

**STATEMENTS/QUESTIONS/ANSWERS REGARDING AB 489
PARTIAL ABATEMENT OF PROPERTY TAXES (PROPERTY TAX CAP)**

- The Governor signed AB 489 into law on April 6, 2005.
- This bill provides for a partial abatement of property taxes. The level of the abatement is based on the type and use of the property.
 - If the property is your **primary residence** within the State of Nevada, the abatement equals the amount of taxes that exceed last year's tax bill plus 3%.
 - If the property contains **rental unit(s)** and the rent on all units within the property are at or below the fair market rent for the county in which the dwelling is located, as most recently published by the United States Department of Housing and Urban Development, the abatement equals the amount of taxes which exceed last year's tax bill plus 3%.
 - Most other properties (rental units where the rent exceeds the HUD guidelines, commercial, industrial, vacant land, mixed use, etc.), except as noted below, are subject to an abatement at a higher level which is calculated by comparing
 - 1) The lesser of
 - **(I)** The average percentage of change in the assessed valuation of all taxable property in the county as determined by the Department of Taxation, over the fiscal year in which the levy is made and the 9 immediately preceding fiscal years; or
 - **(II)** Eight percent; OR
 - 2) Twice the percentage of increase in the Consumer Price Index (All Items) for the immediately preceding calendar year,
Whichever is greater.

For 2005, the result of the above should be approximately 6.6%

- There are exceptions to the abatement (these exceptions apply only for the year for which the limiting condition exists, the appropriate abatement will be applied for the following year, barring any new limiting conditions):

Parcels where there has been a change of use such as zoning, conversion of a manufactured home, removal from the Agricultural Deferral program, etc. may not be covered by a partial abatement of taxes.

Parcels which are new to the tax roll may not be covered by a partial abatement of taxes.

New construction is not covered by a partial abatement of taxes.

- “Primary residence of the owner” means a residence which:
 - Is designated by the owner as the primary residence of the owner in this State, exclusive of any other residence of the owner in this State; AND
 - Is not rented, leased or otherwise made available for exclusive occupancy by any person other than the owner of the residence and members of the family of the owner.

- Property owners of residential rental dwellings who charge rent, for all units, that does not exceed affordable housing standards for low-income housing are eligible for a partial abatement of property taxes, or the equivalent effect of a tax cap of 3%.

No. of Bedrooms	STUDIO	1 BR	2 BR	3 BR	4 + BR
Maximum Rent	\$424	\$507	\$626	\$912	\$1,099

- Any property where the percentage of tax increase from the previous year was less than the corresponding cap, respective of their use/type of property, will only pay the original increase of their taxes.

- Beginning the week of May 16th, our Office will be mailing out postcards (on white card stock) to homeowners in Washoe County, asking that they indicate whether the home is their primary residence or is being rented. An affidavit for the rental partial abatement, including the rent amounts that qualify, will be mailed out if our Office receives the return postcard from the owner indicating the home is a rental. If the home is neither a primary residence nor a rental, then a response to the postcard is not necessary. All postcards have detachable postage paid return postcards.

- A separate postcard (on green card stock) will be mailed out to owners of rental properties in Washoe County, asking that they indicate whether the rent charged does or does not exceed affordable housing standards for low-income housing. Rental properties that do not exceed the standards will receive a 3% cap on the tax bill and the rental properties that do exceed the standards will receive approximately a 6.6% cap on the tax bill. An affidavit for the rental partial abatement, including the rent amounts that qualify, will be mailed out after our Office receives the rental postcard from the owner. All postcards have detachable postage paid return postcards.

QUESTIONS AND ANSWERS

1. Who is eligible for the 3% tax cap?

All owner occupied homes (including single-family homes, condos, townhouses and manufactured homes) that are used as primary residences qualify for the 3% tax cap. Also, rental units may be eligible if all the units are rented for equal to or less than the HUD median market rents.

2. What is capped under Assembly Bill 489 (AB 489)?

AB 489 provides for a partial abatement of the ad valorem taxes levied in a county. This partial abatement results in a "Tax Cap". The tax cap will limit the increase of your tax bill to 3% for your primary residence within Nevada or rental properties where the rent charged does not exceed the fair market rent for the county in which the dwelling is located, as most recently published by HUD. Most other property will receive a higher "Cap", which, for 2005/2006 will be approximately 6.6% over the previous year's tax bill. It does not limit the increase in assessed value.

