



AJR1 (2025) Property Tax Implications

Assembly Joint Resolution 1 (AJR1) contemplates an amendment to the Nevada Constitution that would change the way property tax is calculated when real property is sold in the state by resetting depreciation on the property. Using data from Fiscal Year 2024 (FY24) as an example, this analysis estimates the potential fiscal impact of AJR1.

According to the Washoe County Assessor's Office, approximately 4,000 parcels were sold within Reno city limits in FY24. For the purposes of this analysis, tax exempt and parcels within redevelopment areas were excluded.

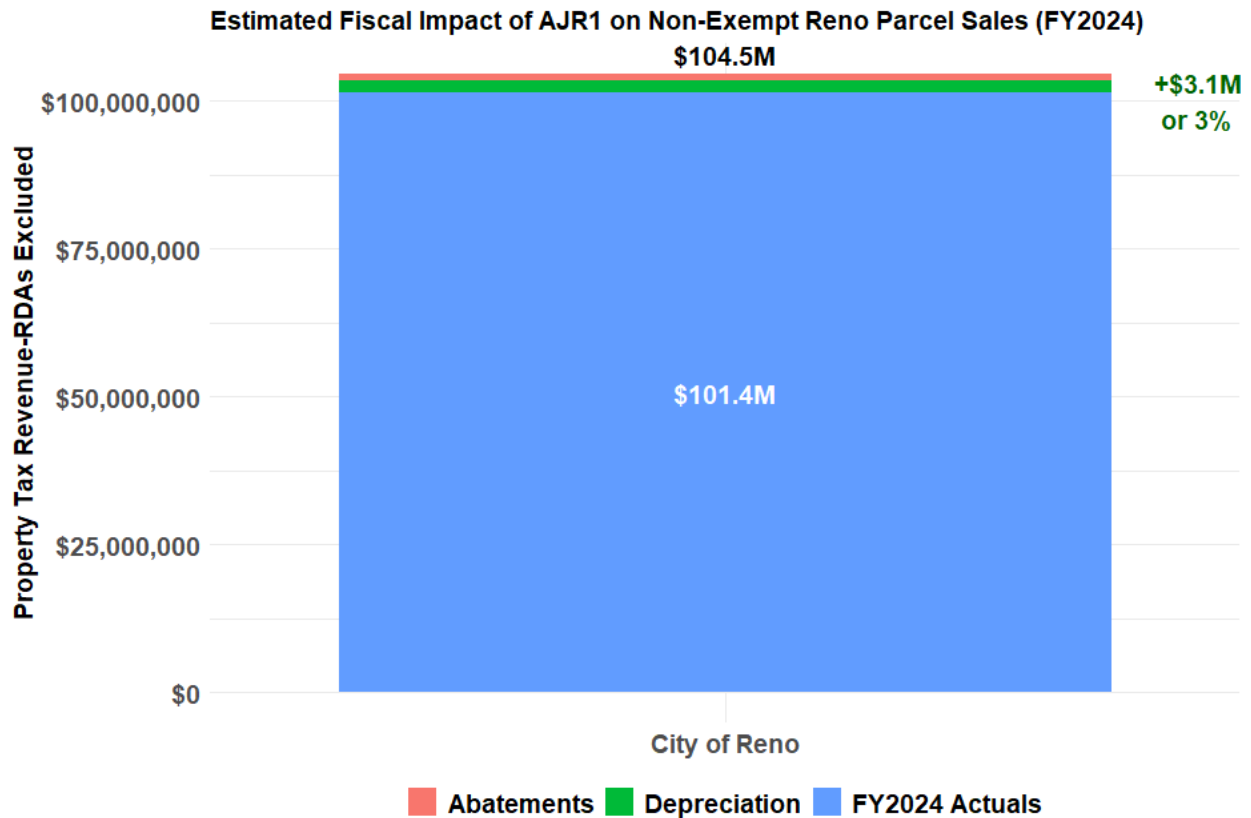
Parcels sold in Reno during FY24 would have generated an estimated **\$11.9 million** in additional property tax revenue for all taxing entities combined—including the State of Nevada, Washoe County, the Washoe County School District (WCSD), and the City of Reno—had AJR1 been in effect during that fiscal year. Of the \$11.9 million total, approximately **\$3.1 million** would have gone to the City of Reno.

FY2024 Estimated AJR1 Property Tax Implications Based on Parcels Sold in Reno		
Factor	Additional Revenue Generated	City of Reno's Share
Depreciation	\$8,060,587	\$2,113,812
Abatements	\$3,830,662	\$1,004,555
Total	\$11,891,249	\$3,118,367

This change would have reflected an estimated 3 percent increase in property tax revenue for the City of Reno.

FY24 Estimated Increase in City of Reno Property Tax Revenue	
Revenue Type	Amount (Rounded)
FY24 Actual Property Tax Revenue – General Fund ¹	\$77,161,000
FY24 Actual Property Tax Revenue – Street Fund ¹	\$24,196,000
+ Revenue Estimated from AJR1	\$3,118,000
New Total FY2024 Revenue (Estimated)	\$104,475,000

¹Source: City of Reno FY2024 ACFR - Includes actual property tax revenue in the General Fund and Streets Special Revenue Fund in FY2024. A portion of property tax within the City of Reno goes to the street fund based on a voter-approved initiative. Property tax revenue attributable to Reno's RDAs has been excluded.



It's important to note that the additional annual revenue generated under AJR1 would likely vary based on a range of factors, including overall economic conditions, the volume and types of parcel sales, the age of parcels sold, and the issuance and application of economic development or energy-related abatements. For example, nearly twice as many parcels were sold in FY2021 compared to FY2024, highlighting how year-to-year fluctuations in the real estate market can significantly affect potential revenue from these resets.

Methodology Notes

Parcel Data Notes

- Parcel sales data by fiscal year was obtained from the Washoe County Assessor's Office. This analysis uses FY2024 data.
- Parcels located within Reno's redevelopment areas (RDA1 and RDA2) were excluded, as the potential effects of AJR1 on redevelopment areas are uncertain due to the complex tax laws that govern RDAs.
- Exempt parcels sold in FY2024, which do not contribute to property tax revenue, were excluded.
- Personal property was not considered in this analysis.
- Using these exclusions, the dataset identified 4,016 parcels sold in Reno in FY24:

Parcel Type Sold	Parcels Sold in Reno
Non-Exempt & Not in an RDA ²	4,016

²An additional 621 parcels sold in Reno in FY2024 that were either tax-exempt or located within an RDA. These parcels are not included in this analysis.

Analysis Notes

- **Depreciation Factor:** We estimated the impact of AJR1 on depreciation by identifying the depreciated value applied to the improvement value of each parcel sold, as determined by the Assessor's Office. We assumed this depreciated value would become fully taxable under AJR1. This approach allowed us to estimate the additional taxable value resulting from the elimination of depreciation.
- **Abatement Factor:** We estimated the impact of AJR1 on abatements by summing the tax cap abatements applied to each parcel sold. This amount represents the difference between property taxes based on the full assessed value and the taxes actually paid due to the application of tax caps.