

**WORKING DRAFT OF
PROPOSED TEMPORARY REGULATION OF
THE STATE BOARD OF EQUALIZATION**

May 5, 2009

EXPLANATION – Matter in **CAPITALIZED ITALICS** is new; matter in brackets ~~omitted material~~ is material to be omitted. These changes were made as a result of comments at the February 26, 2009 workshop.

THE NEED AND PURPOSE OF THIS REGULATION IS TO PROVIDE THE PROCEDURES WHEREBY THE NEVADA STATE BOARD OF EQUALIZATION CARRIES OUT ITS DUTIES UNDER NRS 361.395.

AUTHORITY: §§ 1-43, Sec. NRS 361.375(9); **NRS 361.395**

A REGULATION relating to taxation; providing for the process by which the State Board ensures that property under its jurisdiction is appraised equitably at the taxable value required by law.

Section 1. Chapter 361 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 43 inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 43, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 15, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Assessment progressivity” means an appraisal bias such that high-value properties are appraised higher than low-value properties in relation to taxable values. If higher value properties are appraised proportionately higher than lower value properties, the class or group of property is considered progressive.*

Sec. 4. *“Assessment regressivity” means an appraisal bias such that high-value properties are appraised lower than low-value properties in relation to taxable values. If higher value properties are appraised proportionately lower than lower value properties, the class or group of property is considered regressive.*

Sec. 5. *“Commission” means the Nevada Tax Commission.*

Sec. 6. ~~“Director” means the Director of the Department of Taxation.~~ **“DEPARTMENT”**

MEANS THE DEPARTMENT OF TAXATION.

Sec. 7. *“Equalization” means the process by which the State Board ensures that property under its jurisdiction is appraised uniformly by the methods and at the taxable value required by law.*

Sec. 8. *“Horizontal inequity” means ~~[a determination that]~~ all properties of a particular type or class, such as, but not limited to, single-family residential, agricultural, or commercial classes, are not appraised at the same level of assessment with respect to taxable value.*

Sec. 9. *“Inter-jurisdictional equalization” means the adjustment of assessed value of a class or strata of property between two or more counties.*

Sec. 10. *“Intra-jurisdictional equalization” means the adjustment of assessed value of property by class or strata within the same county or appraisal area.*

Sec. 11. *“Population” means all the items of interest, for example, all the properties in a jurisdiction or neighborhood; all the observations in a data set from which a sample may be drawn.*

Sec. 12. *“Procedural audit” means the systematic investigation or evaluation of procedures or operations of a county assessor for the purpose of determining conformity with methods of valuation prescribed by the Commission.*

Sec. 13. *“Ratio study” means an evaluation of appraisal performance that compares the assessed value produced by the assessor for each parcel in a sample to the estimate of taxable value produced by the Department or to the sales price of a sold property. The comparison is called a “ratio.”*

Sec. 14. *“Stratification” means the division of a sample of observations into two or more subsets according to some criterion or set of criteria.*

Sec. 15. *“Vertical inequity” means [a-determination-that] properties of different values but within the same property group or class are not assessed at the same level of taxable value; and generally reflects either assessment progressivity or assessment regressivity.*

Sec. 16. *The State Board [~~may~~] SHALL annually determine AT ONE OR MORE HEARINGS HELD DURING THE SESSION OF THE CURRENT FISCAL YEAR whether inter-jurisdictional equalization or intra-jurisdictional equalization REQUIRED BY NRS 361.395 is necessary [~~by reviewing~~] AS A RESULT OF:*

1. FINDINGS OF FACT AND CONCLUSIONS OF LAW FOR APPEALS MADE PURSUANT TO NRS 361.355; OR

2. THE REVIEW OF any of the following:

(a) Tax rolls submitted pursuant to NRS 361.390(1) and the central assessment roll required by NRS 361.3205;

(b) The results of the ratio studies and audits of work practices performed pursuant to NRS 361.333;

(c) The results of procedural audits ordered by the State Board, of the methods used by county assessors or the Department to determine taxable value for a class or group of property;
or

(d) The results of one or more ratio studies ordered by the State Board to determine the quality and uniformity of assessments.

