

TAXTOPICS

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NEVADA PROPERTY TAX LAWS ADJUST WITH ECONOMIC SWINGS

The first decade of the new century is winding down with a stark resemblance to the early part of the recessionary 1980s. The era was marked by a period of double-digit inflation, high gas prices, expensive credit, and spiraling unemployment. Taxpayers were staging a revolt, and Nevada lawmakers were sharply attuned to their dissatisfaction. In a foundering economy, the 2009 legislature may also encounter a wave of citizen tax aversion, but it's unlikely the property tax will take center stage. Thirty years ago, it did.

In 1978 Nevadans emulated California's property tax revolt, passing Question 6, their own version of the infamous Prop 13. The popular measure was headed to the 1980 ballot for a second round of voter approval, which constitutional amendments must win to be adopted in Nevada. During the year between those two elections, the legislature scrambled to extinguish the zeal for Question 6. Lawmakers passed a relief package that dropped the combined property tax rate to \$3.64 per \$100 of assessed valuation. The new rate was substantially below the constitutional limit of \$5.00 per \$100 of assessed valuation. As a result, Question 6 was rendered impotent on the 1980 ballot.

Meanwhile, a nationwide recession began to eat away at the formerly buoyant Nevada economy. Lawmakers in 1981 offered further relief with a package called the Tax Shift. Property taxes were lowered again, and a new harness was put on local governments, limiting the total amount of property tax revenue they could collect. In addition, the property tax statute was given a new and unique feature - a depreciation schedule for buildings reduced taxable value by 2 percent per year. Nevada is still the only state with this feature in its property tax calculation, although the depreciation rate has since been adjusted to 1.5 percent.

The "shift" in the 1981 "tax shift" was a significant bump in the statewide sales and use tax rate, to 5.25 percent from 3.5 percent. Nevadans weren't crazy about the sales tax component of the tax shift. But they were pleased when they received dramatically lower property tax bills.

Not until this decade's real estate boom did another groundswell develop for property tax relief. As

home prices surged from 2003-2006, so did the assessed value of property. There was renewed appeal among suddenly house-rich Nevadans for a measure in the mold of Prop 13.

This time, the 2005 legislature offered relief by invoking a constitutional provision that allows a challenge to sharp increases by claiming an economic hardship. Under the theory that a runaway real estate market had indeed wreaked hardship on Nevada homeowners, the legislature created a partial property tax abatement, capping property tax increases at a maximum of 8 percent over the prior year's bill. The economic hardship provision further capped owner-occupied residential property (and certain rental properties) to a maximum of 3 percent.

The two legislative solutions were different, but there's a common element. Both quelled massive taxpayer dissatisfaction with escalating property taxes.

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PROPERTY APPEALS

Appeal Change or Loss of Abatement

To challenge the loss of the partial abatement or a change in the abatement cap from 3 percent to 8 percent, the taxpayer must petition the county assessor. The petition must be received by the assessor no later than January 15 of the fiscal year for which the determination is effective. The petition is in the form of a letter which provides sufficient information explaining why the partial abatement should not have been lost or why the wrong cap has been applied to the property.

The assessor shall notify the taxpayer of the decision. If the taxpayer is aggrieved by the assessor's decision, the taxpayer may appeal to the Nevada Tax Commission. That appeal must be filed within 30 days. If the taxpayer is aggrieved by the decision of the Tax Commission, he or she is entitled to a judicial review of that determination.

Please Note: A form has not yet been created for statewide use to appeal the loss of the partial abatement. You can call your assessor's office to find out if they have developed a form for use in your county.

Appeal of Property Value

If you believe that 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. Frequently your question or problem can be taken care of at that level.

Upon request, the assessor will furnish a copy of the most recent appraisal of the property. Such requests must be met within 15 days. A reasonable fee is allowed to be charged for copying the information.

If you cannot resolve your valuation problem, you can file an appeal with your county board of equalization. The appeal must be filed by January 15. The appeal form may be obtained by contacting the assessor's office or the Nevada Department of Taxation. Information on filing an appeal is found on pages 21 - 26 of the Association's publication, "Understanding Nevada's Property Tax System," which is enclosed with this issue.

MAJOR PROPERTY TAX CHANGES SINCE 1979

1979: The legislature statutorily drops the combined property tax rate to \$3.64 per \$100 of assessed valuation from the constitutional rate of \$5.00.

1981: The tax shift package provides for the depreciation of buildings; a 4½ percent cap on the amount of property tax revenue that can be received by local governments; and an increase of 1¾ percent in the sales tax. This is the tradeoff that allows property tax bills to drop dramatically between 1979 and 1983.

1983: The depreciation factor is adjusted from 2 percent to 1½ percent over 50 years, leaving a residual value of 25% percent.

Legislators impose an increase in property tax rates, of 30.75 cents per \$100 assessed valuation, as the recession lingers. (This was part of a larger series of tax and fee increases as a result of falling state revenues.)

1985: The cap on the amount of property tax revenue that can be received by local governments is increased to 6 percent.

