

# Understanding Property Valuation



# What the Assessor Does:

- ◆ The Assessor is required by Nevada law to discover, list and value all real and personal property within the county.



# Property Tax Governed By:

- ◆ Nevada Revised Statute 361
- ◆ Nevada Administrative Code 361



# Tax Roll Dates

- ◆ The secured roll lien date is July 1.
  - ◆ Example: July 1, 2021 through June 30, 2022 = Fiscal Year 2021-2022.
- ◆ The unsecured (personal property) is from May 1 and closes April 30, having the same lien date and fiscal year as the secured roll.

# NRS 361.227

- ◇ Any person determining the taxable value of the real property shall appraise:
  - ◇ The full cash value of:
    - ◇ Vacant Land by considering the used to which it may lawfully be put, any legal or physical restrictions upon those uses, the character of the terrain, and the uses of other land in the vicinity.
    - ◇ Improved land consistently with the use to which the improvements are being put.
- ◇ Any person determining the taxable value of real property shall appraise:
  - ◇ Any improvements made on the land by the subtracting from the cost of replacement of the improvements all applicable depreciation and obsolescence. Depreciation of an improvement made on real property must be calculated at 1.5 percent of the cost of replacement for each year of adjusted actual age of the improvement, up to a maximum of 50 years.

# Property Valuation Formula

LV = Market Value of Land

RCNLD = Replacement Cost New Less \*Depreciation

LV + RCNLD = Total Taxable Value

\*Depreciation is calculated at 1.5% per year based on the age of the improvements (50 years, max 75% depreciation).

# Property Tax Calculation Formula

Taxable Value x Assessment Ratio (.35) = Assessed Value

$$250,000 \times .35 = 87,500$$

Assessed Value x Tax Rate = Taxes as Assessed

$$87,500 \times .032782 = \$2,868.43$$

# Abatements

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- ◆ Tax Cap - Residential (owner occupied /rentals at or below HUD rates)
- ◆ Tax Cap - All Other Properties (secondary tax cap)
- ◆ Economic Development
- ◆ Energy (Green Building, Renewable Energy Facilities, and Businesses and Facilities using Recycled Materials)

# Tax Abatement Law (NRS 361.471 thru 361.4735)

- ◆ Effective July 1, 2005 for fiscal year 2005/2006.
- ◆ Includes Provisions for :
  - ◆ Limiting the amount that **taxes** can increase each year (Capped Taxes).
  - ◆ Adding New Value outside of the Tax Cap