3. How does the tax cap affect my exemption?

The exemption will be applied to the tax bill after the cap is applied.

4. Why did my bill go up by more than the prescribed cap from last year's bill?

The following situations could cause an increase of more than the prescribed cap:

An exemption, which was applied to last years tax bill, was removed for the current year.

There was a change in use for the property such as a zoning change or mobile home conversion.

There was new construction on the property.

New, Voter approved increases were levied.

5. What if my tax bill did not increase by the amount of the corresponding cap?

Any property where the percentage of tax increase was less than the corresponding cap will only be billed the original increase of the taxes. The tax bill will not automatically be increased by the corresponding cap.

6. What if I rent out a room in my primary residence?

If you live in the home you own, it is considered your primary residence and therefore qualifies for the 3% tax cap.

7. What if I rent out my guesthouse or casita?

The rent you are charging would need to be equal to or less than the HUD median market rent in order to qualify for the 3% cap. The higher cap would apply unless it is a new property for this year which does not have a cap.

8. Is the land my manufactured home sits on eligible for the 3% cap on taxes?

·If you own both the land and the manufactured home, and occupy the manufactured home as your primary residence you are eligible for the 3% tax cap on the land and manufactured home. This applies even if the manufactured home has not been converted to real property.

·If you own the manufactured home but not the land, the manufactured home is eligible for the 3% tax cap. The cap level for the land would be determined based on the space rent charged.

·If you own the land but not the manufactured home you would not be eligible for the 3% tax cap unless the space rent is less than the HUD median market rent.

·If you own the land and the manufactured home but they are a rental, you are eligible for the 3% tax cap only if the rent you are charging is equal to or less than the HUD median market rent.

9. Why did I receive multiple cards?

A separate post card was mailed out for every property that you own. For single family residences, sign and return only the **PRIMARY RESIDENCE** post card for the home you live in. If you rent the single family residence then sign and return the **RENTAL PROPERTY** post card, be sure to check the appropriate box on the return post card to indicate if the rent is equal to or below OR above the maximum rent allowable for the 3% tax cap for 2005/2006. You will also receive a post card for each rental property that you own. If the rental property rent rates are equal to or below the maximum rent allowable for the 3% tax cap for 2005/2006, sign and return only the **RENT QUALIFIED** post card. If the rental property rent rates are above the maximum rent allowable for the 3% tax cap for 2005/2006, sign and return only the **RENT NONQUALIFIED** post card.

10. How do I qualify for a 3% tax cap for rental property?

Each rental unit on the parcel must be rented for equal to or less than the HUD median market rent. All units must qualify.

11. What if I run a business in my primary residence? Does my property still qualify for the 3% tax cap.

If your parcel has a land use code (zoning) of residential, your property would still qualify for the 3% tax cap.

12. What if my primary residence is on the same parcel as my business?

Mixed-use parcels are not eligible for the 3% tax cap but the 6.6% tax cap would apply.

13. What if I sell my home or purchase a new home?

The transfer of ownership of property will trigger a new post card to be mailed to the new owner to verify the status. The new post cards will be mailed quarterly.

14. I received the 3% tax cap, why didn't my assessed value go down?

The 3% tax cap is applied to your tax amount, not the assessed value of your property.

15. You denied my request for the 3% (or 6.6%) tax cap, how do I appeal your decision?

The Treasurer's Office has created a form for you to fill out to appeal the decision made on the tax cap applied to your property. You can obtain that form by calling, writing or coming in to the Treasurer's Office and asking for the AB 489 tax cap appeal form. The Treasurer has 30 days to respond to your appeal.

16. Can I apply for or change my cap over the phone?

No, you must sign the post card and, if necessary, the rental questionnaire as the property owner. We can send the documents to you if you call in and request them.

17. Do all owners of a given property have to sign the post card?

No. Any owner or legally authorized agent may sign the postcard.

18. I have multiple properties owned by a trust that the trustees live in. Will the 3% tax cap apply to these properties?

Yes, all properties in which a trustee of the trust occupy as their primary residence would qualify for the 3% tax cap.

19. Was my tax rate capped by AB 489?

No, only the amount of increase on your tax bill was capped.