

NEVADA LEGISLATURE - 54TH SESSION

SENATE TAXATION COMMITTEE

Minutes of Meeting Held
April 10, 1967

The 31st meeting of the Senate Committee on Taxation was called to order Monday, April 10, 1967, at 11:35 a.m., in Committee Room 50, State Capitol, by the Chairman, Senator James I. Gibson.

All committee members were present.

Also present were:

Senator Alfred J. Alleman
 Senator Vernon E. Bunker (entered meeting at 12:22 p.m.)
 Senator Francis W. Farr
 Mr. Quenten L. Emery, State Welfare Administrator
 (entered the meeting at 12:10 p.m.)
 Mr. Curtis Blyth, Executive Director, Nevada Municipal
 Association
 Mr. Don Dawson, Clark County Budget Department
 Mr. David Henry, Clark County Budget Department
 Mr. Robert Lawless, Clark County Budget Department
 Miss Lehr (sp.?), Clark County Budget Department
 Mayor Oran Gragson, Las Vegas
 Mr. Art Trelease, City Manager, Las Vegas
 Mr. George Ogilvie, Assistant City Attorney, Las Vegas
 Mr. George W. Charchalis, City Manager, Henderson
 Dr. R. Guild Gray, City Manager, Boulder City
 Mr. Clay Lynch, City Manager, North Las Vegas
 Mr. Cy Ryan, Newsman, and other interested persons

The Chairman announced that the representatives of the local governments had asked for an opportunity to talk to the committee concerning their revenue problem and that this meeting was being held for that purpose. He asked Mr. Trelease if the group had a spokesman. Mr. Trelease said each representative had brought figures for his own city or county. He stated that the cities and counties should be given considerably more aid than has been advocated so far.

The Chairman said that the only proposal for local relief is in this committee, that it is a bill that would return the state's share of the cigarette tax and reapportion the distribution of the cigarette tax within counties where there are incorporated cities.

Mr. Blyth had distributed to the committee at the beginning of the meeting a "Summary of County, Town, and City Budgets by Activities". The committee studied this, and Senator Dodge commented that the relief to the State General Fund is not anywhere near as much as indicated on the sheet. He said the maximum relief probably would be \$4.5 million

*attached

to the General Fund; that a problem arose because of the lag in cash flow to the school districts because of the quarter-year lag in collecting the sales tax. As a result, he said, the state contemplates having to fund \$2.8 million on a one-shot appropriation in the first year of the biennium, to be able to give the schools a full \$6 million in the first year of the biennium. So the net relief to the General Fund is \$1.7 million in the first year of the biennium, rather than \$6 million. He said the second year of the biennium is different, as the full collection of sales tax would be in effect by then. The Chairman pointed out, also, that the \$1.633 million cigarette tax released to the counties and cities would be a minus against the General Fund revenue increase.

Mr. George Charchalis, City Manager of Henderson, said: "Each of us comes representing his own city, with specific facts about his own city." Accordingly, he could not take up the case for the other Clark County cities, but he said that each has a revenue problem. He discussed Henderson's problems.

Mr. Ogilvie, speaking about Las Vegas budget problems, objected to S.B. 379 (reapportionment of cigarette tax), saying this bill would take about \$510,000 away from the county; that this would represent 7¢ on the ad valorem tax. Senator Gibson said, "We're relieving the county with Title XIX. There's no reason for the county to take anything back on this for this reason. Maybe they have higher budgets for some other reason, but not on account of this action."

Discussion of Title XIX followed.

Mr. David Henry addressed the committee on behalf of Clark County, stating they had worked extensively with Dr. Ravenholt of the Welfare Department over the week end, had worked the combination several different ways, and that the best application of Title XIX ranges from a net loss of \$30,000 to a net gain of \$190,000. He stated the loss of the cigarette tax is a significant loss to Clark County; that the net loss to the county, between the cigarette tax and Title XIX, is \$490,000; that they have a projected budget which requires a 14¢ ad valorem increase. To accommodate the budget increase (\$989,800) plus the above \$490,000 loss, he said the \$1,479,800 total increased funds needed would mean a 21¢ tax rate increase. He concluded by requesting that the cigarette tax now before the committee give the cities and counties an equivalent relief to what they are losing.

