

STATE OF NEVADA
DEPARTMENT OF TAXATION



2006-2007

IMPROVEMENT FACTOR REPORT

August 1, 2005

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Division of Assessment Standards

Table of Contents

| Topic | Page |
|---|-------------|
| Executive Summary..... | i |
| 2006-2007 Proposed Improvement Factor | 1 |
| Improvement Factor | |
| Historical | 2 |
| Percentage Change..... | 3 |
| Cumulative..... | 4 |
| Improvement Factor By County..... | 5 |
| Builders Cost Survey Results | 14 |
| Consumer Price Indices. | 16 |
| Methodology for Marshall-Swift Study | 18 |

2006-2007 Improvement Factor Report

Executive Summary

This executive summary does not include the spreadsheets of data supporting the analysis of the Marshall-Swift Costing Service Cost Manual. If you desire a copy of this material, please contact the Division of Assessment Standards.

In 2003, the Legislature amended NRS 361.260 (5) and added NRS 361.261. Under the amended NRS 361.260(5), assessors may either apply a factor to improvements in non-reappraisal areas or they have the option of determining the replacement cost and subtracting all applicable depreciation and obsolescence for improvements in non-reappraisal areas. If an assessor chooses to apply a factor, the factor *“must reasonably represent the change, if any, in the taxable value of typical improvements in the area since the preceding year, and must take into account all applicable depreciation and obsolescence.”*

NRS 361.261 now requires the Department to propose any improvement factors on or before February 1 of each year. Then, on or before May 15th of the same year, each county assessor shall notify the Tax Commission that he either approves or objects to the proposed factors that are applicable to the county he represents. If any county assessor objects, the Tax Commission shall hold a hearing on the proposed factors and make every effort to reconcile the objections.

Legislative history and the minutes of Tax Commission meetings since 1981 indicate the purpose of the factor is to keep properties not reappraised at a similar level of assessment with properties that are reappraised. Typically, reappraised properties reflect the inflationary trends affecting new construction. However, the county assessors are only required to reappraise once every five years. If an improvement factor is not applied to non-reappraised properties during the interim between reappraisals, over time there is the potential of a large upward spike in assessed value in order to catch up with the inflationary trends of the previous four years. The improvement factor provides a means to ensure a stable property tax environment, and avoids unanticipated valuation increases.

The Department annually conducts a comprehensive study to determine the increases or decreases in typical building costs. For the 2006-2007 tax year, the Department used the following sources of information to estimate the rate of change in costs:

Sources:

1. Study of Marshall-Swift Costing Service cost manual, by region
2. Survey of Area Contractors
3. Consumer Price index

Until 2001, the Department recommended a “composite factor” to be approved by the Nevada Tax Commission. The composite factor was comprised of a calculated weighted average of cost trends, less the 1.5% rate of annual depreciation required by NRS 361.227. Since NRS 361.260(5) requires that all applicable depreciation *and obsolescence* must be taken into account, the Department since 2001 has only recommended the trend factor, without making a

mathematical calculation for depreciation for purposes of a composite factor. Since obsolescence can only be calculated at the local level, the Department has not recommended a composite factor since 2002, and instead instructs the county assessors to take into account all applicable depreciation and obsolescence.

For the 2006-2007 tax year, the Department recommends that a statewide factor of 1.12 be applied to non-reappraised improvements. This is a statewide average supported by the sources listed above. The factor represents building cost trends but does not include all applicable depreciation and obsolescence, which must be calculated at the local level. The factor is contained within the range of reasonable representations of cost changes. Although slightly less than the Marshall Swift study of 1.13, a 1.12 statewide factor is, nevertheless, a conservative reflection of the other sources of cost change indicators, including the area contractor survey, and the consumer price index. It also is appropriate given the rising inflation factors for virtually all construction materials.

A statewide factor displays less volatility than regional factors while still maintaining values between the mandated range of 32% to 36% required by NRS 361.333 and improving uniformity among jurisdictions.

Area Contractor Survey

Area contractors are annually surveyed to determine whether building costs have gone up, down, or stayed the same, as well as to determine the approximate percentage change the contractors experienced during the period from September 2003 to September 2004. This year the Division obtained a “Licensed Contractors” list from the Nevada State Contractors Board. There were over 2000 contractors licensed to do business in the state of Nevada. This list was pared down to approximately 900 contractors that do business entirely within Nevada. The survey contained the following question, the type of construction they are engaged in, whether residential or commercial, or both. Finally, they were asked to identify the geographic areas in which they build. Over 550 contractors responded to the survey. The results of this survey can be found on pages 16 and 17.

Consumer Price Index

According to the Bureau of Labor Statistics:

The consumer price index (CPI) is a measure of the average change in prices over time of goods and services purchased by households. The CPIs are based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors’ and dentists’ services, drugs, and other goods and services that people buy for day-to-day living. Prices are collected in 87 urban areas across the country from about 50,000 housing units and approximately 23,000 retail establishments – department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments.

The CPI Table indicates the overall CPI percent change from October 2003 to October 2004 was 2.9%. The percent change for the housing category was 3.0%, but for shelter alone, the percentage change was 3.1%.

Study of Marshall-Swift Costing Service Cost Manual

Tracking changes in costs reported by the Marshall and Swift Costing Service is important because, pursuant to NAC 361.128 (2)(b), county assessors are required to use:

the standards in the cost manuals, including modifiers of local costs, published through or furnished by the Marshall and Swift Publication Company, as they existed on October 1 of the year preceding the current assessment year, if the executive director approves it for use by county assessors in determining the costs of improvements.

The methodology used to calculate the weighted average cost changes is described on pages 21 and 22. The study of the Marshall-Swift Costing Service has been conducted by the Department annually for the last twenty-two years. The steps include an analysis of the rate of change of regional factors for each class of construction, including 5 types of commercial construction and 2 types of residential construction. The local cost modifiers are also studied to determine the rate of change, from October 1st of 2003 to October 1st of 2004, for each building type and applied to the regional change.

The resulting forty-nine factors are mathematically accurate, but unwieldy for assessors to apply, because it would require an individual analysis and data entry on each property to see which of the forty-nine factors is the most appropriate. To simplify the process, the Department weights the factors on the basis of the type of construction observed statewide. This reduces the number of factors to five for commercial and two for residential. A second weighting is applied, based on the relative total assessed value of commercial to residential properties reported in the Statistical Analysis of the Roll. This results in an overall weighted factor for commercial properties and an overall weighted factor for residential properties. These two are added to produce an improvement factor by region. The average of all the regions except Las Vegas produces a weighted statewide factor. The Summary Table on page 3 shows the regional weighted average factors, as well as the weighted statewide factor of 1.13.

These factors are produced based on data from October 1, 2003 to October 1, 2004 and applied to improvements for a lien date in July, 2006. The gap in time is required to compile data, process it, get it approved by the Tax Commission, and then disseminated to assessors for assessments prepared in advance of the July 1, 2006 lien date.