Sec. 17. *IN ADDITION TO THE TAX ROLLS SUBMITTED PURSUANT TO NRS 361.390(1), THE COUNTY ASSESSOR SHALL SEPARATELY REPORT EACH CHANGE MADE BY THE COUNTY BOARD OF EQUALIZATION. THE REPORT MUST CONTAIN THE FOLLOWING INFORMATION FOR EACH PARCEL ADJUSTED BY THE COUNTY BOARD:*

1. ASSESSOR’S PARCEL NUMBER;

2. TOTAL TAXABLE VALUE AND ASSESSED VALUE OF THE LAND PRIOR TO AND AFTER ADJUSTMENT BY THE COUNTY BOARD;
3. TOTAL TAXABLE VALUE AND ASSESSED VALUE OF THE IMPROVEMENTS PRIOR TO AND AFTER ADJUSTMENT BY THE COUNTY BOARD;
4. TOTAL TAXABLE VALUE AND ASSESSED VALUE OF THE PERSONAL PROPERTY PRIOR TO AND AFTER ADJUSTMENT BY THE COUNTY BOARD;
5. SIZE OF THE LAND PARCEL;
6. THE PER UNIT VALUE ESTABLISHED FOR THE LAND PRIOR TO AND AFTER ADJUSTMENT BY THE COUNTY BOARD;
7. THE PER UNIT VALUE ESTABLISHED FOR THE LAND OF SIMILARLY SITUATED PROPERTIES IN THE SAME AREA; AND
8. WHETHER THE COUNTY BOARD ISSUED EQUALIZATION ORDERS FOR GROUPS OF PROPERTIES.

Sec. 18. *The State Board may order the [Director] DEPARTMENT to prepare statistical reports informing the State Board of the level of assessed value and the quality of assessment of the classes and groups of property in each county* ~~*and a certification of his or her opinion regarding the level of value and quality of assessment in each county.*~~

Sec. 19. *Statistical reports on the level and quality of assessment prepared by the Department must:*

(1) Be performed in accordance with ~~*professionally accepted mass appraisal methods, and use the statistical measures, studies, practices and definitions in the evaluation of the level and quality of assessments adopted by the Nevada Tax Commission;*~~ **PART 2 OF THE STANDARD ON RATIO STUDIES (JULY, 2007) AND ANY SUBSEQUENT VERSIONS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS, EXCEPT THOSE PORTIONS OF THE STANDARD, IF ANY, WHICH CONFLICT OR ARE INCONSISTENT**

WITH THE NEVADA REVISED STATUTES, REGULATIONS ADOPTED BY THE NEVADA TAX COMMISSION OR THESE REGULATIONS. THE STANDARD ON RATIO STUDIES MAY BE OBTAINED FROM THE INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS(IAAO), 314 WEST 10TH STREET, KANSAS CITY, MISSOURI 64105-1616 OR FROM THE IAAO INTERNET SITE AT <http://www.iaao.org/>. THE CURRENT PRICE FOR PURCHASE OF THE PUBLICATION IS \$10.00.

(2) Identify the population that is the subject of the study. The population may be subject to stratification by neighborhood, age, construction type, or other appropriate division of properties into two or more subpopulations;

(3) Test whether the level of appraisal meets statutory requirements;

(4) Test for the presence of horizontal or vertical inequity; and

(5) Test whether sold and unsold parcels are treated equally.

Sec. 20. The applicable time frame from which sales may be drawn to develop statistical studies concerning the level of assessment and quality of assessments is the [~~two year~~] period FROM JULY 1 TWO YEARS prior to THE LIEN DATE FORWARD TO THE DATE REQUIRED BY NRS 361.390(1) FOR [the close of the tax roll pursuant to NRS 361.310,] FILING THE TAX ROLL WITH THE STATE BOARD, OR A LONGER PERIOD IF DEEMED APPROPRIATE BY THE STATE BOARD TO PRODUCE AN ADEQUATE SAMPLE FOR ONE OR MORE STRATA WITHIN THE JURISDICTION, NEIGHBORHOOD, OR AREA WHICH IS THE SUBJECT OF THE STATISTICAL STUDY.

