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NEVADA LEGISLATURE - 54th SESSION
SENATE COMMITTEES ON TAXATION AND
FEDERAL, STATE, AND LOCAL GOVERNMENTS

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Minutes of Joint Meeting Held
January 31, 1967

A joint meeting of the Senate Committees on Taxation and Federal, State, and Local Governments was called to order at 11:00 a.m., January 31, 1967, in Committee Room 50, State Capitol, by Committee Chairman Senator James I. Gibson. All members of both committees were present, as follows:

Senator Gibson, Chairman of both committees
Senator Brown, Vice Chairman of Taxation Committee
Senator Monroe, Vice Chairman of Federal, State, and
Local Governments Committee

Senator Christensen)
Senator Dodge)
Senator Fisher) Members of Taxation Committee
Senator Slattery)
Senator Swobe)

Senator Alleman)
Senator Bunker)
Senator Farr) Members of Federal, State, and
Senator Hecht) Local Governments Committee
Senator Young)

Also present was Mr. Curtis Blyth, Executive Director of the Nevada Municipal Association.

Senator Gibson called the meeting to order and stated that Mr. Blyth had asked to appear before the joint meeting to go over legislation to be proposed by the Nevada Municipal Association and get the opinions of committee members before the Association meets this coming week-end.

Mr. Blyth stated that the Nevada Municipal Association is an association of all the incorporated cities of Nevada (except Carlin), that the Association is supported by dues paid by each city on the basis of population, that it serves as a clearing house for municipal information, and that its main activity is in the field of legislation. Mr. Blyth acts as a consultant for all the member cities.

Mr. Blyth said he wanted to talk to this committee about taxes; that the cities need more money to provide services needed by the people; that the Association has a sales tax in mind as the means of raising the extra money needed; and that the Association is asking for \$10-\$12 million to be distributed among the local governments.

Senate Committees on Taxation and
Federal, State, and Local Governments
Minutes of Joint Meeting Held
January 31, 1967
Page 2

Mr. Blyth then presented three tables (copies attached to these minutes) to the committee members for their consideration.

The first table sets out the estimated distribution and effect of a 1% sales tax collected by the state and distributed to cities and counties on a population basis.

The second table estimates the distribution and effect of a 1% sales tax collected by the state, distributed to the county of origin, and then within the county on a population basis. This table does not take into consideration the possibility of the state's retention of a percentage of the sales tax income for administration.

Both the first and second tables show an estimated yield of \$12½ million and are based on 1966-67 assessed valuations, tax levies, etc., and on the 1960 federal census.

The third table sets out the estimated distribution and effect of a 4% sales tax (excluding unprepared food and prescription drugs), with the state retaining 75%, and with the remaining 25% of the yield distributed to cities and counties (25% to counties, 75% to cities). This table shows an estimated yield of \$40 million, of which the state's share would be \$30 million, the counties' share would be \$2½ million, and the cities' share, \$7½ million. Mr. Blyth requested that the committee give especially serious consideration to this third table.

A general discussion followed, touching on such matters as the determination of the definition of "unprepared food" and how merchants could handle the split tax if food and drugs were exempted; the determination of population figures in making distributions based on population; whether the tax should be expanded to include services, and, if so, whether doctors' and perhaps veterinarians' services should be excluded from taxable services.

Mr. Blyth expressed the opinion that a local option tax is a good tax for local government if a city wishes to render additional services and that the best local option tax is the ad valorem tax, but that the present tax ceiling is such that the ad valorem tax allows practically no option any more.

Mr. Blyth outlined situations in certain Nevada cities where, when a city is unable to raise sufficient funds from its ad valorem tax, it is better to let the county pick up the tab

Senate Committees on Taxation and
Federal, State, and Local Governments
Minutes of Joint Meeting Held
January 31, 1967
Page 3

to provide the service, since a penny of ad valorem tax levied by the city would raise only a small portion of the amount that would be raised by a penny of ad valorem tax levied by the county. A discussion then followed on the merits of consolidating cities to eliminate the expense of duplicating services within comparatively small areas.