Conclusions and Recommendations

Regional factors based on the study of Marshall-Swift Costing Service Cost Manual are accurate and provide equalized values. However, the acceptable range of resulting ratios has a greater spread between regions. Statewide factors, barring unusual local conditions, not only provide equalized values, but also tighter uniformity among regions. Given the results of the various sources of information, the Department recommends a statewide factor of 1.12%.

NEVADA DEPARTMENT OF TAXATION
 IMPROVEMENT FACTOR STUDY, FEBRUARY, 2005
 2006-2007 PROPOSED IMPROVEMENT FACTORS

COMPUTED FROM THE MARSHALL SWIFT RESIDENTIAL & COMMERCIAL MANUALS

| FACTOR AREA | ROUNDED FACTOR | RAW FACTOR | WEIGHT | FACTOR WEIGHT |
|----------------|-------------------|---------------|--------|------------------|
| CARSON CITY | 1.13 | 1.130 | 16.1% | 0.1816 |
| ELKO | 1.10 | 1.103 | 7.5% | 0.0825 |
| FALLON | 1.13 | 1.131 | 7.6% | 0.0859 |
| LINCOLN COUNTY | 1.10 | 1.102 | 0.4% | 0.0043 |
| NYE COUNTY | 1.14 | 1.135 | 3.2% | 0.0358 |
| RENO - SPARKS | 1.13 | 1.128 | 57.5% | 0.6490 |
| LAKE TAHOE | 1.12 | 1.118 | 7.8% | 0.0870 |
| STATEWIDE | 1.13 | 1.128 | 100.0% | 1.1262 |
| LAS VEGAS | 1.10 | 1.101 | N/A | N/A |

NEVADA DEPARTMENT OF TAXATION

NTC APPROVED IMPROVEMENT FACTORS

AREA FACTORS WERE DEVELOPED BASED ON THE
AREAS ESTABLISHED BY MARSHALL & SWIFT.

IMPROVEMENT FACTORS

| YEAR | CARSON CITY | ELKO | FALLON | LINCOLN | NYE | RENO/SPARKS | TAHOE | STATEWIDE |
|-------------------------|-------------|--------|--------|---------|--------|-------------|--------|-----------|
| 2006-07 | 1.1300 | 1.1000 | 1.1300 | 1.1000 | 1.1400 | 1.1300 | 1.1200 | 1.1214 |
| 2005-06 | 1.0200 | 1.0200 | 1.0200 | 1.0200 | 1.0200 | 1.0200 | 1.0200 | 1.0200 |
| 2004-05 | 1.0250 | 1.0250 | 1.0250 | 1.0250 | 1.0250 | 1.0250 | 1.0250 | 1.0250 |
| 2003-04 | 0.9900 | 1.0350 | 0.9900 | 1.0150 | 1.0000 | 0.9900 | 1.0000 | 1.0029 |
| 2002-03 | 1.0300 | 1.0350 | 1.0250 | 1.0450 | 1.0300 | 1.0250 | 1.0300 | 1.0314 |
| 2001-02 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 |
| 2000-01 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 |
| 1999-00 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 |
| 1998-99 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 |
| 1997-98 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 | 1.0150 |
| 1996-97 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 |
| 1995-96 | 1.0400 | 1.0400 | 1.0400 | 1.0400 | 1.0150 | 1.0400 | 1.0400 | 1.0364 |
| 1994-95 | 1.0250 | 1.0250 | 1.0300 | 1.0250 | 1.0000 | 1.0300 | 1.0200 | 1.0221 |
| 1993-94 | 1.0150 | 1.0250 | 1.0200 | 1.0450 | 1.0000 | 1.0100 | 1.0150 | 1.0186 |
| CUMULATIVE TOTAL | 1.4894 | 1.5381 | 1.4967 | 1.5527 | 1.4238 | 1.4821 | 1.4838 | 1.4953 |
| AVG FACTOR | 1.0289 | 1.0312 | 1.0292 | 1.0319 | 1.0256 | 1.0285 | 1.0286 | 1.0292 |

NEVADA DEPARTMENT OF TAXATION

NTC APPROVED IMPROVEMENT FACTORS

AREA FACTORS WERE DEVELOPED BASED ON THE
AREAS ESTABLISHED BY MARSHALL & SWIFT.

PERCENTAGE CHANGE

| YEAR | CARSON CITY | ELKO | FALLON | LINCOLN | NYE | RENO/SPARKS | TAHOE | STATEWIDE |
|---------------------|-------------|--------|--------|---------|--------|-------------|--------|-----------|
| 2006-07 | 13.00% | 10.00% | 13.00% | 10.00% | 14.00% | 13.00% | 12.00% | 12.14% |
| 2005-06 | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| 2004-05 | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| 2003-04 | -1.00% | 3.50% | -1.00% | 1.50% | 0.00% | -1.00% | 0.00% | 0.29% |
| 2002-03 | 3.00% | 3.50% | 2.50% | 4.50% | 3.00% | 2.50% | 3.00% | 3.14% |
| 2001-02 | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| 2000-01 | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| 1999-00 | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 1998-99 | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 1997-98 | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| 1996-97 | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 1995-96 | 4.00% | 4.00% | 4.00% | 4.00% | 1.50% | 4.00% | 4.00% | 3.64% |
| 1994-95 | 2.50% | 2.50% | 3.00% | 2.50% | 0.00% | 3.00% | 2.00% | 2.21% |
| 1993-94 | 1.50% | 2.50% | 2.00% | 4.50% | 0.00% | 1.00% | 1.50% | 1.86% |
| TOTAL CHANGE | 48.94% | 53.81% | 49.67% | 55.27% | 42.38% | 48.21% | 48.38% | 49.53% |
| AVG INCREASE | 2.89% | 3.12% | 2.92% | 3.19% | 2.56% | 2.85% | 2.86% | 2.92% |