Sec. 21. The State Board may order the [Director]DEPARTMENT to prepare procedural audits of the methods AND STANDARDS used by a county assessor or the centrally assessed section of the Division of Assessment Standards to establish taxable value.

~~[Sec. 22. The Director may make nonbinding recommendations for consideration by the State Board.]~~

Sec. 22. *The State Board may adjourn from time to time **DURING THE CURRENT YEAR SESSION** until the equalization process is complete.*

Sec. 23. *If the State Board determines that the method of valuation or level of assessment of a class or group of property within a county or among counties may not satisfy the requirements of law, the State Board must issue ~~[an Order to Show Cause and]~~ A Notice of Hearing to ~~[the]~~ **EACH AFFECTED** County and shall set a date for hearing at least 10 days following the mailing of the ~~[Order to Show Cause and]~~ Notice of Hearing.*

Sec. 24. *The ~~[Order to Show Cause and]~~ Notice of Hearing shall be sent by certified mail, postage prepaid (a return receipt may also be requested) to the county clerk, county assessor, chairperson of the county board, and the County Attorney **OF EACH AFFECTED COUNTY**. The ~~[Order to Show Cause and]~~ Notice of Hearing shall also be provided to the Department by delivery of a copy of the ~~[Order-]~~ **NOTICE** to the offices of the Director or through the United States Postal Service by certified mail, a return receipt may be requested.*

Sec. 25. *A legal representative of ~~[a]~~ **EACH AFFECTED** County may waive notice of hearing on any proposed order.*

Sec. 26. *In an equalization hearing before the State Board, the interest of ~~[the]~~ **EACH AFFECTED** County may be represented by **THE REPRESENTATIVE OF THE COUNTY COMMISSION AND THE COUNTY ASSESSOR.** [∴*

~~—————(1) A member of the county board of equalization;~~

~~—————(2) The county clerk or current deputy clerk, who serves as secretary to the county board of equalization;~~

~~—————(3) The county assessor, or current deputy county assessor, holding office at the time of the hearing;~~

~~—————(4) The county attorney, or his or her deputy; or~~

~~—————(5) Legal counsel for the county board of equalization.]~~

Sec. 27. *A legal representative of a County may consent to entry of the proposed order.*

Sec. 28. *At the hearing the county assessor or other legal representatives of ~~the~~ EACH AFFECTED county may appear and show cause why the value of a class or group of property within the county should not be adjusted or a reappraisal not be performed.*

Sec. 29. *At a hearing, the State Board may receive testimony under oath from any interested person.*

Sec. 30. *Hearings held pursuant to NRS 361.395(1) may be held by means of video conference.*

Sec. 31. *The presiding chairman may exclude any person from the hearing room when that person is disrupting the hearing.*

Sec. 32. *Any party aggrieved by a final decision of the State Board is entitled to judicial review in accordance with NRS 361.410.*

Sec. 33. (1) *The State Board, when conducting hearings or proceedings pursuant to NRS 361.395 (1) shall issue notice of hearings or proceedings to interested persons in the manner required by NRS 361.395(2).*

(2) *All equalization notices of the State Board shall state the time and place of the meeting and a statement that the agenda shall be available for inspection to any interested person at the offices of the Department during normal business hours.*

(3) *The State Board shall, not less than ~~three (3) business~~ 15 days prior to the first hearing or proceedings pursuant to NRS 361.395(1) cause a copy of the notice and the agenda to be placed on the Department's website (www.tax.state.nv.us).*

Sec. 34. *Upon completion of the hearing or hearings, the State Board may:*

(a) ISSUE AN ORDER THAT INTER-JURISDICTIONAL OR INTRA-JURISDICTIONAL EQUALIZATION IS NECESSARY; OR

(b) adopt a motion to issue Findings and Orders to take no action for any county;

THE STATE BOARD SHALL INFORM THE NEVADA TAX COMMISSION OF ITS FINDINGS.

