

## PROPERTY TAX REFORM INITIATIVE FOR NEVADA

Explanation - Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

## THE PEOPLE OF THE STATE OF NEVADA DO ENACT AS FOLLOWS:

Section 1. Article 10 of the Constitution of the State of Nevada is hereby amended by adding thereto a new section to be designated section 6 to read as follows:

***Sec. 6. 1. The maximum amount of tax ad valorem that may be levied on real property shall not exceed 3 percent of the base value of the property. This limit does not apply to taxes ad valorem levied to pay the interest and principal of any bonded indebtedness incurred before this section became effective or approved thereafter by two-thirds of the votes cast by voters voting on the question in the taxing district in which it applies.***

***2. Except as otherwise provided in subsections 3, 4 and 5, the base value of real property is the taxable value from which the assessed value for the Fiscal Year 2003-2004 was calculated, but if the property was not appraised or reappraised for that fiscal year, what the taxable value for 2003-2004 would have been, had the property been appraised in 2003-2004 must be determined by the county assessor.***

***3. Except as otherwise provided in this subsection and subsection 6, if the ownership of real property is transferred to the extent of one-half or more of the total interest in the property, the base value of the property becomes the full cash value of the property as of the date of transfer of the property. The provisions of this subsection do not apply if the transfer is to the spouse of the transferor, to or from a separate legal entity of which the transferor is the beneficial owner, or to a child or grandchild of the transferor.***

***4. Except as otherwise provided in subsection 6:***

***(a) If new improvements to real property are constructed, except if constructed to replace existing improvements destroyed by natural disaster or other casualty, or if existing improvements are materially enhanced, the base value of the property must be increased by the full cash value of the new improvement or enhancement.***

***(b) If real property is converted to another use, the base value of the property must be redetermined after the conversion by appraisal at its full cash value in accordance with the new use of the property.***

***5. Except as otherwise provided in subsections 3 and 4, the base value of real property shall not be increased from year to year by any amount greater than the lesser of the increase caused by inflation, if any; or two percent. The base value of real property must be decreased from year to year by the decrease caused by disinflation, if any, or to reflect substantial damage, destruction, or other causes of a decline in value, including, but not limited to, economic or market conditions. For the purposes of this section, the inflation or disinflation shall be measured by the Consumer Price Index for All Urban Consumers, or other appropriate inflation indicator as may be determined by the Legislature, as it applies to each county or other taxing jurisdiction.***

***6. Notwithstanding any provision of this section to the contrary:***

***(a) An owner domiciled in this State who has attained the age of 62 years may replace his principal residence with another of comparable value and transfer to the new residence the base value of the old residence for the purpose of limiting the ad valorem tax on the property. Comparable value means either a lower cash value or up to 10% more in cash value. If the cash value of the new residence exceeds the cash value of the old residence by more than 10%, then the base value of the new residence shall equal the base value of the old residence plus the amount by which the cash value of the new residence exceeds the cash value of the old residence.***

***(b) A new improvement may be constructed, or an existing improvement materially enhanced, without change in the base value of real property if the construction or enhancement is necessary to protect the safety of the occupants or improve accessibility to the disabled.***

***(c) An owner whose real property is taken by the exercise of eminent domain may replace that property with property of comparable value and transfer to the new property the base value of the old property for the purpose of limiting the ad valorem tax on the property. Comparable value means either a lower cash value or up to 10% more in cash value. If the cash value of the new real property exceeds the cash value of the real property taken by eminent domain by more than 10%, then the base value of the new real property shall equal the base value of the real property taken by eminent domain plus the amount by which the cash value of the new real property exceeds the cash value of the real property taken by eminent domain.***

***7. This section shall take effect for the tax year beginning on July 1 following the passage of this amendment.***

***8. If any section, part, clause or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections, parts, clauses and phrases shall not be affected but will remain in full force and effect.***

Section 2. Section 1 subsection 1 of Article 10 of the Nevada Constitution is hereby amended to read as follows:

***Section 1. 1. Except as otherwise provided in Section 6 of this Article, the legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory, except mines and mining claims, which shall be assessed and taxed only as provided in section 5 of this article.***

## DESCRIPTION OF EFFECT

- Amends Nevada Constitution to provide that ad valorem real property tax shall not exceed 1 percent of property's "base value," excluding taxes to pay for existing bonded indebtedness and future bonded indebtedness approved by 2/3 of taxing district voters.
- "Base Value" initially equals taxable value for fiscal year 2003-2004. Base value increases to property's full cash value when property is converted to another use or transferred, unless transferred to or from a transferor-owned entity, or to transferor's spouse, child or grandchild.
- Base value is increased by full cash value of improvements unless improvements (1) replace casualty losses, (2) improve access for the disabled, or (3) protect safety.
- Except when property is transferred, converted, or improved, base value may increase annually only by lesser of inflation or 2%, and must decrease annually by disinflation or to reflect decline in value.
- Nevada-domiciled owners aged 62 or older can transfer the base value of their primary residence to a new primary residence of "comparable value," as defined. Owner of property taken by eminent domain can transfer base value to a property of "comparable value."
- Creates exceptions to constitutional requirement of uniform and equal taxation. Replaces existing constitutional limit on property taxation when inconsistent.

County of \_\_\_\_\_

(Only registered voters of this county may sign below)

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office use only

1	PRINT YOUR NAME (first name, initial, last name)	RESIDENCE ADDRESS ONLY		
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## AFFIDAVIT OF CIRCULATOR

STATE OF NEVADA            )  
COUNTY OF \_\_\_\_\_)

I, \_\_\_\_\_, (print name), being first duly sworn under penalty of perjury, depose and say: (1) that I reside at

(print street, city and state); (2) that I am 18 years of age or older; (3) that I personally circulated this document; (4) that all signatures were affixed in my presence; (5) that I believe them to be genuine signatures; and (6) that each individual who signed was at the time of signing a registered voter in the county of his or her residence (7) that the number for signatures thereon is \_\_\_\_; (8) that each signer had an opportunity before signing to read the full text of the act or resolution on which the initiative is demanded.

\_\_\_\_\_  
Signature of Circulator

Subscribed and sworn to or affirmed before me this

\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_  
Notary Public or person authorized to administer oath