

PROPERTY TAX CAP – AB489

FREQUENTLY ASKED QUESTIONS:

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, less utilities.

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, less utilities, 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 7.3% over the previous year's tax bill in Douglas County. 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?

For the first year, the property will qualify for the lower cap as long as the main residence is the primary owner occupied residence. This may change in future years when permanent regulations are adopted.

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.
- If you own the manufactured home but not the land, the manufactured home is eligible for the 3% tax cap, but not the land.
- If you own the land but not the manufactured home you would be eligible for the 3% tax cap only if the space rent is less than the HUD median market rent, less utilities.
- 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, less utilities.

9. Why did I receive multiple cards?

A separate post card is mailed for every property that you own:

For single-family residences, sign and check the **PRIMARY RESIDENCE** box for the home in which you live and return the card to the Assessor's office.

If you rent a single-family residence to another party, then sign and check the **RENTAL PROPERTY** box and return the card to the Assessor's office. A follow-up survey asking for rental rates will be sent to all properties that have indicated a rental. The appropriate cap will be determined by the reported rental rate.

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, less utilities. 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?

Yes, property used in the operation of a home business can still be considered as a primary residence.

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 7.3% 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 monthly.

14. I received the 3% tax cap, why did my assessed value go up by more than 3%?

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

15. 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 our office at 775-782-9830 and request them or you may come into the office at 1616 8th St., Minden.

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

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

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

As long as the residence is the primary residence of a trustee the property will qualify for the 3% cap.

18. Was my tax rate capped by AB 489?

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