Senator Gibson said: "You'd better get together with somebody, because somebody has not been giving us the right facts." He stated he had been reluctant all the way, but the figures the committee had been given had sold them on the fact that Title XIX would give sufficient relief.

Mr. Henry stated that he and three other county officials, whom he named, were the only ones who could make the proper representations to the county commissioners or to this committee re the county's needs. Senator Gibson

said that the person who appeared before this committee was Dr. Ravenholt, Acting Director of the Department of Health and Welfare. Knowing that Dr. Ravenholt represented both the county and the state in this matter, the committee accepted his figures. Senator Gibson suggested: "Maybe we'd better call Title XIX back."

Mr. Henry stated that the medical indigent programs MUST be carried on and that "That is where the real nub of the problem is."

Senator Dodge reported that he had put in a call for Mr. Quenten Emery, State Welfare Administrator, to come in, since Mr. Emery had given the committee the figures it depended upon.

Senator Gibson called on Mr. Clay Lynch, City Manager of North Las Vegas, for his comments. He stated that over \$400,000 in relief was needed, but that S.B. 379 would provide only \$215,000 relief. He felt the cigarette tax needs to be increased from 7¢ to 10¢ a pack. He said this would raise the relief from \$215,000 to \$406,000. Senator Slattery expressed opposition to any increase in cigarette taxes.

Dr. R. Guild Gray, City Manager of Boulder City, said his city was probably in the best condition of any city in Clark County. He said the Title XIX matter had him confused, that he had pushed Title XIX at the last session because he thought it would save money for the counties, but he has not gone over the present figures. He said the reason for Boulder City's being in good condition is that they operate all their utilities except one, and have been able to adjust their utilities fees to balance their budget. However, if the county rate is affected, this will affect Boulder City's budget, also.

Senator Brown asked Mr. Henry about the variation in estimated figures for loss (as much as \$30,000) or gain (as much as \$190,000) in relief for Clark County. Mr. Henry said: "When you use the State's point of view, you come up with one figure; but when you take the county budget and make a direct application, you come up with another figure." Senator Brown asked if the medical budget were \$1.8 million. Henry: "Yes. Our projection of their expenditures is \$1.6 million, but they came in and asked for \$1.9 million. They may force the county into giving up the \$300,000." Senator Dodge asked whether Clark County had made any appearance at the Title XIX hearings in the Assembly. Mr. Henry said he thought not; they were not aware the hearings were being held.

Mr. Lawless then put figures on the blackboard. Senator Gibson commented that these were not the figures given to the committee.

Dr. Gray, studying the figures, said when they were considering the Title XIX matter in the last session, they were not considering the combination of both the 11¢ coming back and the cigarette tax. Both Senators Brown and Dodge countered that, if the figure was anywhere near accurate on the single factor, it would roughly offset the loss of the cigarette tax revenue.

Senator Gibson said the committee would try to straighten out the figures with the Welfare people. He repeated that the presentation that had been made to the committee was what had led to the committee's approach. He stated that the committee wanted to give the cigarette tax to the cities, because the revenue there means much more than it does to the counties. Dr. Gray said: "This is sound philosophy. Something has happened to the figures...." Senator Gibson, after further discussion, said the Title XIX bill had passed the Senate Friday and is in the Governor's office now. "If it doesn't do what it's supposed to do, we should look at it again."

Mr. Quentin Emery, State Welfare Administrator, joined the meeting at 12:10 p.m. Senator Gibson asked him for the chart he had prepared on Title XIX. These figures were discussed. The individual cities' tax rates and dollar budgets were discussed.

The meeting recessed at 12:45 p.m., for lunch.

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The meeting resumed at 4:30 p.m. in Room 50, with all committee members present except Senator Slattery.

Also present were Messrs. Blyth, Dawson, Henry, Lawless, Miss Lehr (sp?), Messrs. Gragson, Trelease, Ogilvie, Charchalis, Gray, Lynch, Ryan, and several other interested persons. Dr. Otto Ravenholt, Acting Director of the Department of Health and Welfare, joined the meeting at 4:45 p.m.

