# Initiative Petition

### FILED

### NEVADA PROPERTY TAX RESTRAINT INITIATIVE

Explanation - Matter in bolded italics is new; matter between brackets fomitted material is material to be

# ELECTIONS DIVISION

#### 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 levled on real property shall not exceed 1 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, the taxable value determined by appraisal or reappraisal for a subsequent fiscal year may be appropriately adjusted to determine the taxable value as of the Fiscal Year 2003-2004.
  - 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 transferee, 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 to replace existing improvements destroyed by natural disaster or other casualty, or 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:
    - (a) The percentage of increase in inflation, if any; or
    - (b) Two percent.

The base value of real property must be decreased from year to year by the percentage of inflationary decline, if any, or to reflect substantial damage or 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 percentage of increase in inflation and the inflationary decline 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.
- (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.
- 7. No new or additional tax may be imposed on the sale or other transfer of real property after the date this section becomes effective.
  - 8. This section shall take effect for the tax year beginning on July 1 following the passage of this amendment.
- 9. 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 of Article 10 of the Nevada Constitution is hereby amended to read as follows:

Section 1. 1. [The] 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.

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2. Shares of stock, bonds, mortgages, notes, bank deposits, book accounts and credits, and securities and choses in action of like character are deemed to represent interest in property already assessed and taxed, either in Nevada or elsewhere, and shall be exempt.

3. The legislature may constitute agricultural and open-space real property having a greater value for another use than that for which it is being used, as a separate class for taxation purposes and may provide a separate uniform plan for appraisal and valuation of such property for assessment purposes. If such plan is provided, the legislature shall also provide for retroactive assessment for a period of not less than 7 years when agricultural and open-space real property is converted to a higher use conforming to the use for which other nearby property is used.

4. Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward, shall be deemed to have acquired no situs in Nevada for purposes of taxation and shall be exempt from taxation. Such property shall not be deprived of such exemption because while in the warehouse the property is assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.

5. The legislature may exempt motor vehicles from the provisions of the tax required by this section, and in lieu thereof, if such exemption is granted, shall provide for a uniform and equal rate of assessment and taxation of motor vehicles, which rate shall not

exceed five cents on one dollar of assessed valuation.

6. The legislature shall provide by law for a progressive reduction in the tax upon business inventories by 20 percent in each year following the adoption of this provision, and after the expiration of the 4th year such inventories are exempt from taxation. The legislature may exempt any other personal property, including livestock.

7. No inheritance tax shall ever be levied.

8. The legislature may exempt by law property used for municipal, educational, literary, scientific or other charitable purposes, or

to encourage the conservation of energy or the substitution of other sources for fossil sources of energy.

9. No income tax shall be levied upon the wages or personal income of natural persons. Notwithstanding the foregoing provision, and except as otherwise provided in subsection 1 of this section, taxes may be levied upon the income or revenue of any business in whatever form it may be conducted for profit in the state.

The legislature may provide by law for an abatement of the tax upon or an exemption of part of the assessed value of a singlefamily residence occupied by the owner to the extent necessary to avoid severe economic hardship to the owner of the residence.

### DESCRIPTION OF EFFECT

- Property taxes are limited to 1 percent of the base value of a property, plus the amount necessary to pay existing bonded indebtedness and any additional indebtedness approved by a two-thirds vote.
- Base value initially equals the taxable value for tax year 2003-04.
- Base value increases to full cash value if the property is: (1) transferred, unless the transfer is to an entity owned by the transferor, or to the transferor's spouse, child or grandchild; or (2) converted to another use.
- Base value increases by the full cash value of improvements unless the improvements: (1) replace casualty losses; or (2) are made to improve access for the disabled or to protect safety.
- Base value may annually increase by the rate of inflation or 2 percent, whichever is less. Base value must decrease each year by the rate of inflationary decline, if any, and must be decreased to reflect declines in value.
- An owner can transfer the base value of his property to a new property when he moves if the owner is at least 62 years old or if his property is taken by eminent domain.
- No new taxes on sales of property.

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