Senator Gibson stated he had asked Mr. Blyth to give the committee figures, in line with the ad valorem figures, wherein, instead of distributing any of the cigarette taxes to counties, it all be given to the cities for their needs.

Mr. Blyth said the Association has also taken the position that another source of revenue for local governments may be a real estate transfer tax, to be collected and kept locally (if collected by the city, the city to keep it; if collected in an unincorporated area, the county to keep it).

Mr. Blyth suggested the Legislature might pass two bills--one levying a 3% tax (applicable to the same goods and services now subject to the 2% sales tax) with the increased 1¢ to go back to county of origin, and the other bill levying a 4% tax excluding food and drugs. This would put the measures on the ballot, and the people would then have the choice of a straight 3% levy, or a 4% levy excluding food and drugs, rather than a choice of a sales tax or no sales tax.

By way of summary, Mr. Blyth stated there is a desire by the people for additional services by the cities, and this desire cannot be met without additional revenue.

A question was raised as to whether money to be received, as shown by the tables presented by Mr. Blyth, would in each case equal the money needed. Senator Gibson stated he felt \$10-\$12 million a year is more than is necessary to relieve the local entities and that the Association would have to make a case as to this amount of relief being necessary. Mr. Blyth admitted he had not made a case as to the amount needed and said it would be difficult to do this, since needs, and the pressures for the needs, vary so much from one community to another. He said the local people must prove their needs. Senator Gibson suggested that Mr. Blyth pull together the information as to each community's needs. Senator Monroe commented that it would be better to give the money from a sales tax to a state agency that needs the money, rather than to give a chunk of money to a city that isn't sure what it needs.

Senate Committees on Taxation and
Federal, State, and Local Governments
Minutes of Joint Meeting Held
January 31, 1967
Page 4

Mr. Blyth offered to provide any additional information or to make any further studies needed by the committee in connection with revenue for cities.

There being no further business, the meeting adjourned at 11:55 a.m.

Respectfully submitted,

Louise Glover - Secretary

I certify that the foregoing minutes are correct.

Senator James I. Gibson - Chairman

Attachments:

One copy each of three tables
presented by Mr. Curtis Blyth
of Nevada Municipal Association

NEVADA MUNICIPAL ASSOCIATION

ONE CENT SALES TAX DISTRIBUTED BY
POPULATION TO CITIES AND COUNTIESASSUMPTIONS

1. 1% SALES TAX ON PRESENT SALES BASE, SUCH TAX YIELDING 12.5 MILLION DOLLARS.
2. COLLECTED BY STATE, REDISTRIBUTED TO CITIES AND COUNTIES ON PERCENTAGE BASIS ACCORDING TO 1960 CENSUS.
3. NO ADMINISTRATIVE COSTS RETAINED BY STATE SINCE ADMINISTRATION, LITTLE CHANGED FROM PRESENT PROGRAMS.
4. ALL COMPARATIVE FIGURES ARE BASED ON 1966-'67 ASSESSED VALUATIONS, TAX LEVIES, BUDGETS, ETC.
5. ALL POPULATION FIGURES ARE BASED ON 1960 FEDERAL CENSUS.