Sec. 35. *If the State Board finds that MEASURES TO ENSURE inter-jurisdictional or intra-jurisdictional equalization ~~is~~ ARE necessary, the State Board may:*

- (1) Increase or decrease the value of a class or group of property in any county or property valued by the state so that the median of the ratio of assessed value ESTABLISHED BY THE ASSESSOR to THE taxable value ESTABLISHED IN THE RATIO STUDY of the class or group of property in the aggregate falls within the range of 32 percent to 36 percent; or*
- (2) Order THE ASSESSOR TO UNDERTAKE the reappraisal of a class or group of property.*

Sec. 36. *The order shall specify:*

- (1) The percentage increase or decrease, or*
- (2) Whether reappraisal is necessary, AND IF SO, THE PURPOSE AND OBJECTIVES OF THE REAPPRAISAL; and*
- (3) The class or group of property affected or the corrections or adjustments to be made to the class or group of property affected.*

Sec. 37. IF THE REAPPRAISAL ORDERED PURSUANT TO SUBPARAGRAPH (2) OF SECTION 35 IS THE RESULT OF A FINDING THAT A METHOD OF VALUATION WAS USED THAT WAS NOT AUTHORIZED IN THE REGULATIONS OF THE NEVADA TAX COMMISSION, THE STATE BOARD WILL:

- (1) SPECIFY THE METHODS OF THE NEVADA TAX COMMISSION WHICH MUST BE USED FOR THE REAPPRAISAL; AND**
- (2) NOTIFY THE NEVADA TAX COMMISSION OF ITS FINDINGS AND ORDER.**

Sec. 38. **UPON COMPLETION OF A REAPPRAISAL, THE STATE BOARD SHALL HOLD A HEARING TO DETERMINE WHETHER TO ACCEPT THE REAPPRAISAL IN ITS COMPLETED FORM OR AS MODIFIED BY THE STATE BOARD. NOTICE OF SAID HEARING SHALL BE PROVIDED PURSUANT TO NRS 361.395(2) TO AFFECTED TAXPAYERS WHOSE VALUES WOULD BE INCREASED UNDER THE APPRAISAL. THE COST OF CERTIFIED NOTICE TO AFFECTED TAXPAYERS SHALL BE BORNE BY EACH AFFECTED COUNTY.**

Sec. 39. *Under this section, individual taxpayers **MAY REQUEST THE STATE BOARD TO EQUALIZE AS PROVIDED IN NRS 361.355(5).** ~~[do not have the right to request that the State Board equalize their individual property, as part of a class or group, with a class or subclass or centrally assessed property in other counties.]~~ **ALL OTHER** individual appeals to the State Board must **OTHERWISE** be made pursuant to the requirements of NRS 361.400 or NRS 361.403.*

Sec. 40. *The order of the State Board shall be sent by certified mail (a return receipt may be requested) to the county assessor **OF EACH AFFECTED COUNTY** and by regular mail to the county clerk and chairperson of the county board **OF EACH AFFECTED COUNTY.***

Sec. 41. *The specified changes shall be made by the county assessor to each parcel or part of a parcel of real property in the county so affected.*

Sec. 42. *On or before June 30 of each year, the county assessor of any county adjusted by an order of the State Board shall recertify the Tax Roll to the Department. On or before August 1 of each year, the Department shall certify to the State Board that any order issued pursuant to these regulations was implemented by the county assessor. The Department may audit the records of the county assessor to determine whether the orders were implemented.*

Sec. 43. *The State Board may reconsider any Order issued by the State Board during the statewide equalization proceedings ~~[so long as five (5) calendar days notice is provided to the county clerk, county assessor, and chairperson of the county board. Any Order issued after~~*

~~reconsidering the original order must be issued before the date for completion of equalization of the same year as the original order.~~ IN THE MANNER PROVIDED BY NAC 361.7475, EXCEPT THAT A PETITION FOR RECONSIDERATION MUST BE FILED WITHIN 5 DAYS OF THE DATE OF SERVICE OF THE EQUALIZATION ORDER AND IF THE STATE BOARD TAKES NO ACTION ON THE PETITION WITHIN 10 DAYS OF RECEIPT OF THE PETITION, THE PETITION SHALL BE DEEMED TO BE DENIED.