-8442

FAX: (702) 457-6361

or visit us at

www.nevadataxpayers.org

2007-2008 EDITION



FIRST EDITION 1993

Publication Price: (Includes Sales Tax)

\$3.00 - Non-Members

\$2.00 - Members

Quantity Prices Available. Contact the NTA Office Nearest You.

This publication may not be reproduced in whole or part in any form or by electronic means, including information storage and retrieval systems without the express written permission of the Nevada Taxpayers Association.

CONTENTS

UNDERSTANDING NEVADA'S PROPERTY TAX SYSTEM

This publication presents a general overview to help the property taxpayer:

- ❖ Understand Nevada's property tax system.
- ❖ Understand the partial abatements on property taxes.
- ❖ Obtain information about assessments, tax rates exemptions and tax bills.
- ❖ Obtain relief if property assessment is too high.
- ❖ Know who to contact for additional information about property taxes.

This edition contains a summary of the tax caps to restrict increases in property tax bills. The tax caps were imposed during the 2005 Legislative Session and modified in the 2007 Legislative Session. The summary begins on page 5.

	<u>Page</u>
Glossary.....	1
Property Tax Cap Summary	5
Defining Property in Nevada.....	8
Who Pays Property Tax?.....	8
The Basic Purpose of Property Tax.....	8
Governing Provisions.....	8
Determining the Tax Rate.	10
Determining Taxable Value.....	10
Exemptions Available	12
Notification of Assessment.	14
Filling Out Personal Property Declaration.....	15
How Property Taxes are Calculated.	16
Why Value Down, Taxes Up?	17
How Property Taxes are Collected.	18
Why Property Values Change.	19
Frequently Asked Questions.	19
How to Question an Assessment.	20
Filing an Appeal - General Information.....	21
How to Appeal Before the County Board.	22
How to Prepare and Present an Appeal.	23
How to Present Testimony and Evidence.	24
If You Disagree with the Decision.....	24
How to Appeal Before the State Board.	25
How to Present Testimony and Evidence.	26
Who to Contact.	27

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 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 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.

Continued next page

Glossary - Continued

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

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

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

CENTRALLY ASSESSED PROPERTY - Property which crosses state or county lines and is valued by the Department of Taxation. Examples are: telephone companies, gas and electric utilities, airlines, etc.

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 a 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.

Continued next page

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 - 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.

Personal Property on the Secured Roll - A statement sent by the Assessor in December to the property owner, showing the taxable value and assessed value of secured personal property together with the value of land or buildings.

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 home, or business personal property over a certain value, 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 TAX ABATEMENT 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% partial tax abatement each year. Properties not eligible for the 3% partial tax abatement will receive the partial tax abatement percentage determined for all other existing properties.

Continued next page

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 ABATEMENTS - Please see the summary on page 5 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% increase over the prior year.

Residential Rental Property - The total property tax bill is limited to a maximum 3% 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 CPI and prior year increases not to exceed a maximum 8% increase over the prior year.

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.

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 depreciation. Taxable value is not to exceed full cash value.

PROPERTY TAX CAP SUMMARY

TO CALCULATE THE CAP APPLIED TO THE TAX BILL

❖ **For the owner-occupied single family residence**, the property tax bill is capped at an increase of 3%. 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 cap.

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% cap 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 cap 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%, the cap is set at 8%. The cap must not be less than zero.

EXCEPTIONS TO THE CAP

❖ Any property tax rate imposed by the Legislature is outside the property tax cap.

Continued next page

Summary Continued

❖ Ballot questions that ask the voters for approval of a property tax increase will be outside of the cap, 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 cap.

❖ 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 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 decreases more than 15% from its taxable value on July 1, 2003; or

July 1 of the second year immediately preceding the lien date for the current year,

whichever is later; and

this parcel of property increases by 15% or more after July 1, 2005 from its taxable value for the prior 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.

CORRECTING THE CAP

❖ A taxpayer who believes the wrong cap has been applied may petition the County Assessor to correct the determination. The petition must be received by January 15th of the fiscal year for which the determination is effective. If the taxpayer still disagrees with the decision, he/she may appeal to the Tax Commission. Judicial review is authorized if the taxpayer is still dissatisfied with the decision.

Continued next page

NOTE: If a person falsely claims they are entitled to the 3% 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.

✧ 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 cap allowed for an owner-occupied residence.

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.

✧ Provides for the use of a simplified form to allow the owner of business property to use the income approach to appeal their property value.

✧ 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.

DEFINING PROPERTY IN NEVADA

REAL PROPERTY - Land, buildings and improvements 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 of the land and 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

The State Constitution caps the property tax rate at \$5.00 per \$100.00 of assessed value. It is further capped by statute at \$3.64 per \$100.00 of assessed value. Property in Nevada is assessed at 35% 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.

