

NEVADA LEGISLATURE - 54TH SESSION
SENATE TAXATION COMMITTEE

Minutes of Meeting Held
March 1, 1967

The seventh meeting of the Senate Committee on Taxation was called to order at 4:00 p.m., Wednesday, March 1, 1967, in Committee Room 50, State Capitol, by Chairman Gibson. All committee members were present except Senator Christensen. Also present were Senator Pozzi, introducer of Senate Bill 29, and many real estate men interested in that measure; also Senator Farr, cointrouder, with Senator Pozzi, of Senate Bill 110.

Chairman Gibson called on Senator Pozzi to initiate discussion on:

S.B. 29: Imposes tax on certain real property transfers.

Senator Pozzi introduced Mr. R. C. "Bob" Bowers, President of the Reno Realtors Association. Mr. Bowers in turn introduced to the committee, Ted Mattson (Reno), Vice President of the Nevada Association of Realtors; Ray O'Brien (Reno), Manager of Lawyers Title Insurance Corporation; and Sam Iacovetto, Chairman of the Legislative Committee of the Las Vegas Board of Realtors.

Mr. Bowers then addressed the committee. He stated his group wants to be sure this is the same type of legislation as the federal tax which is being dropped. They object to having stamps apply to encumbered funds. They also object to the requirement that documentary stamps be placed on the deed BEFORE it is recorded. With the cash sale price known to the public, a distorted view of the true value of surrounding property might be formed and affect future real estate transactions in the area, he felt. Mr. Bowers then called on Mr. Ray O'Brien to speak.

Mr. O'Brien stated that 95-99% of all real property transfers go through title companies. These companies INSIST that revenue stamps be attached to conveyances, based on the tax provided for in the federal statute (55¢ per \$500). This insistence, he said, is due to the moral and legal liability to the federal government to see that the tax is paid. The federal government does not have a policing mechanism for payment of the tax, but they do send auditors to the County Recorders' offices from time to time; and when the auditors find revenue stamps not affixed to a document, the property owner's income tax return is immediately audited. He feels that stamps are being collected in 99% of all cases--the transactions that go through title companies. He feels the way the stamp tax is being handled now is very successful--it is not cumbersome. He felt the affidavit requirement of S.B. 29 would be a cumbersome procedure. He also objected to affixation of stamps at the time of recordation, for the reason given by Mr. Bowers. He stated it is the practice of the title companies to affix the stamps to the documents after recordation, as soon as the recorded document is returned to them by the County Recorder, i.e., within a week of recordation.

Senator Pozzi stated that after the bill was introduced, the real estate people indicated they wanted it amended; he has the amendments, but has not yet given them to the Chairman. He called on Art Palmer of the Legislative

Counsel Bureau, who had researched the bill. Mr. Palmer said the bill had been drafted with an affidavit requirement, so that the Assessor and the State would know the true value of the property involved.

Discussion followed between realtors and committee members as to the burden that would be placed on the County Recorder if he had to affix the stamps; on the possibility of having Pitney-Bowes type meter machines to affix the amount of the stamps, rather than affixing stamps; on the fact that the law specifies no penalty for affixing MORE stamps than necessary (a practice which is followed if it is wished to make a property appear to be more valuable than it is); as to the amount of revenue that would be involved (newspapers say \$500,000, which would include tax on liens and assumed mortgages; Mr. O'Brien said more like \$125,000, based on new money only); as to inserting a penalty provision in the bill (say \$50 plus the value of the stamps) for not affixing the stamps; as to making the tax purchase the responsibility of the buyer, rather than the seller, due to fact seller might leave jurisdiction of the state; as to specifying a limited period of time within which stamps must be affixed, if the bill is amended so that the buyer, rather than the County Recorder, has the responsibility for affixing the stamps.

The Chairman thanked those present for appearing and commenting on the bill, and stated the committee would take the bill under consideration. At this point, all the realtors left.

Senator Pozzi, introducer of the bill, told the committee he had introduced the bill exactly as the real estate people wanted it; then they had changed their minds three times. He also said the realtors were underestimating the amount of revenue the stamps would bring in; that \$375,000 had been paid for federal revenue stamps in Nevada in 1965, and even more in 1966; and that these amounts were collected on fresh money only. The Chairman asked Senator Pozzi to provide copies of the amendments to the committee to look over.

The Chairman next called for discussion of:

S.B. 110: Provides for taxation of real estate belonging to the State of Nevada. Introduced by Senators Farr and Pozzi.

Senator Farr commented on this bill, which was primarily intended to give tax relief to Carson City and Ormsby County taxpayers. He pointed out that not only are large areas of the city and county tax exempt due to state ownership, but this situation expands as the state government expands; further that the growing number of state buildings require the maintenance of larger fire and police departments in Carson City, also increased expense for street maintenance. He gave figures indicating the dollar value of nonreimbursable services furnished by Carson City and Ormsby County to the state. He stated a sale and leaseback situation on state properties might be desirable, in that the property would be left in private ownership and hence taxable. He stated a formula should be reached for paying the state's fair share of services provided by the city and county.

Senator Pozzi said the Ormsby County Assessor had made an appraisal of every state building, except the prison's minimum security complex, this study having been initiated by the Carson City Mayor two years ago. However, the Legislature had taken no action, despite the availability of these figures. He also pointed out that Carson City had recently dedicated five miles of streets (bordering state buildings) to the state, without any cost to the state. Senator Dodge asked if increased stores and businesses in the city might be a compensating factor. Senator Farr pointed out that many state employees live outside Ormsby County and do their spending elsewhere than in this county. Senator Gibson stated that the State gives aid to Ormsby schools, has bought an occasional fire truck, and contributed to the sewer plant. Senator Pozzi pointed out that, because of the State contribution to the sewer plant the State has no further costs with relation to sewer services, that no charge for sewer hookups to new State buildings is or can be made. Senator Fisher asked how much use was made by the city and county of state prison labor. Senator Pozzi said the only use was in the cemetery, that no prison labor is used for street work or any other city or county purposes.

Senator Pozzi said another bill would be introduced soon, setting up a specific formula for tax relief.

Senators Farr and Pozzi left the meeting. No action was taken on the bill.

Senator Dodge said he had met with representatives of the Gaming Commission and had ⁽¹⁾come up with a bill providing guidance and direction for the Control Board, ⁽¹⁾ in furnishing information, in helpful form, to the Legislature from year to year, on the gaming industry. Senator Dodge said the bill arose out of the recommendations of the Lybrand Report on internal control procedures. The bill also provides for uniform reporting to the Control Board. ⁽¹⁾ He said he would like this bill to be submitted as a committee bill. There were no objections from committee members.

The Chairman announced the committee would meet the next day at 4:00 p.m.

The meeting adjourned at 5:15 p.m.

Louise Glover - Secretary

I certify that the foregoing minutes are correct.

Senator James I. Gibson - Chairman

(1) "Gaming Commission", rather than "Control Board" is probably meant by the speaker.