NEVADA DEPARTMENT OF TAXATION

NTC APPROVED IMPROVEMENT FACTORS

**AREA FACTORS WERE DEVELOPED BASED ON THE
AREAS ESTABLISHED BY MARSHALL & SWIFT.**

CUMULATIVE COST INDEX

| YEAR | CARSON CITY | ELKO | FALLON | LINCOLN | NYE | RENO/SPARKS | TAHOE | STATEWIDE |
|-------------------------|-------------|--------|--------|---------|--------|-------------|--------|-----------|
| 2006-07 | 1.1300 | 1.1000 | 1.1300 | 1.1000 | 1.1400 | 1.1300 | 1.1200 | 1.1214 |
| 2005-06 | 1.0200 | 1.0200 | 1.0200 | 1.0200 | 1.0200 | 1.0200 | 1.0200 | 1.0200 |
| 2004-05 | 1.0455 | 1.0455 | 1.0455 | 1.0455 | 1.0455 | 1.0455 | 1.0455 | 1.0455 |
| 2003-04 | 1.0350 | 1.0821 | 1.0350 | 1.0612 | 1.0455 | 1.0350 | 1.0455 | 1.0485 |
| 2002-03 | 1.0661 | 1.1200 | 1.0609 | 1.1089 | 1.0769 | 1.0609 | 1.0769 | 1.0814 |
| 2001-02 | 1.0821 | 1.1368 | 1.0768 | 1.1256 | 1.0930 | 1.0768 | 1.0930 | 1.0977 |
| 2000-01 | 1.0983 | 1.1538 | 1.0930 | 1.1425 | 1.1094 | 1.0930 | 1.1094 | 1.1141 |
| 1999-00 | 1.1313 | 1.1884 | 1.1258 | 1.1767 | 1.1427 | 1.1258 | 1.1427 | 1.1475 |
| 1998-99 | 1.1652 | 1.2241 | 1.1596 | 1.2120 | 1.1770 | 1.1596 | 1.1770 | 1.1820 |
| 1997-98 | 1.1827 | 1.2424 | 1.1769 | 1.2302 | 1.1946 | 1.1769 | 1.1946 | 1.1997 |
| 1996-97 | 1.2182 | 1.2797 | 1.2123 | 1.2671 | 1.2305 | 1.2123 | 1.2305 | 1.2357 |
| 1995-96 | 1.2669 | 1.3309 | 1.2607 | 1.3178 | 1.2489 | 1.2607 | 1.2797 | 1.2807 |
| 1994-95 | 1.2986 | 1.3642 | 1.2986 | 1.3507 | 1.2489 | 1.2986 | 1.3053 | 1.3091 |
| 1993-94 | 1.3180 | 1.3983 | 1.3245 | 1.4115 | 1.2489 | 1.3115 | 1.3249 | 1.3334 |
| CUMULATIVE TOTAL | 1.4894 | 1.5381 | 1.4967 | 1.5527 | 1.4238 | 1.2731 | 1.2797 | 1.2834 |
| AVG FACTOR | 1.0289 | 1.0312 | 1.0292 | 1.0319 | 1.0256 | 1.0285 | 1.0286 | 1.0292 |

NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY
CARSON CITY IMPROVEMENT FACTOR COMPUTATION

| CONSTRUCTION TYPE | LOCAL MULTIPLIER 10/02 * | LOCAL MULTIPLIER 10/03 * | PRICE RELATIVE 10/03 / 10/02 (C / B) | COMPARATIVE COST MULTIPLIER 10/02>10/03 ** | CONSTRUCTION TYPE FACTOR (D * E) | PERCENTAGE OF CONSTRUCTION TYPE *** | WEIGHTED FACTOR (F * G) | PERCENTAGE OF TAX ROLL **** | WEIGHTED FACTOR (I * J) |
|--|--------------------------|--------------------------|--------------------------------------|--|----------------------------------|-------------------------------------|-------------------------|-----------------------------|-------------------------|
| COMMERCIAL | | | | | | | | | |
| A | 1.10 | 1.13 | 1.027273 | 1.107 | 1.137191 | 0.040 | 0.045488 | | |
| B | 1.08 | 1.09 | 1.009259 | 1.109 | 1.118965 | 0.040 | 0.044759 | | |
| C | 1.07 | 1.09 | 1.018692 | 1.092 | 1.112412 | 0.500 | 0.556206 | | |
| D | 1.07 | 1.10 | 1.028037 | 1.097 | 1.127757 | 0.250 | 0.281939 | | |
| S | 1.09 | 1.12 | 1.027523 | 1.115 | 1.145688 | 0.170 | 0.194767 | | |
| ALL COMMERCIAL | | | | | | 1.000 | 1.123158 | 0.3294 | 0.369994 |
| RESIDENTIAL | | | | | | | | | |
| FRAME | 1.07 | 1.10 | 1.028037 | 1.106 | 1.137009 | 0.800 | 0.909607 | | |
| MASONRY | 1.07 | 1.09 | 1.018692 | 1.095 | 1.115468 | 0.200 | 0.223094 | | |
| ALL RESIDENTIAL | | | | | | 1.000 | 1.132701 | 0.6706 | 0.759563 |
| CARSON CITY COMPOSITE IMPROVEMENT FACTOR | | | | | | | | 1.0000 | 1.129557 |
| PROPOSED CARSON CITY IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| WEIGHTED MEDIAN STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |

* MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 99 PAGE 8 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-7
** MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 98 PAGE 5 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-12
*** BASED ON ESTIMATES SUPPLIED BY COUNTY ASSESSOR
**** 2003-04 STATISTICAL ANALYSIS OF THE TAX ROLL

**NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY**

ELKO IMPROVEMENT FACTOR COMPUTATION

| CONSTRUCTION TYPE | LOCAL MULTIPLIER 10/02 * | LOCAL MULTIPLIER 10/03 * | PRICE RELATIVE 10/03 / 10/02 (C / B) | COMPARATIVE COST MULTIPLIER 10/02>10/03 ** | CONSTRUCTION TYPE FACTOR (D * E) | PERCENTAGE OF CONSTRUCTION TYPE *** | WEIGHTED FACTOR (F * G) | - PERCENTAGE OF TAX ROLL **** | WEIGHTED FACTOR (I * J) |
|--|--|-----------------------------|--|---|-------------------------------------|-------------------------------------|----------------------------|-------------------------------|----------------------------|
| COMMERCIAL | | | | | | | | | |
| A | 1.07 | 1.07 | 1.000000 | 1.107 | 1.107000 | 0.040 | 0.044280 | | |
| B | 1.07 | 1.06 | 0.990654 | 1.109 | 1.098338 | 0.040 | 0.043934 | | |
| C | 1.09 | 1.08 | 0.990826 | 1.092 | 1.081982 | 0.500 | 0.540991 | | |
| D | 1.08 | 1.07 | 0.990741 | 1.097 | 1.086843 | 0.250 | 0.271711 | | |
| S | 1.07 | 1.07 | 1.000000 | 1.115 | 1.115000 | 0.170 | 0.189550 | | |
| ALL COMMERCIAL | | | | | | 1.000 | 1.090465 | 0.4660 | 0.508115 |
| RESIDENTIAL | | | | | | | | | |
| FRAME | 1.07 | 1.08 | 1.009346 | 1.106 | 1.116337 | 0.800 | 0.893070 | | |
| MASONRY | 1.08 | 1.09 | 1.009259 | 1.095 | 1.105139 | 0.200 | 0.221028 | | |
| ALL RESIDENTIAL | | | | | | 1.000 | 1.114097 | 0.5340 | 0.594971 |
| ELKO COMPOSITE IMPROVEMENT FACTOR | | | | | | | | 1.0000 | 1.103086 |
| PROPOSED ELKO IMPROVEMENT FACTOR | | | | | | | | | 1.100000 |
| WEIGHTED MEDIAN STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| * | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 99 PAGE 8 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-7 | | | | | | | | |
| ** | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 98 PAGE 5 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-12 | | | | | | | | |
| *** | BASED ON ESTIMATES SUPPLIED BY COUNTY ASSESSOR | | | | | | | | |
| **** | 2003-04 STATISTICAL ANALYSIS OF THE TAX ROLL | | | | | | | | |

**NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY**

FALLON IMPROVEMENT FACTOR COMPUTATION

| CONSTRUCTION TYPE | LOCAL MULTIPLIER 10/02 * | LOCAL MULTIPLIER 10/03 * | PRICE RELATIVE 10/03 / 10/02 (C / B) | COMPARATIVE COST MULTIPLIER 10/02>10/03 ** | CONSTRUCTION TYPE FACTOR (D * E) | PERCENTAGE OF CONSTRUCTION TYPE *** | WEIGHTED FACTOR (F * G) | - PERCENTAGE OF TAX ROLL **** | WEIGHTED FACTOR (I * J) |
|--|--|--------------------------|--------------------------------------|--|----------------------------------|-------------------------------------|-------------------------|-------------------------------|-------------------------|
| COMMERCIAL | | | | | | | | | |
| A | 1.02 | 1.05 | 1.029412 | 1.107 | 1.139559 | 0.040 | 0.045582 | | |
| B | 1.01 | 1.02 | 1.009901 | 1.109 | 1.119677 | 0.040 | 0.044787 | | |
| C | 1.02 | 1.04 | 1.019608 | 1.092 | 1.113412 | 0.500 | 0.556706 | | |
| D | 1.01 | 1.04 | 1.029703 | 1.097 | 1.129584 | 0.250 | 0.282396 | | |
| S | 1.03 | 1.06 | 1.029126 | 1.115 | 1.147475 | 0.170 | 0.195071 | | |
| ALL COMMERCIAL | | | | | | 1.000 | 1.124542 | 0.3262 | 0.366814 |
| RESIDENTIAL | | | | | | | | | |
| FRAME | 1.01 | 1.04 | 1.029703 | 1.106 | 1.138852 | 0.800 | 0.911082 | | |
| MASONRY | 1.02 | 1.04 | 1.019608 | 1.095 | 1.116471 | 0.200 | 0.223294 | | |
| ALL RESIDENTIAL | | | | | | 1.000 | 1.134376 | 0.6738 | 0.764354 |
| FALLON COMPOSITE IMPROVEMENT FACTOR | | | | | | | | 1.0000 | 1.131168 |
| PROPOSED FALLON IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| WEIGHTED MEDIAN STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| * | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 99 PAGE 8 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-7 | | | | | | | | |
| ** | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 98 PAGE 5 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-12 | | | | | | | | |
| *** | BASED ON ESTIMATES SUPPLIED BY COUNTY ASSESSOR | | | | | | | | |
| **** | 2003-04 STATISTICAL ANALYSIS OF THE TAX ROLL | | | | | | | | |

**NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY**

LAS VEGAS IMPROVEMENT FACTOR COMPUTATION

| CONSTRUCTION TYPE | LOCAL MULTIPLIER 10/02 * | LOCAL MULTIPLIER 10/03 * | PRICE RELATIVE 10/03 / 10/02 (C / B) | COMPARATIVE COST MULTIPLIER 10/02>10/03 ** | CONSTRUCTION TYPE FACTOR (D * E) | PERCENTAGE OF CONSTRUCTION TYPE *** | WEIGHTED FACTOR (F * G) | - PERCENTAGE OF TAX ROLL **** | WEIGHTED FACTOR (I * J) |
|--|--|--------------------------------|--|--|--|---|-------------------------------|-------------------------------------|-------------------------------|
| COMMERCIAL | | | | | | | | | |
| A | 1.12 | 1.12 | 1.000000 | 1.107 | 1.107000 | 0.040 | 0.044280 | | |
| B | 1.10 | 1.11 | 1.009091 | 1.109 | 1.118779 | 0.040 | 0.044751 | | |
| C | 1.12 | 1.12 | 1.000000 | 1.092 | 1.092000 | 0.500 | 0.546000 | | |
| D | 1.13 | 1.13 | 1.000000 | 1.097 | 1.097000 | 0.250 | 0.274250 | | |
| S | 1.12 | 1.11 | 0.991071 | 1.115 | 1.105044 | 0.170 | 0.187857 | | |
| ALL COMMERCIAL | | | | | | 1.000 | 1.097139 | 0.3486 | 0.382478 |
| RESIDENTIAL | | | | | | | | | |
| FRAME | 1.13 | 1.13 | 1.000000 | 1.106 | 1.106000 | 0.800 | 0.884800 | | |
| MASONRY | 1.12 | 1.12 | 1.000000 | 1.095 | 1.095000 | 0.200 | 0.219000 | | |
| ALL RESIDENTIAL | | | | | | 1.000 | 1.103800 | 0.6514 | 0.719000 |
| LAS VEGAS COMPOSITE IMPROVEMENT FACTOR | | | | | | | | 1.0000 | 1.101478 |
| PROPOSED LAS VEGAS IMPROVEMENT FACTOR | | | | | | | | | 1.100000 |
| WEIGHTED MEDIAN STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| * | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 99 PAGE 8 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-7 | | | | | | | | |
| ** | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 98 PAGE 5 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-12 | | | | | | | | |
| *** | BASED ON ESTIMATES SUPPLIED BY COUNTY ASSESSOR | | | | | | | | |
| **** | 2003-04 STATISTICAL ANALYSIS OF THE TAX ROLL | | | | | | | | |

**NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY**

LINCOLN COUNTY IMPROVEMENT FACTOR COMPUTATION

| CONSTRUCTION TYPE | LOCAL MULTIPLIER 10/02 * | LOCAL MULTIPLIER 10/03 * | PRICE RELATIVE 10/03 / 10/02 (C / B) | COMPARATIVE COST MULTIPLIER 10/02>10/03 ** | CONSTRUCTION TYPE FACTOR (D * E) | PERCENTAGE OF CONSTRUCTION TYPE *** | WEIGHTED FACTOR (F * G) | - PERCENTAGE OF TAX ROLL **** | WEIGHTED FACTOR (I * J) |
|--|--|--------------------------|--------------------------------------|--|----------------------------------|-------------------------------------|-------------------------|-------------------------------|-------------------------|
| COMMERCIAL | | | | | | | | | |
| A | 1.01 | 1.01 | 1.000000 | 1.107 | 1.107000 | 0.040 | 0.044280 | | |
| B | 1.01 | 1.02 | 1.009901 | 1.109 | 1.119677 | 0.040 | 0.044787 | | |
| C | 1.04 | 1.04 | 1.000000 | 1.092 | 1.092000 | 0.500 | 0.546000 | | |
| D | 1.04 | 1.04 | 1.000000 | 1.097 | 1.097000 | 0.250 | 0.274250 | | |
| S | 1.01 | 1.01 | 1.000000 | 1.115 | 1.115000 | 0.170 | 0.189550 | | |
| ALL COMMERCIAL | | | | | | 1.000 | 1.098867 | 0.4523 | 0.497069 |
| RESIDENTIAL | | | | | | | | | |
| FRAME | 1.04 | 1.04 | 1.000000 | 1.106 | 1.106000 | 0.800 | 0.884800 | | |
| MASONRY | 1.04 | 1.04 | 1.000000 | 1.095 | 1.095000 | 0.200 | 0.219000 | | |
| ALL RESIDENTIAL | | | | | | 1.000 | 1.103800 | 0.5477 | 0.604500 |
| LINCOLN COUNTY COMPOSITE IMPROVEMENT FACTOR | | | | | | | | 1.0000 | 1.101569 |
| PROPOSED LINCOLN COUNTY IMPROVEMENT FACTOR | | | | | | | | | 1.100000 |
| WEIGHTED MEDIAN STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| * | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 99 PAGE 8 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-7 | | | | | | | | |
| ** | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 98 PAGE 5 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-12 | | | | | | | | |
| *** | BASED ON ESTIMATES SUPPLIED BY COUNTY ASSESSOR | | | | | | | | |
| **** | 2003-04 STATISTICAL ANALYSIS OF THE TAX ROLL | | | | | | | | |

**NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY**

NYE COUNTY IMPROVEMENT FACTOR COMPUTATION

| CONSTRUCTION TYPE | LOCAL MULTIPLIER 10/02 * | LOCAL MULTIPLIER 10/03 * | PRICE RELATIVE 10/03 / 10/02 (C / B) | COMPARATIVE COST MULTIPLIER 10/02>10/03 ** | CONSTRUCTION TYPE FACTOR (D * E) | PERCENTAGE OF CONSTRUCTION TYPE *** | WEIGHTED FACTOR (F * G) | - PERCENTAGE OF TAX ROLL **** | WEIGHTED FACTOR (I * J) |
|--|--|--------------------------|--------------------------------------|--|----------------------------------|-------------------------------------|-------------------------|-------------------------------|-------------------------|
| COMMERCIAL | | | | | | | | | |
| A | 0.96 | 0.98 | 1.020833 | 1.107 | 1.130062 | 0.040 | 0.045202 | | |
| B | 0.95 | 0.95 | 1.000000 | 1.109 | 1.108700 | 0.040 | 0.044348 | | |
| C | 0.93 | 0.95 | 1.021505 | 1.092 | 1.115483 | 0.500 | 0.557742 | | |
| D | 0.89 | 0.92 | 1.033708 | 1.097 | 1.133978 | 0.250 | 0.283495 | | |
| S | 0.95 | 0.98 | 1.031579 | 1.115 | 1.150211 | 0.170 | 0.195536 | | |
| ALL COMMERCIAL | | | | | | 1.000 | 1.126322 | 0.2720 | 0.306336 |
| RESIDENTIAL | | | | | | | | | |
| FRAME | 0.89 | 0.92 | 1.033708 | 1.106 | 1.143281 | 0.800 | 0.914625 | | |
| MASONRY | 0.93 | 0.95 | 1.021505 | 1.095 | 1.118548 | 0.200 | 0.223710 | | |
| ALL RESIDENTIAL | | | | | | 1.000 | 1.138334 | 0.7280 | 0.828732 |
| NYE COUNTY COMPOSITE IMPROVEMENT FACTOR | | | | | | | | 1.0000 | 1.135068 |
| PROPOSED NYE COUNTY IMPROVEMENT FACTOR | | | | | | | | | 1.140000 |
| WEIGHTED MEDIAN STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| * | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 99 PAGE 8 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-7 | | | | | | | | |
| ** | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 98 PAGE 5 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-12 | | | | | | | | |
| *** | BASED ON ESTIMATES SUPPLIED BY COUNTY ASSESSOR | | | | | | | | |
| **** | 2003-04 STATISTICAL ANALYSIS OF THE TAX ROLL | | | | | | | | |

**NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY**

RENO - SPARKS IMPROVEMENT FACTOR COMPUTATION

| CONSTRUCTION TYPE | LOCAL MULTIPLIER 10/02 * | LOCAL MULTIPLIER 10/03 * | PRICE RELATIVE 10/03 / 10/02 (C / B) | COMPARATIVE COST MULTIPLIER 10/02>10/03 ** | CONSTRUCTION TYPE FACTOR (D * E) | PERCENTAGE OF CONSTRUCTION TYPE *** | WEIGHTED FACTOR (F * G) | - PERCENTAGE OF TAX ROLL **** | WEIGHTED FACTOR (I * J) |
|--|--|--------------------------|--------------------------------------|--|----------------------------------|-------------------------------------|-------------------------|-------------------------------|-------------------------|
| COMMERCIAL | | | | | | | | | |
| A | 1.10 | 1.13 | 1.027273 | 1.107 | 1.137191 | 0.040 | 0.045488 | | |
| B | 1.09 | 1.09 | 1.000000 | 1.109 | 1.108700 | 0.040 | 0.044348 | | |
| C | 1.07 | 1.09 | 1.018692 | 1.092 | 1.112412 | 0.500 | 0.556206 | | |
| D | 1.06 | 1.09 | 1.028302 | 1.097 | 1.128047 | 0.250 | 0.282012 | | |
| S | 1.09 | 1.12 | 1.027523 | 1.115 | 1.145688 | 0.170 | 0.194767 | | |
| ALL COMMERCIAL | | | | | | 1.000 | 1.122820 | 0.3219 | 0.361413 |
| RESIDENTIAL | | | | | | | | | |
| FRAME | 1.06 | 1.09 | 1.028302 | 1.106 | 1.137302 | 0.800 | 0.909842 | | |
| MASONRY | 1.08 | 1.09 | 1.009259 | 1.095 | 1.105139 | 0.200 | 0.221028 | | |
| ALL RESIDENTIAL | | | | | | 1.000 | 1.130869 | 0.6781 | 0.766865 |
| RENO - SPARKS COMPOSITE IMPROVEMENT FACTOR | | | | | | | | 1.0000 | 1.128278 |
| PROPOSED RENO - SPARKS IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| WEIGHTED MEDIAN STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| * | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 99 PAGE 8 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-7 | | | | | | | | |
| ** | MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 98 PAGE 5 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-12 | | | | | | | | |
| *** | BASED ON ESTIMATES SUPPLIED BY COUNTY ASSESSOR | | | | | | | | |
| **** | 2003-04 STATISTICAL ANALYSIS OF THE TAX ROLL | | | | | | | | |

**NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY**

LAKE TAHOE IMPROVEMENT FACTOR COMPUTATION

| CONSTRUCTION TYPE | LOCAL MULTIPLIER 10/02 * | LOCAL MULTIPLIER 10/03 * | PRICE RELATIVE 10/03 / 10/02 (C / B) | COMPARATIVE COST MULTIPLIER 10/02>10/03 ** | CONSTRUCTION TYPE FACTOR (D * E) | PERCENTAGE OF CONSTRUCTION TYPE *** | WEIGHTED FACTOR (F * G) | - PERCENTAGE OF TAX ROLL **** | WEIGHTED FACTOR (I * J) |
|--|--------------------------|--------------------------|--------------------------------------|--|----------------------------------|-------------------------------------|-------------------------|-------------------------------|-------------------------|
| COMMERCIAL | | | | | | | | | |
| A | 1.18 | 1.20 | 1.016949 | 1.107 | 1.125763 | 0.040 | 0.045031 | | |
| B | 1.17 | 1.18 | 1.008547 | 1.109 | 1.118176 | 0.040 | 0.044727 | | |
| C | 1.16 | 1.18 | 1.017241 | 1.092 | 1.110827 | 0.500 | 0.555414 | | |
| D | 1.17 | 1.19 | 1.017094 | 1.097 | 1.115752 | 0.250 | 0.278938 | | |
| S | 1.18 | 1.20 | 1.016949 | 1.115 | 1.133898 | 0.170 | 0.192763 | | |
| ALL COMMERCIAL | | | | | | 1.000 | 1.116872 | 0.3025 | 0.337886 |
| RESIDENTIAL | | | | | | | | | |
| FRAME | 1.17 | 1.19 | 1.017094 | 1.106 | 1.124906 | 0.800 | 0.899925 | | |
| MASONRY | 1.18 | 1.18 | 1.000000 | 1.095 | 1.095000 | 0.200 | 0.219000 | | |
| ALL RESIDENTIAL | | | | | | 1.000 | 1.118925 | 0.6975 | 0.780418 |
| LAKE TAHOE COMPOSITE IMPROVEMENT FACTOR | | | | | | | | 1.0000 | 1.118304 |
| PROPOSED LAKE TAHOE IMPROVEMENT FACTOR | | | | | | | | | 1.120000 |
| WEIGHTED MEDIAN STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| <p>* MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 99 PAGE 8 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-7</p> <p>** MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 98 PAGE 5 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-12</p> <p>*** BASED ON ESTIMATES SUPPLIED BY COUNTY ASSESSOR</p> <p>**** 2003-04 STATISTICAL ANALYSIS OF THE TAX ROLL</p> | | | | | | | | | |

**NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY**

STATEWIDE IMPROVEMENT FACTOR COMPUTATION

| CONSTRUCTION TYPE | LOCAL MULTIPLIER 10/02 * | LOCAL MULTIPLIER 10/03 * | PRICE RELATIVE 10/03 / 10/02 (C / B) | COMPARATIVE COST MULTIPLIER 10/02>10/03 ** | CONSTRUCTION TYPE FACTOR (D * E) | PERCENTAGE OF CONSTRUCTION TYPE *** | WEIGHTED FACTOR (F * G) | - PERCENTAGE OF TAX ROLL **** | WEIGHTED FACTOR (I * J) |
|--|-----------------------------|-----------------------------|--|---|-------------------------------------|-------------------------------------|----------------------------|----------------------------------|----------------------------|
| COMMERCIAL | | | | | | | | | |
| A | 1.04 | 1.06 | 1.019231 | 1.107 | 1.128289 | 0.040 | 0.045132 | | |
| B | 1.05 | 1.05 | 1.000000 | 1.109 | 1.108700 | 0.040 | 0.044348 | | |
| C | 1.05 | 1.06 | 1.009524 | 1.092 | 1.102400 | 0.500 | 0.551200 | | |
| D | 1.03 | 1.05 | 1.019417 | 1.097 | 1.118300 | 0.250 | 0.279575 | | |
| S | 1.05 | 1.07 | 1.019048 | 1.115 | 1.136239 | 0.170 | 0.193161 | | |
| ALL COMMERCIAL | | | | | | 1.000 | 1.113415 | 0.3316 | 0.369237 |
| RESIDENTIAL | | | | | | | | | |
| FRAME | 1.02 | 1.04 | 1.019608 | 1.106 | 1.127686 | 0.800 | 0.902149 | | |
| MASONRY | 1.05 | 1.06 | 1.009524 | 1.095 | 1.105429 | 0.200 | 0.221086 | | |
| ALL RESIDENTIAL | | | | | | 1.000 | 1.123235 | 0.6684 | 0.750741 |
| STATEWIDE COMPOSITE IMPROVEMENT FACTOR | | | | | | | | 1.0000 | 1.119978 |
| PROPOSED STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.120000 |
| WEIGHTED MEDIAN STATEWIDE IMPROVEMENT FACTOR | | | | | | | | | 1.130000 |
| <p>* MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 99 PAGE 8 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-7</p> <p>** MARSHALL-SWIFT COMMERCIAL MANUAL SECTION 98 PAGE 5 & MARSHALL-SWIFT RESIDENTIAL MANUAL PAGE F-12</p> <p>*** BASED ON ESTIMATES SUPPLIED BY COUNTY ASSESSOR</p> <p>**** 2003-04 STATISTICAL ANALYSIS OF THE TAX ROLL</p> | | | | | | | | | |

NEVADA DEPARTMENT OF TAXATION

2006-07 BUILDERS COST SURVEY

STATEWIDE

| CHANGE | COUNT | %TOTAL | %CHANGE |
|--------|-------|---------|---------|
| DOWN | 4 | 0.72% | -3.33% |
| NONE | 24 | 4.31% | 0.75% |
| UP | 529 | 94.97% | 9.66% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 557 | 100.00% | 9.26% |

| TYPE | COUNT | %TOTAL | %CHANGE |
|-------|-------|---------|---------|
| COM | 50 | 8.98% | 14.86% |
| RES | 319 | 57.27% | 8.91% |
| BOTH | 187 | 33.57% | 8.44% |
| UNKWN | 1 | 0.18% | 15.00% |
| TOTAL | 557 | 100.00% | 9.26% |

DOES NOT INCLUDE LAS VEGAS

CARSON CITY

| CHANGE | COUNT | %TOTAL | %CHANGE |
|--------|-------|---------|---------|
| DOWN | 0 | 0.00% | 0.00% |
| NONE | 3 | 2.50% | 0.67% |
| UP | 117 | 97.50% | 10.63% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 120 | 100.00% | 10.34% |

| TYPE | COUNT | %TOTAL | %CHANGE |
|-------|-------|---------|---------|
| COM | 11 | 9.17% | 17.28% |
| RES | 70 | 58.33% | 9.59% |
| BOTH | 38 | 31.67% | 9.58% |
| UNKWN | 1 | 0.83% | 15.00% |
| TOTAL | 120 | 100.00% | 10.34% |

ELKO

| CHANGE | COUNT | %TOTAL | %CHANGE |
|--------|-------|---------|---------|
| DOWN | 0 | 0.00% | 0.00% |
| NONE | 0 | 0.00% | 0.00% |
| UP | 28 | 100.00% | 11.41% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 28 | 100.00% | 11.41% |

| TYPE | COUNT | %TOTAL | %CHANGE |
|-------|-------|---------|---------|
| COM | 5 | 17.86% | 30.10% |
| RES | 9 | 32.14% | 6.81% |
| BOTH | 14 | 50.00% | 7.36% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 28 | 100.00% | 11.41% |

FALLON

| CHANGE | COUNT | %TOTAL | %CHANGE |
|--------|-------|---------|---------|
| DOWN | 0 | 0.00% | 0.00% |
| NONE | 4 | 5.56% | 1.50% |
| UP | 68 | 94.44% | 9.79% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 72 | 100.00% | 9.28% |

| TYPE | COUNT | %TOTAL | %CHANGE |
|-------|-------|---------|---------|
| COM | 2 | 2.78% | 12.00% |
| RES | 45 | 62.50% | 9.48% |
| BOTH | 25 | 34.72% | 8.58% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 72 | 100.00% | 9.28% |