Continued next page

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

- ❖ 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.
- ❖ Schedules of depreciation for personal property are based on the expected life - ranging from 3 to 30 years. There are separate schedules for billboards and mobile/manufactured homes.

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.

NOTE: The depreciation schedules are on the Department of Taxation's website. See "Contact Information," page 27.

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 special districts such as fire protection districts, etc.

Local government budgets are constrained by the amount of revenue that will be generated under the partial tax abatements which limits the increase in property tax to 3% for single family residences and no more than 8% for other property.

As a result of the partial property tax abatements, a local government may determine that an additional tax rate is necessary to satisfy outstanding obligations secured by the property tax. The local government may increase the tax rate to cover payment of the obligation as long as that portion of the rate is stated separately on the tax bill. The local government may also go to the voters for approval to impose a rate which is exempt from the partial abatement caps.

Prior to the budget hearings, 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.

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. A local government may not increase its total property tax rate above the rate of the previous year without approval of the Nevada Tax Commission.

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.

Continued next page

EXEMPTIONS AVAILABLE

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. 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 (replacement cost, less depreciation). See "Contact Information", page 27 to obtain a copy of the manual.

Mobile/Manufactured Homes not converted to real property are considered personal property. To determine taxable value the Personal Property Manual is used by the Assessor.

The Assessor uses the acquisition cost to the original owner adjusted by the cost factors, less depreciation at five percent per year to a maximum depreciation of 80 percent of the original acquisition cost.

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

Boats operated in Nevada pay a registration fee instead of personal property tax.

Billboards - 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.

Business Fixtures and Equipment - The taxable value is computed by using the acquisition cost to the current owner adjusted by the cost index, less depreciation based on a 15-year life to a maximum depreciation of 95%.

NOTE: Some commercial property such as "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 27 for contact information.

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 each year by the Consumer Price Index. 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 apply for the postponement.

The "Senior Citizen Tax Assistance/Rental Rebate" program is available to all persons 62 years or older whose annual household income is not greater than \$26,714 for applications in 2007 (adjusted each year by CPI). Additional conditions apply. Contact your County Assessor for information on how to apply.

Special exclusions are also provided for radioactive fallout shelters, renewable resource heating and cooling systems and residential construction to remove certain barriers for disabled persons.

NOTES:

1. All exemptions require a six-month residency which must be documented (valid Nevada driver's license, 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.

Continued next page

FOR PERSONAL PROPERTY -

Affordable or Qualified Low Income Housing Project

Air, Water Pollution Control Devices Required by Law or Regulation 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 (All) 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.

NOTE: Boats are subject to a registration fee.

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.

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.

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

Registered Motor Vehicles

NOTE: *Registered Motor Vehicles pay the Governmental Services Tax.*

Residential Improvements Made to Remove Barriers to Persons with Disabilities

Shares of Stock, Bonds, Bank Accounts and Other Securities

Slide-in Campers and Camper Shells

Continued on page 14

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 on Economic Development 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 - 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% 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 complete list of real property in the county 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:

1. **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.

Continued next page

2. **If the amount of personal property tax due is “de minimis”, you will not receive a tax bill.** 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:

- ❖ All 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 should also be listed in the space provided.

NOTE: Only unregistered 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, with a generally useful life of less than one year, and not depreciated for Federal tax purposes.

The actual location of the personal property must be reported and listed separately for each individual location. Any change in name, location or ownership of the business must be reported. The date the business or location was closed or was acquired by another person must be reported. 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: Effective starting with FY 2005-2006, the total property tax due must not exceed the total property tax billed the previous year by more than 3% for an owner-occupied single family residence or certain residential rental property, and must not exceed 8% 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
	<u> 35%</u>
Assessed Value	35,000
County Tax Rate	<u>x \$.0320¹</u>
Property Tax due	\$1,120.00 ²

NOTES:

¹ \$3.20 per \$100.00 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 tax cap amount.

PERSONAL PROPERTY

Personal property taxes are calculated in the same manner as the above example 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 rolls.

WHY YOUR PROPERTY TAX MAY INCREASE WHEN THE PROPERTY VALUE DECREASES

Each year property taxes are calculated based on the assessed value times the tax rate. The example illustrated below is for an owner occupied or a rental property with rents charged below the HUD Fair Market Rents. In the example, when the tax bill is greater than 3% over the amount of the tax bill for the previous year, the tax bill is lowered so it does not exceed 3%.