The committee secretary left the meeting at 4:30 p.m. to get copies of bills requested by the Chairman, and upon her return at 4:37 p.m., a discussion of Title XIX was underway.

Dr. Ravenholt joined the meeting and pointed out that the figures he had used were a statewide projection; hence problems arose in making breakdowns by counties. He said the Title XIX figures were based on California's experience and expenditures, with 30% allowed for leeway, to provide a conservative budget. Discussion ensued between Dr. Ravenholt, Senators Gibson and Brown, and Mr. Henry.

Since there seemed to be no meeting of the minds between what the cities and counties felt they required and the relief provided by Title XIX, Senator Gibson asked the Clark county and city officers to get together with Dr. Ravenholt and his staff at a separate conference to try to resolve the matter, and then come back to the committee. He stated the committee would schedule a meeting tomorrow morning upon recess, around 11:00 a.m. At this point, all the Clark County people and Dr. Ravenholt left the meeting, leaving only the six committee members and two newsmen. The committee very briefly discussed the city/county demands and motives, and also the figures on which the committee had relied in passing Title XIX. No decision was made in regard to these matters.

The Chairman then called for consideration of bills on the committee's docket, as follows:

Sales tax bills - i.e., Senate Bills Nos. 17, 351, 352, 353, 354, 389:

DISPOSITION: Senator Dodge, "I move we hold all six bills on the sales tax." Senator Brown seconded. Motion passed unanimously.

S.B. 26: Senator Titlow's bill on oil and gas production tax.

DISPOSITION: Senator Gibson said he would have Senator Titlow appear before the committee tomorrow.

Trading stamp bills - i.e., Senate Bills Nos. 187, 342, and 429:

Senator Swobe said Cliff Young wants to come in on these.

DISPOSITION: It was decided to hold these until the committee gets some pressure on them.

S.B. 196: Senator Young's beer tax for the benefit of Fish and Game Fund.

DISPOSITION: Senator Gibson said he would have Senator Young appear before the committee tomorrow regarding this bill.

S.B. 379: This committee's bill on cigarette tax distribution.

Senator Dodge stated that Senator Slattery, who was not present at this meeting, is unalterably opposed to any cigarette tax increase.

DISPOSITION: Committee will hold this bill till they meet once more with the Clark County group that appeared at today's meeting.

S.B. 435: Limits state gaming licenses according to economic feasibility. Introduced by Senators Gibson, Bunker, Christensen, and Lamb.

DISPOSITION: Senator Dodge, "I think we ought to hold it. Among other things, I don't think it would pass on the floor." Discussion. Unanimous agreement to hold the bill.

S.B. 437: Includes dividends used to purchase additional paid-up insurance in total premium income for taxation of insurance companies; requires financial statements be submitted on current forms. Introduced by this committee.

Discussion.

DISPOSITION: The committee agreed to have someone from the Insurance Department appear before the committee to discuss the bill.

S.J.R. 23: Proposes to amend Nevada Constitution by providing that Legislature may exempt mobile homes and trailers from property tax provisions and provide instead for assessment and taxation as motor vehicles. Introduced by this committee.

Discussion.

— DISPOSITION: The committee decided to have Russ McDonald come in and explain the bill to them.

S.J.R. 32: Expresses opposition to federal intervention in state and local taxation. Introduced by this committee.

Senator Gibson said Russ McDonald has requested this as the result of the successful passage of S.B. 50 (Multistate Tax Compact). This is to place the state further on record as being opposed to the congressional approach to this problem.

✓ DISPOSITION: Senator Dodge, "Do pass." Senator Brown seconded. Motion passed unanimously. (Senator Dodge left the meeting, 5:10 p.m.)

A.B. 525: Authorizes political subdivisions to file amended budgets with Nevada Tax Commission for year 1967-1968. Introduced by Committee on Taxation.

✓ DISPOSITION: Senator Brown, "Do pass." Senator Swobe seconded. Motion passed unanimously (with Senators Christensen, Swobe, Brown, Fisher, and Gibson present).