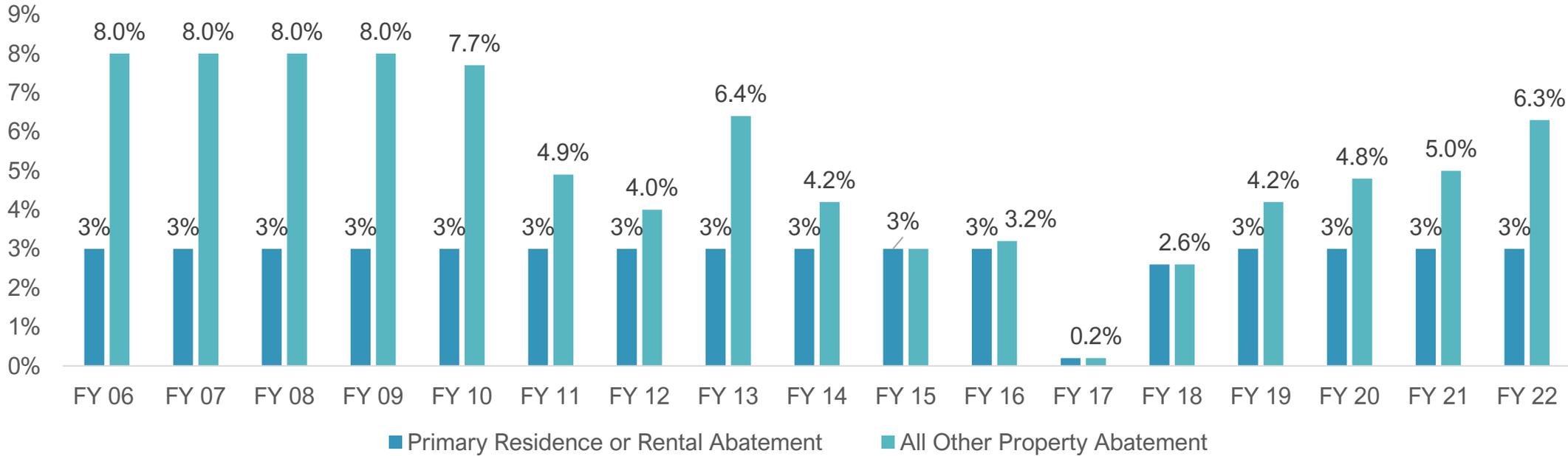
# Property Tax Cap Abatements

- ◆ Administered by the County Assessors
- ◆ Pursuant to NRS 361.4722, 361.4723 & 361.4724
- ◆ Limits the amount that **taxes** can increase each year.
  - ◆ 3% on primary residences.
  - ◆ 3% on residential rental dwelling that are within the HUD rental rates.
  - ◆ Up to 8% for all other property types.

# Property Tax Calculation Sample

	Year 1	Year 2
Land Value	64,000	80,000
Improvement Value	186,000	208,000
-Less Depreciation (1.5%)	-	(3,120)
Total Taxable Value	250,000	284,880
Assessment Ratio	35%	35%
Assessed Value	87,500	99,708
Tax Rate	3.2782	3.2782
Taxes as Assessed	\$ 2,868.43	\$ 3,268.63
Capped Taxes Primary (3%)		\$ 2,954.48
Capped Taxes Other (7.7%)		\$ 3,060.61

# Washoe Historical Tax Cap



# Economic Development Abatements

- ◆ Administered by the Governor's Office of Economic Development.
- ◆ Pursuant to Nevada Revised Statute (NRS) 361.0687.
- ◆ Allows for partial abatement up to 50% of taxes imposed on personal property for a period of 1 to 10 years for certain new and expanded businesses which make a significant capital investment based on the population of the county or city where it will be located.

# Energy Abatements

- ◆ Administered by the Governor's Office of Energy.
- ◆ All energy pursuant to Nevada Revised Statute (NRS) 701a.
- ◆ Allows for partial abatement of certain property taxes for certain buildings and structures which meet certain energy efficiency standards.
- ◆ Includes Green Buildings, Renewable Energy Facilities & Businesses and Facilities using Recycled Materials
- ◆ On July 1, 2021, the Green Building Tax Abatement program was discontinued, but there are still 10 years remaining for those projects approved for the 2022-2023 fiscal year.

# New Values Outside the Tax Cap

- ◆ Administered by the County Assessors
- ◆ Pursuant to NRS 361.4722 (2.), 361.4723 (1.) , 361.4724 (1.) and NAC 361.6035
- ◆ Value added outside the Tax Cap that is taxed based on its Assessed Value
- ◆ Tax Cap excludes any increase in the assessed valuation “...attributable to any improvement to or change in the actual or authorized use of the property...”
- ◆ Includes new value from new construction, new subdivision parcels, other new parcels (except those that qualify as remainders), new personal property accounts, and new personal property assets on current accounts.

# Exemptions

# Partial Exemptions

- ◆ Surviving Spouse (NRS 361.080)
- ◆ Blind (NRS 361.085)
- ◆ Veterans' Exemptions (NRS 361.090)
- ◆ Lodges and other Charitable Organizations (NRS 361.135)

# Full Exemptions

- ◆ State Lands (NRS 361.055)
- ◆ Political Subdivisions of State (NRS 361.060)
- ◆ School Districts and Charter Schools (NRS 361.065)
- ◆ Pollution Control (NRS 361.077)
- ◆ Qualifying Low-income Housing Projects (NRS 361.077)
- ◆ Churches and Chapels (NRS 361.125)



Questions?