LAS VEGAS

| CHANGE | COUNT | %TOTAL | %CHANGE |
|--------|-------|---------|---------|
| DOWN | 3 | 0.73% | -6.33% |
| NONE | 16 | 3.91% | 1.31% |
| UP | 390 | 95.35% | 11.99% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 409 | 100.00% | 11.45% |

| TYPE | COUNT | %TOTAL | %CHANGE |
|-------|-------|---------|---------|
| COM | 139 | 33.99% | 10.15% |
| RES | 126 | 30.81% | 11.78% |
| BOTH | 144 | 35.21% | 12.48% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 409 | 100.00% | 11.45% |

NEVADA DEPARTMENT OF TAXATION

2006-07 BUILDERS COST SURVEY

LINCOLN

| CHANGE | COUNT | %TOTAL | %CHANGE |
|--------|-------|---------|---------|
| DOWN | 0 | 0.00% | 0.00% |
| NONE | 1 | 3.85% | 0.00% |
| UP | 25 | 96.15% | 7.80% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 26 | 100.00% | 7.48% |

| TYPE | COUNT | %TOTAL | %CHANGE |
|-------|-------|---------|---------|
| COM | 3 | 11.54% | 4.67% |
| RES | 14 | 53.85% | 9.25% |
| BOTH | 9 | 34.62% | 6.06% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 26 | 100.00% | 7.48% |

NYE

| CHANGE | COUNT | %TOTAL | %CHANGE |
|--------|-------|---------|---------|
| DOWN | 1 | 6.25% | -5.00% |
| NONE | 1 | 6.25% | 0.00% |
| UP | 14 | 87.50% | 9.18% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 16 | 100.00% | 8.15% |

| TYPE | COUNT | %TOTAL | %CHANGE |
|-------|-------|---------|---------|
| COM | 2 | 12.50% | 12.00% |
| RES | 7 | 43.75% | 8.67% |
| BOTH | 7 | 43.75% | 6.00% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 16 | 100.00% | 8.15% |

RENO/SPARKS

| CHANGE | COUNT | %TOTAL | %CHANGE |
|--------|-------|---------|---------|
| DOWN | 2 | 2.00% | -2.50% |
| NONE | 11 | 4.66% | 0.63% |
| UP | 223 | 94.49% | 9.38% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 236 | 100.00% | 8.98% |

| TYPE | COUNT | %TOTAL | %CHANGE |
|-------|-------|---------|---------|
| COM | 27 | 11.44% | 11.92% |
| RES | 128 | 54.24% | 8.62% |
| BOTH | 81 | 34.32% | 8.80% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 236 | 100.00% | 8.98% |

LAKE TAHOE

| CHANGE | COUNT | %TOTAL | %CHANGE |
|--------|-------|---------|---------|
| DOWN | 1 | 1.85% | N/S |
| NONE | 3 | 5.56% | 0.67% |
| UP | 50 | 92.59% | 8.40% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 54 | 100.00% | 7.90% |

| TYPE | COUNT | %TOTAL | %CHANGE |
|-------|-------|---------|---------|
| COM | 0 | 0.00% | 0.00% |
| RES | 41 | 75.93% | 8.13% |
| BOTH | 13 | 24.07% | 7.25% |
| UNKWN | 0 | 0.00% | 0.00% |
| TOTAL | 54 | 100.00% | 7.90% |

NEVADA DEPARTMENT OF TAXATION
2006-2007 IMPROVEMENT FACTOR STUDY
CONSUMER PRICE INDEXES

Consumer Price Index - All Urban Consumers
Series Id: CUUR0400SA0, CUUS0400SA0
 Not Seasonally Adjusted
Area: West urban
Item: All items
Base Period: 1982-84=100 [Public Data Query](#)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual | HALF1 | HALF2 | ANNUAL FACTOR |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|---------------|
| 1994 | 148.1 | 148.3 | 149 | 148.9 | 148.8 | 148.9 | 149.5 | 150.1 | 150.6 | 151 | 151.1 | 151.2 | 149.6 | 148.7 | 150.6 | |
| 1995 | 152 | 152.4 | 152.8 | 153.2 | 153.5 | 153.6 | 153.5 | 153.7 | 154.1 | 154.6 | 154.4 | 154.3 | 153.5 | 152.9 | 154.1 | |
| 1996 | 155.3 | 155.8 | 156.4 | 157.1 | 157.6 | 157.5 | 157.9 | 158 | 158.6 | 159.1 | 159.2 | 158.7 | 157.6 | 156.6 | 158.6 | 1.027 |
| 1997 | 159.6 | 160.1 | 160.8 | 161.1 | 161.1 | 161 | 161.1 | 161.5 | 162.1 | 162.8 | 162.8 | 162.8 | 161.4 | 160.6 | 162.2 | 1.024 |
| 1998 | 163 | 163.2 | 163.3 | 163.6 | 164.3 | 164.2 | 164.3 | 164.8 | 165.1 | 165.5 | 165.8 | 165.8 | 164.4 | 163.6 | 165.2 | 1.019 |
| 1999 | 166.4 | 166.9 | 167.3 | 169 | 168.7 | 168.3 | 168.9 | 169.5 | 170 | 170.4 | 170.4 | 170.5 | 168.9 | 167.8 | 170 | 1.027 |
| 2000 | 171 | 172 | 173.5 | 173.7 | 174 | 174.3 | 175.2 | 175.9 | 176.6 | 177.2 | 177.2 | 177.1 | 174.8 | 173.1 | 176.5 | 1.035 |
| 2001 | 178.3 | 179.3 | 180.1 | 180.4 | 181.3 | 182 | 182 | 181.9 | 182.5 | 182.5 | 182.3 | 181.6 | 181.2 | 180.2 | 182.1 | |
| 2002 | 182.4 | 183.2 | 184 | 185.1 | 184.8 | 184.5 | 184.7 | 185.3 | 185.7 | 185.8 | 185.8 | 185.5 | 184.7 | 184 | 185.5 | |
| 2003 | 186.6 | 188.1 | 189.3 | 188.8 | 188.5 | 188.1 | 188.4 | 189.2 | 189.6 | 189.4 | 188.5 | 188.3 | 188.6 | 188.2 | 188.9 | |
| 2004 | 189.4 | 190.8 | 192.2 | 192.3 | 193.4 | 193.3 | 192.9 | 193 | 193.8 | 195 | 195.1 | | | 191.9 | | |