1991: "Fair Share" bill makes changes in assessment procedure and distribution of sales tax to address inequities between certain counties.

2005: Partial abatement legislation caps all property tax bills to a maximum of 8 percent, with an economic hardship provision for owner-occupied residences, capping the increase at a maximum of 3 percent.

DATES OF IMPORT

DECEMBER 18, 2008 (no later than)

Notice of value received by property owner.

JANUARY 5, 2009

Third installment of property tax due.

JANUARY 15, 2009

Last date to file appeal for loss or change to partial abatement or appeal property valuation.

Note: The assessor's role is to determine property valuations or the partial abatement of property tax, *not* tax rates or taxes due.

PROPERTY TAX REVENUE DISTRIBUTION FOR FY 2008-2009

The following charts summarize the total savings provided to the property owner on his or her property tax bill.

<u>COUNTY</u>	<u>SCHOOLS</u>		<u>COUNTIES</u>		<u>CITIES</u>	
	<u>Projected Revenue</u>	<u>Revenue Net of Abatement</u>	<u>Projected Revenue</u>	<u>Revenue Net of Abatement</u>	<u>Projected Revenue</u>	<u>Revenue Net of Abatement</u>
CARSON CITY	22,740,155	16,910,300	31,839,501	17,530,281		
CHURCHILL	9,706,224	8,366,656	8,436,485	6,875,529	1,992,447	1,657,100
CLARK	1,474,047,174	1,086,049,267	717,598,321	529,225,296	422,831,926	321,818,078
DOUGLAS	30,454,109	22,530,901	39,036,375	19,136,460		
ELKO	16,253,842	15,452,654	9,087,069	8,570,699	5,040,772	4,885,308
ESMERALDA	371,339	338,277	1,039,500	946,944		
EUREKA	5,107,266	5,072,275	4,733,992	4,694,531		
HUMBOLDT	4,808,428	4,500,744	4,081,468	3,820,585	1,409,965	1,359,810
LANDER	2,147,228	2,080,145	5,509,216	5,337,102		
LINCOLN	1,797,342	1,666,682	2,470,405	2,290,041	110,270	103,036
LYON	24,824,985	20,204,426	16,053,502	13,065,494	2,904,147	1,584,709
MINERAL	1,154,839	1,044,058	1,767,721	1,592,405		
NYE	24,397,544	20,029,185	24,402,254	20,033,652		
PERSHING	2,006,032	1,872,212	2,366,960	2,166,446	118,218	115,700
STOREY	5,023,758	4,365,387	13,634,964	11,843,321		
WASHOE	196,054,584	167,883,961	238,391,567	204,238,067	100,239,107	89,192,870
WHITE PINE	1,961,329	1,813,100	3,830,375	3,501,469		
TOTALS	\$1,822,856,177	\$1,380,180,232	\$1,124,279,675	\$854,868,321	\$534,646,852	\$420,716,612

<u>COUNTY</u>	<u>TOWNS</u>		<u>TOTAL COMBINED SPECIAL DISTRICTS</u>		<u>STATE</u>	
	<u>Projected Revenue</u>	<u>Revenue Net of Abatement</u>	<u>Projected Revenue</u>	<u>Revenue Net of Abatement</u>	<u>Projected Revenue</u>	<u>Revenue Net of Abatement</u>
CARSON CITY			727,125	1,736,631	3,168,712	2,356,353
CHURCHILL			778,784	670,061	1,222,265	1,053,576
CLARK	118,811,877	85,030,981	546,937,301	388,901,266	206,293,388	151,701,729
DOUGLAS	2,716,400	2,213,510	28,686,525	18,785,950	6,090,817	4,505,145
ELKO	182,023	178,741	480,318	448,376	1,842,097	1,751,282
ESMERALDA					84,171	76,674
EUREKA	27,152	25,847	47,576	47,180	951,500	943,568
HUMBOLDT			2,439,215	2,283,199	923,651	864,445
LANDER	38,015	34,060	1,463,701	1,417,945	486,705	471,500
LINCOLN	92,815	75,774	893,988	829,808	313,994	291,168
LYON			9,400,019	7,550,640	3,157,218	2,569,582
MINERAL			177,668	160,091	151,016	136,077
NYE	4,086,013	3,341,971	1,044,868	886,945	3,106,754	2,550,469
PERSHING	2,439	2,284	732,715	652,901	296,535	276,060
STOREY					954,553	829,454
WASHOE			46,605,238	37,232,689	29,120,956	24,948,749
WHITE PINE			1,060,181	976,304	333,759	307,353
TOTALS	125,956,734	90,903,168	641,475,223	462,579,984	258,498,089	195,633,182

Source: Nevada Department of Taxation Red Book Fiscal Year 2008-2009

BALLOT QUESTION RESULTS

Of the 28 local ballot questions, 18 asked voters to approve new taxes, to increase taxes, or to continue existing property tax levies. School construction and facility rehabilitation fared well with the “rollover” question in the six counties that had the question on their ballot. Only in Washoe county where the school facilities question asked voters to approve an increase in the sales tax and government services tax did the question fail. Other tax questions received mixed reaction from the voters and one can only assume that where the question failed it was a combination of the entity not making its case and the economy. There were no local questions in Elko, Esmeralda, Eureka and Mineral counties.