DISTRIBUTION AND EFFECT OF 1% SALES TAX DISTRIBUTED
TO CITIES AND COUNTIES ON POPULATION BASIS

	1960 POPULATION	POPULATION PERCENTAGE	DOLLAR AMOUNT	EQUIVALENT AD VALOREM RATE	PRESENT AD VALOREM RATE
CHURCHILL CO. - <i>uninc.</i>	5718	2.00437	\$ 250,546.25	.10884	1.7664
FALLON	2734	.95836	119,795.00	2.01038	.9200
CLARK CO. - <i>uninc.</i>	27605	9.67652	1,209,565.00	.18327	.9537
BOULDER CITY	4059	1.42282	177,852.50	2.28728	1.4950
HENDERSON	12525	4.39045	548,806.25	3.11582	1.2780
LAS VEGAS	64405	22.57622	2,822,027.50	.92074	1.4147
N. LAS VEGAS	18422	6.45756	807,195.00	1.64177	1.4147
DOUGLAS CO.	3481	1.22022	152,527.50	.39838	.0000
ELKO CO.	3619	1.26859	158,573.75	.24162	.9300
CARLIN	1023	.35859	44,823.75	2.20269	1.9000
ELKO	6298	2.20767	275,958.75	1.69271	1.2000
WELLS	1071	.37542	46,927.50	1.86059	2.1100
ESMERALDA CO.	619	.21699	27,123.75	.96871	2.7300
EUREKA CO.	767	.26887	33,608.75	.25025	1.1700
HUMBOLDT CO.	2255	.79046	98,807.50	.31825	.8250
WINNEMUCCA	3453	1.21039	151,298.75	1.88830	1.9500
LANDER CO.	1566	.54894	68,617.50	.67863	1.7400
LINCOLN CO.	1639	.57453	71,816.25	.87581	1.1540
CALIENTE	792	.27762	34,702.50	4.56612	1.5000
LYON CO.	4379	1.53500	191,875.00	.52241	1.2580
YERINGTON	1764	.61834	77,292.50	2.70443	1.1500
MINERAL CO	6329	2.21854	277,317.50	3.35132	3.1200
NYE CO.	3604	1.26333	157,916.25	.80570	1.8700
GABBS	770	.26991	33,738.75	1.28039	1.1000
ORMSBY CO.	2900	1.01656	127,070.00	.39098	1.3954
CARSON CITY	5163	1.80981	226,228.25	1.02365	1.2960
PERSHING CO.:	1251	.43852	54,815.00	.26870	1.0900
LOCELOCK	1948	.68284	85,355.00	3.03754	1.8900
STOREY CO.	568	.19911	24,888.75	.72273	2.1800
WASHOE CO.	16655	5.83816	729,770.00	.19140	1.2770
RENO	51470	18.04205	2,255,256.25	.97271	1.1710
SPARKS	16618	5.82519	728,148.75	1.44960	1.4344
WHITE PINE CO.	5790	2.02960	253,700.00	.78302	1.3500
ELY	4018	1.40845	176,056.25	3.14386	1.4000
TOTALS	285278	100.00000	\$12,500,000.00		

SUMMARY TOTAL: $\frac{1\% \text{ SALES TAX YIELDS} = \$12,500,000}{\text{TOTAL ASSESSED VALUATION} = \$1,385,086,600} = \$.90253 / \1.00 A.V.

NEVADA MUNICIPAL ASSOCIATION

ONE CENT SALES TAX DISTRIBUTED TO COUNTY OF ORIGIN,
THEN DISTRIBUTED WITHIN COUNTY ON POPULATION BASIS

ASSUMPTIONS:

1. 1% SALES TAX ON PRESENT SALES BASE, SUCH TAX YIELDING 12.5 MILLION DOLLARS.
2. COLLECTED BY STATE, REDISTRIBUTED TO COUNTY OF ORIGIN. COUNTY THEN REDISTRIBUTES WITHIN COUNTY ON BASIS OF POPULATION OF INCORPORATED AREAS VS. POPULATION OF UNINCORPORATED AREAS.
3. COMPUTATIONS DO NOT TAKE INTO CONSIDERATION THE POSSIBILITY OF STATES RETENTION OF PERCENTAGE FOR ADMINISTRATIVE.
4. ALL COMPARATIVE FIGURES ARE BASED ON 1966-'67 ASSESSED VALUATIONS, TAX LEVIES, BUDGETS, ETC.
5. ALL POPULATION FIGURES ARE BASED ON 1960 FEDERAL CENSUS.