Series Id: CUURX400SAH, CUUSX400SAH
 Not Seasonally Adjusted
Area: West - Size Class B/C
Item: Housing
Base Period: DECEMBER 1997=100 [Public Data Query](#)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual | HALF1 | HALF2 |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|
| 1997 | | | | | | | | | | | | 100 | | | |
| 1998 | 100.3 | 100.3 | 100.6 | 100.3 | 100.2 | 100.6 | 100.8 | 101.2 | 101.4 | 101.3 | 102 | 101.9 | 100.9 | 100.4 | 101.4 |
| 1999 | 101.8 | 102.1 | 102.3 | 102.4 | 102.4 | 102.4 | 102.8 | 102.9 | 103 | 102.8 | 102.9 | 102.9 | 102.6 | 102.2 | 102.9 |
| 2000 | 103.4 | 103.8 | 103.9 | 103.9 | 104.5 | 105.2 | 105.3 | 105.4 | 105.9 | 106.1 | 106.4 | 106.3 | 105 | 104.1 | 105.9 |
| 2001 | 108 | 108.1 | 108.7 | 108.3 | 108.9 | 109.1 | 109.8 | 110 | 110.1 | 110.2 | 110.6 | 110.9 | 109.4 | 108.5 | 110.3 |
| 2002 | 111.5 | 112.5 | 112.7 | 113.5 | 110.7 | 111 | 111.1 | 111.8 | 111.8 | 111.7 | 110.9 | 111.3 | 111.7 | 112 | 111.4 |
| 2003 | 113 | 113.4 | 113.4 | 112.6 | 112.9 | 112.5 | 113.8 | 114.4 | 113.5 | 114 | 113.1 | 113.6 | 113.4 | 113 | 113.7 |
| 2004 | 114.9 | 115.8 | 116.3 | 115.6 | 115.5 | 115 | 116 | 116.6 | 117.1 | 117.4 | 116.9 | | | 115.5 | |

Series Id: CUURX400SAH1, CUUSX400SAH1
 Not Seasonally Adjusted
Area: West - Size Class B/C
Item: Shelter
Base Period: DECEMBER 1997=100

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual | HALF1 | HALF2 |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|
| 1997 | | | | | | | | | | | | 100 | | | |
| 1998 | 100.6 | 100.7 | 100.9 | 100.8 | 100 | 100.5 | 100.8 | 101.1 | 101.6 | 101.7 | 102.4 | 102.3 | 101.1 | 100.6 | 101.7 |
| 1999 | 102.2 | 102.6 | 102.9 | 103.2 | 102.7 | 102.8 | 103.2 | 103.4 | 103.4 | 103.6 | 103.8 | 103.8 | 103.1 | 102.7 | 103.5 |
| 2000 | 104.2 | 104.6 | 104.7 | 104.8 | 105 | 105.5 | 105.6 | 105.8 | 106.2 | 106.5 | 106.8 | 106.7 | 105.5 | 104.8 | 106.3 |
| 2001 | 107.5 | 107.7 | 108.4 | 108.2 | 108 | 108.3 | 108.9 | 109.4 | 109.7 | 110 | 110.6 | 111.1 | 109 | 108 | 110 |
| 2002 | 111.9 | 113.3 | 113.6 | 114.7 | 110.9 | 111.3 | 111.6 | 112.6 | 112.5 | 112.1 | 111.3 | 111.8 | 112.3 | 112.6 | 112 |
| 2003 | 113.7 | 114 | 114 | 113.3 | 113.6 | 113.3 | 114.7 | 115.4 | 114.2 | 114.9 | 114 | 114.6 | 114.1 | 113.7 | 114.6 |
| 2004 | 115.9 | 117.3 | 118.1 | 117.2 | 116.6 | 115.7 | 117.3 | 117.7 | 118.2 | 118.5 | 118.1 | | | 116.8 | |

NEVADA DEPARTMENT OF TAXATION
 2006-2007 IMPROVEMENT FACTOR STUDY
 CONSUMER PRICE INDEXES

| CPI | COMMERCIAL OCTOBER | CHANGE | RESIDENTIAL SEPTEMBER | CHANGE |
|----------------|-----------------------|--------|--------------------------|--------|
| HOUSING | 2003 | 189.4 | 189.6 | |
| | 2004 | 195.0 | 193.8 | 1.0222 |
| SHELTER | 2003 | 114.0 | 113.5 | |
| | 2004 | 117.4 | 117.1 | 1.0317 |
| | 2003 | 114.9 | 114.2 | |
| | 2004 | 118.5 | 118.2 | 1.0350 |
| AVERAGE CHANGE | | | | 1.0296 |

STUDY OF MARSHALL-SWIFT COSTING SERVICE

Improvement Factor Methodology

All improvements in the state of Nevada are valued for tax purposes based on the cost components provided by Marshall-Swift Valuation Service.

Several approaches are utilized to arrive at the improvement factors to be applied to the current roll values to reflect the annual change in building cost.

1. The residential and commercial manuals provided by Marshall-Swift are examined. The service provides a regional change factor for each class of construction.

(a) The commercial classes include the following:

A class buildings have fireproofed structural steel frames with reinforced concrete or masonry floors and roofs.

B class buildings have reinforced concrete frames and concrete or masonry floors and roofs.

C class buildings have masonry or concrete exterior walls, and wood or steel roof and floor structures, or a slab floor on grade.

D class buildings generally have wood or metal frame and wood floor and roof structure.

S class buildings have frames, roofs, and walls of incombustible metal.

(b) The residential classes include:

Frame construction.

Masonry bearing wall construction.

Marshall-Swift also provides local cost modifiers for each construction type to modify the regional costs to local conditions. Nine local area modifiers are provided for Nevada and are as follows:

Carson City
Elko
Fallon
Las Vegas
Lincoln County
Nye County
Reno-Sparks
Lake Tahoe
Nevada average

The yearly change in the local multiplier from October to October is calculated for each building type and applied to the regional change. A factor for the yearly change in building cost for each construction type is determined.

The resulting forty-nine factors are mathematically accurate, however, they would be unwieldy for the assessors to apply. The process would require the assessors to manually determine which factor to apply to each property in the county and to each individual improvement on every property. To simplify the process, the Division allocates a percentage of type of construction, which could be applied to each construction type to determine a single factor for each designated area. The percentage is based on statewide appraisal observations. The percentages utilized are:

Commercial construction

Class A 4%
Class B 4%
Class C 50%
Class D 25%
Class S 17%

Residential construction

Frame 80%
Masonry 20%

The result of the application of the construction percentage is a commercial factor and a residential factor for each designated area. To arrive at a single factor for each area, the Statistical Analysis of the Roll is used to determine the percentage of commercial and residential value, which exists in each county. Those percentages are then applied to the factors to arrive at a single factor for each designated area. To arrive at a single statewide factor, the same process is utilized using the Statistical Analysis of the Roll.

2. The second phase of the process involves Marshall-Swift computerized residential and commercial programs. Valuation runs are processed for groups of various properties, which include all construction types and quality classes. Each type of construction compares the values to identical runs from the previous year to determine the change.

The results of the forty-nine factors are then calculated by applying the same percentages as are utilized in the first example.

3. Step three is to research local markets. A mail survey of construction companies throughout the state is conducted. The results of the survey are tabulated to determine the industry's experience of change. This step is used to lend support to steps one and two.

4. In step four the Consumer Price Index is examined to determine change year to year.

After all of the above processes have been compared and evaluated, the Division submits the most logical and accurate factor that it has been able to determine. The factor is submitted as a whole factor exclusive of depreciation. The assessor is allowed to apply the whole factor or deduct 1.5 percent depreciation and apply a composite factor with additional depreciation already deducted.