A.B. 526: Provides for personalized prestige motor vehicle license plates. Introduced by Mr. Kean.

Discussion. Senator Dodge returned to the meeting.

✓ DISPOSITION: Senator Brown: "~~I move to rerefer this to Committee on Transportation~~, with the understanding that if it comes out on the board, we'll move to rerefer it to this committee." Senator Fisher seconded. Motion passed unanimously.

A.B. 392: Provides for licensing and regulation of manufacturers, sellers, and distributors of gambling devices and equipment. Introduced by Committee on Taxation.

✓ DISPOSITION: At the Chairman's suggestion, this bill will be brought up in tomorrow's meeting. He stated the Assembly had amended this bill quite extensively.

A.B. 509: Restores exemption of Indian lands held under federal trust from taxation of leasehold or possessory interests. Introduced by Committee on Federal, Indian, and Military Affairs.

Discussion.

- DISPOSITION: Senator Gibson said Mrs. Brookman, Chairman of the Assembly's sponsoring committee, would like to talk to the committee about this bill, and that he would have her come in.

A.J.R. 16: Proposes constitutional amendment to exempt inventories of merchants and household property from ad valorem property tax. Introduced by Mr. Smith.

Discussion.

- DISPOSITION: Senator Gibson will have Mr. Smith come in re this resolution.

A.J.R. 17: Proposes constitutional amendment to authorize state lottery. Introduced by Swackhamer, Bowler, Kean, Wood, Harris, Frazzini, McKissick, Schouweiler, Torvinen, Wooster, Manning, Prince, Wilson, May, Close, Espinoza, Howard, and Getto.

Discussion.

- ✓DISPOSITION: Senator Swobe moved, "Do pass." Senator Dodge seconded. The motion carried, with the following vote:

Aye - Senators Christensen, Dodge, Fisher, and Swobe.
Not voting - Senators Brown and Gibson.
Absent - Senator Slattery.

The Chairman announced the committee would meet tomorrow.

The meeting adjourned at 5:20 p.m.


Louise Glover - Secretary

I certify that the foregoing minutes are correct.

Senator James I. Gibson - Chairman

SUMMARY OF COUNTY, TOWN, & CITY BUDGETS BY ACTIVITY
1966-67

<u>Activity</u>	<u>Counties & Towns</u>	<u>Cities</u>	<u>Total</u>
Administration	\$6,648,216	\$3,582,869	\$10,231,085
Public Safety	5,819,610	12,942,905	18,762,515
Judicial	1,521,149	- -	1,521,149
Health & Sanitation	122,341	179,841	302,182
Public Works	511,574	6,069,276	6,580,850
Parks & Recreation	63,748	2,957,831	3,021,579
Other General Expenses	5,750,080	794,808	6,544,888
Contingency	359,776	295,937	655,713
Debt Service	3,150,601	4,752,488	7,903,089
Road Fund	3,983,305	- -	3,983,305
Indigent Fund	3,335,804	- -	3,335,804
Hospital Fund	10,187,945	- -	10,187,945
Agricultural Extension Fund	182,814	- -	182,814
Building Reserve Fund	1,312,640	- -	1,312,640
Capital Improvements	- -	1,783,481	1,783,481
Utilities	587,691	5,493,146	6,080,837
Other Funds	2,966,112	1,606,419	4,572,531
Total	\$46,503,406	\$40,459,001	\$86,962,407

PROPOSED NEW REVENUES

To Counties & Cities:

Present State share of Cigarette Tax \$1,633,200
Combined Budgets, \$86,962,407, Revenue Increase 1.88%

To Schools:

One percent Sales Tax (1/2 to State) \$6,000,000
School Budgets \$71,239,160, Revenue Increase 8.42%

To State:

One percent Sales Tax (1/2 to Schools) \$6,000,000
Increased Gaming Licenses 3,700,000
Total \$9,700,000
Budget (Estimated) \$67,500,000, Revenue Increase 14.37%

*Distributed to
Committee by
Curt Blythe
to Tax. Com. mtg.
4/10/67 -
11:30 am.
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