DISTRIBUTION AND EFFECT OF 1% SALES TAX
DISTRIBUTED TO COUNTY OF ORIGIN, THEN
WITHIN COUNTY ON POPULATION BASIS

	PERCENT- AGE BY COUNTY OF ORIGIN	DOLLAR YIELD TO COUNTY OF ORIGIN	DISTRIBU- TION WITHIN COUNTY BY POPULA- TION PER- CENTAGE	DISTRIBUTION WITHIN COUNTY BY POPULATION	EQUIVA- LENT AD VALOREM TAX RATE	PRESENT AD VALOREM RATE
CHURCHILL CO. FALLON	1.44820	\$ 181,025.00	67.65263 32.34737	\$ 122,468.17 58,556.83	.53198 .98269	1.7664 .9200
CLARK CO. BOULDER CITY HENDERSON LAS VEGAS N. LAS VEGAS	51.94102	6,492,627.50	21.73348 3.19566 9.86096 50.70621 14.50368	1,411,073.97 207,482.37 640,235.47 3,292,165.40 941,669.99	.21380 2.66834 3.63490 1.05176 1.91529	.9537 1.4950 1.2780 1.4147 1.4147
DOUGLAS CO.	2.68767	335,958.75	100.00000	335,958.75	.87748	.0000
ELKO CO. CARLIN ELKO WELLS	2.95761	369,701.25	30.13071 8.51719 52.43527 8.91683	111,393.61 31,488.16 193,853.85 32,965.63	.17526 1.54736 1.18908 1.30703	.9300 1.9000 1.2000 2.1100
ESMERALDA CO.	.08443	10,553.75	100.00000	10,553.75	.37692	2.7300
EUREKA CO.	.09844	12,350.00	100.00000	12,305.00	.09162	1.1700
HUMBOLDT CO. WINNEMUCCA	1.28762	160,952.50	39.50596 60.49404	63,585.83 97,366.67	.20480 1.21519	.8250 1.9500
LANDER CO.	.35134	43,917.50	100.00000	43,917.50	.43435	1.7400
LINCOLN CO. CALIENTE	.31734	39,667.50	67.42082 32.57918	26,744.15 12,923.35	.32601 1.70044	1.1540 1.5000
LYON CO. YERINGTON	1.13623	142,028.75	71.28439 28.71561	101,244.33 40,784.42	.27565 1.42703	1.2580 1.1500
MINERAL CO.	.75762	94,702.50	100.00000	94,702.50	1.14446	3.1200
NYE CO. GABBS	.63799	79,748.75	82.39598 17.60402	65,709.76 14,038.99	.33525 .53278	1.8700 1.1000
ORMSBY CO. CARSON CITY	2.33115	291,393.75	35.96676 64.03324	104,804.89 186,588.86	.32248 .84429	1.3954 1.2960
PERSHING CO. LOVELOCK	.54345	67,931.25	39.10597 60.89403	26,565.17 41,366.08	.13022 1.47210	1.0900 1.8900
STOREY CO.	.12283	15,353.75	100.00000	15,353.75	.44585	2.1800
WASHOE CO. RENO SPARKS	31.17560	3,896,990.00	19.65354 60.73658 19.60988	765,888.63 2,366,874.15 764,187.22	.20088 1.02085 1.52135	1.2770 1.1710 1.4344
WHITE PINE CO. ELY	2.12146	265,182.50	59.03344 40.96656	156,546.34 108,636.16	.48317 1.93993	1.3500 1.4000
TOTALS	100.00000	\$12,500,000.00		\$12,500,000.00		

NEVADA MUNICIPAL ASSOCIATION

FOUR PERCENT SALES TAX, EXCLUDING FOOD AND DRUGS. SEVENTY FIVE PERCENT RETAINED BY STATE FOR EDUCATION PURPOSES, TWENTY FIVE PERCENT DISTRIBUTED TO CITIES AND COUNTIES ON POPULATION AND PERCENTAGE BASIS, TWENTY FIVE PERCENT TO COUNTIES ON BASIS OF POPULATION OF UNINCORPORATED AREAS, SEVENTY FIVE PERCENT TO CITIES ON POPULATION BASIS.