(Note: Due to under-voting and/or rounding, the percentage totals in some cases may not equal 100%.)

VOTING INFORMATION	STATEWIDE BALLOT QUESTIONS	YES		NO	
		YES	%	NO	%
Registered Voters: 1,208,379 Total Turnout: 970,019 80.27%	#1. Eliminate six-month residency requirement to vote	433,848	47.4	481,260	52.6
	#2 Eminent Domain	534,548	60.8	344,562	39.2
	#3 Legislative review of tax exemptions	518,734	60.1	344,017	39.9
	#4. Legislative authority to amend Sales and Use Tax Act for interstate agreement	229,740	26.8	629,009	73.2

COUNTY	LOCAL BALLOT QUESTIONS	YES	%	NO	%	
CARSON CITY Registered Voters: 25,513 Votes Cast: 93.07% 23,745	#1- Sales tax increase for V&T Railroad	8,920	38.9	14,018	61.1	
	#2- Property tax increase for public safety	7,011	30.8	15,751	69.2	
CHURCHILL COUNTY Registered Voters: 12,238 Votes Cast: 87.39% 10,695	#1 - School bond “rollover”	5,226	51.0	5,014	49.0	
	#2 - Property tax for fire department	5,610	54.6	4,674	45.5	
CLARK COUNTY Registered Voters: 815,190 Votes Cast: 79.79% 650,472	#5 Room Tax increase for K-12	400,647	66.2	204,591	39.0	
	#6 Property tax for non-profit hospital district (Only for Boulder City voters)	3,182	38.9	4,986	61.0	
	Boulder City					
	#1 - Amend City Charter- clarify references to gender	5,052	62.2	3,068	37.8	
	#2 - Amend City Charter-Change procedure for city officer suspension	5,878	73.4	2,135	26.6	
	#3 - Sale of city-owned land	4,836	58.2	3,474	41.8	
	North Las Vegas					
#1 - Amend City Charter - duties of Municipal Judges specified	43,921	80.3	10,771	19.7		

COUNTY	LOCAL BALLOT QUESTIONS CONTINUED	YES		NO	
			%		%
<u>DOUGLAS COUNTY</u> Registered Voters: 28,1022 Votes Cast: 92.25% 25,940	#1 - Growth management ordinance	15,116	63.3	8,641	36.7
	#N/A - School bond "rollover"	14,987	61.6	9,340	38.4
	<u>Tahoe Douglas Fire Protection District</u> #N/A - Property tax for wildland fire protection	1,625	51.3	1,545	48.7
<u>LANDER COUNTY</u> Registered Voters: 2,609 Votes Cast: 80.68% 2,105	#N/A - Room tax increase for K -12	647	31.6	1,403	68.4
<u>LINCOLN COUNTY</u> Registered Voters: 2,701 Votes Cast: 78.34% 2,116	# N/A- School bond "rollover"	1,451	70.6	603	29.4
<u>LYON COUNTY</u> Registered Voters: 26,418 Votes Cast: 80.06% 21,150	#1- Continue property tax for hospital #2- Land annexation by Fire Protection District	2,286 4,162	51.3 64.1	2,169 2,328	48.7 35.9
<u>NYE COUNTY</u> Registered Voters: 24,794 Votes Cast: 70.79% 17,530	<u>Town of Tonopah</u> #1 - Increase property tax for parks	472	49.2	488	50.8
<u>PERSHING COUNTY</u> Registered Voters: 2,289 Votes Cast: 80.43% 1,841	# N/A- School bond "rollover"	932	52.6	839	47.4
<u>STOREY COUNTY</u> Registered Voters: 2,620 Votes Cast: 92.37% 1,420	#1- Water permits #2- Sustainable water resources	1,939 1,814	84.8 79.6	349 464	15.3 20.4
<u>WASHOE COUNTY</u> Registered Voters 231,437 Votes Cast: 77.88% 180,253	#WC1 -School facilities: sales and vehicle tax imposition	76,599	45.3	92,375	54.7
	#RTC2 - Sales tax for public transit	60,831	36.2	107,451	63.8
	#WC3 - Sustainable water resources	121,555	73.3	44,131	26.7
	#SFPD4- Property tax for fire protection district facilities, equipment, operations	4,230	47.8	4,615	52.2
	#RTC5- transportation funding	91,910	54.8	75,689	45.2
	#WC6- room tax for K -12	97,060	57.2	72,519	42.8
	<u>Incline Village GID</u> IVGID#7 - Create unincorporated town	1,935	37.6	3,209	62.4
<u>WHITE PINE COUNTY</u> Registered Voters: 4,710 Votes Cast: 71.30% 3,358	#N/A - School bond "rollover"	2,071	56.0	1,625	44.0

May the
Peace and Joy
of this
Holiday Season
be with you
throughout the
New Year.