Home Value

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$100,000	\$150,000	\$250,000	\$200,000

Assessed Value (35%)

\$ 35,000	\$ 52,500	\$ 87,500	\$ 70,000
-----------	-----------	-----------	-----------

Taxes Billed (Assessed Value times a sample Tax Rate of \$3.20 per \$100 of assessed value)

\$ 1,120	\$ 1,680	\$ 2,800	\$ 2,240
----------	----------	----------	----------

Taxes Billed with the 3% cap

\$ 1,120	\$ 1,153.60	\$ 1,188.21	\$ 1,223.85
----------	-------------	-------------	-------------

In the example above, between 2006 and 2007 the value of the home went down by \$50,000 but the tax due under the 3% cap still went up by 3%. The actual tax due on the property in 2007 was \$2,240 but because of the 3% cap was lowered to \$1,223.85. This same rule applies to non-residential property and residential rental property (rents charged over HUD approved rents) under the 8% cap.

HOW TO APPEAL APPLICATION OF THE CAP

A taxpayer who believes the wrong cap has been applied may appeal to the County Assessor. See Page 6 “**Correcting the Cap**” for details.

HOW THE 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 \$100.00, 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 mortgage holder is required to mail the itemized tax bill to each property owner. If you receive the tax bill, you may 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 the timely payment of the 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, 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 are the 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 2 years and whose total personal property taxes exceed \$10,000, is eligible for quarterly billing if the property declaration is filed by July 31 of the applicable tax year and a written request for quarterly payment is filed with the tax receiver for that county. For mobile or manufactured homes on the unsecured roll, if the bill is greater than \$100.00, it may be paid in 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.

- ❖ 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 use to office or retail use or from agricultural use to residential use.
- ❖ Reappraisal of property, which is 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. Land values are also factored to stay current.
- ❖ 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 the 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.

Continued on page 20

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 HOMES . . .

❖ *Why are mobile 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.

❖ *Why are my taxes higher than my neighbor's?*

Several factors are possible. The most likely are age, size, quality or new additions 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.

Continued next page

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 below. The appeal forms may be obtained by contacting the Assessor's office or the Nevada Department of Taxation.

NOTE: *The role of the Assessor concerns property valuations ... not property tax rates. Questions concerning your tax rates or taxes should be directed to your locally elected officials.*

FILING AN APPEAL - 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, the "Notice of Assessment" will be the base upon which your property tax for the next fiscal year is determined.

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.

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.

Continued on page 22

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.*** 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 BEFORE THE COUNTY BOARD OF EQUALIZATION

To Obtain a Copy of the Appeal Form (Petition):

- ✧ Contact your County Assessors's office. (You will have to provide the parcel number(s) 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 but will 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 and the Nevada Administrative Procedures Act.

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

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.

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.
- ❖ Any combination of the above.

NOTE: Current costs of construction do not substantiate the taxable value. If you do your own construction, the cost of construction will be based on industry standards, not your costs.

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 FOR COUNTY BOARD

- ❖ 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".
- ❖ The Assessor will present evidence supporting the Assessor's opinion of the taxable value of the property and rebuttal evidence.
- ❖ 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 no later than ten (10) days after the decision has been rendered. 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 so made 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.

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

Continued next page

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.

HOW TO APPEAL BEFORE 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 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.
- ❖ You will receive reasonable notice of your hearing date.

HOW TO PRESENT TESTIMONY AND EVIDENCE TO STATE BOARD

- ❖ 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.
- ❖ 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 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 30 days after the date of the decision.

If your appeal is denied by the State Board of Equalization you may commence a suit in any court of competent jurisdiction in the State of Nevada against the State and County in which the taxes were paid.

NOTES

WHO TO CONTACT IF YOU HAVE QUESTIONS ON . . .

Your appraisal, assessment (depreciation schedule for personal property) exemptions-

COUNTY ASSESSOR'S OFFICE

The payment of your taxes -

COUNTY TREASURER'S OFFICE

Your tax rate -

**COUNTY COMMISSIONERS
or
CITY COUNCIL MEMBERS**

Appeal forms -

**COUNTY ASSESSOR'S OFFICE
or
NEVADA DEPARTMENT OF TAXATION**

HOW TO OBTAIN SPECIFIC PROPERTY TAX INFORMATION

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

PUBLICATIONS & FORMS . . .

Tax Rates For Specific Entities: Choose "Publications" and subheading "Studies, Reports and Manuals"; click on "Assessment Standards Publications"; scroll down to "Red Book".

Personal Property Depreciation Schedules: Choose "Publications" and subheading "Studies, Reports and Manuals"; click on "Assessment Standards Publications"; scroll down to "Personal Property Manual".

State Board of Equalization Forms: Choose "Forms" and subheading "Assessment Standards Forms"; scroll down to "State Board Forms".

NOTE: Addresses and phone numbers may be obtained from your local telephone directory. Look under the name of the county or city to locate the department you want. For the Department of Taxation, look under the heading "State of Nevada". Assessor and Treasurer information is available via internet and may be accessed from the home page of the Department of Taxation website by scrolling down to "Property Tax ."