ASSUMPTIONS:

- 1. REMOVING UNPREPARED FOOD AND PRESCRIPTION DRUGS FROM TAX BASE RESULTS IN 20% REDUCTION.
- 2. FOUR PERCENT TAX WOULD YIELD \$50,000,000.
(4 X \$12,500,000)
- 3. TWENTY PERCENT REDUCTION DUE TO FOOD AND DRUG EXCLUSION LEAVES \$40,000,000.

4. DISTRIBUTION OF NET TAX YIELD

STATE RETAINS 75% =	\$30,000,000
COUNTIES (25% OF 25%) =	2,500,000
CITIES (75% OF 25%) =	<u>7,500,000</u>
	\$40,000,000

5. POPULATION DISTRIBUTION (1960 CENSUS)

URBAN POPULATION =	196,533	68.9%
RURAL POPULATION =	<u>88,745</u>	<u>31.1%</u>
	285,278	100.0%

6. YIELD TO STATE WOULD INCREASE BY 20%

"NEW" YIELD (75%)	\$30,000,000
PRESENT YIELD	<u>25,000,000</u>
	\$ 5,000,000

- 7. COMPUTATIONS DO NOT TAKE INTO CONSIDERATION THE POSSIBLE EXPANSION OF THE BASE TO INCLUDE SERVICES, ETC. WHICH ARE NOT NOW TAXED.

DISTRIBUTION AND EFFECT OF 4% SALES TAX (EXCLUDING
FOOD AND DRUGS), 25% OF YIELD DISTRIBUTED TO
CITIES AND COUNTIES (25% TO COUNTIES, 75% TO CITIES)

	1960 POPULATION	COUNTY SHARE 25% OF 25% OF SALES TAX	CITY SHARE 75% OF 25% OF SALES TAX	EQUIVALENT AD VALOREM TAX RATE	PRESENT AD VALORI RATE
CHURCHILL CO. FALLON	5718 2734	\$ 161,079.50	\$ 104,333.62	.69970 1.75091	1.7664 .9200
CLARK CO. BOULDER CITY HENDERSON LAS VEGAS N. LAS VEGAS	27605 4059 12525 64405 18422	777,649.45	 154,897.65 477,973.16 2,457,793.35 703,011.71	.11782 1.99207 2.71367 .78520 1.42987	.9537 1.4950 1.2780 1.4147 1.4147
DOUGLAS CO.	3481	98,061.86		.25612	.0000
ELKO CO. CARLIN ELKO WELLS	3619 1023 6298 1071	101,949.41	 39,039.25 240,341.32 40,871.00	.16040 1.91843 1.47423 1.62046	.9300 1.9000 1.2000 2.1100
ESMERALDA CO.	619	17,437.60		.96876	2.7300
EVREKA CO.	767	21,606.85		.16088	1.1700
EMERALD CO. WINNEMUCCA	2255 3453	63,524.71	 131,771.76	.20461 1.64479	.8250 1.9500
LANDER CO.	1566	44,115.16		.43630	1.7400
LINCOLN CO. CALIENTE	1639 792	46,171.62	 30,223.93	.56307 3.97683	1.1540 1.5000
LYON CO. YERINGTON	4379 1764	123,359.06	 67,316.94	.33587 2.35539	1.2580 1.1500
MINERAL CO.	6329	178,291.73		2.15462	3.1200
NYE CO. GABBS	3604 770	101,526.85	 29,384.38	.51799 1.11514	1.8700 1.1000
ORMSBY CO. CARSON CITY	2900 5163	81,694.74	 197,027.98	.25137 .89153	1.3954 1.2960
PERSHING CO. LOVELOCK	1251 1948	35,241.42	 74,338.66	.17275 2.64550	1.0900 1.8900
STOREY CO.	568	16,000.90		.46464	2.1800
HOE CO. RENO SPARKS	16655 51470 16618	469,181.36	 1,964,173.96 634,168.31	.12306 .84716 1.26250	1.2770 1.1710 1.4344
WHITE PINE CO. ELY	5790 4018	163,107.78	 153,333.03	.50341 2.73809	1.3500 1.4000
TOTALS	285278	\$2,500,000.00	\$7,500,000.00		