

SENATE TAXATION COMMITTEE

Minutes of Meeting Held
April 11, 1967
11:40 a.m.

The 32d meeting of the Senate Committee on Taxation was called to order Tuesday, April 11, 1967, at 11:40 a.m., in Committee Room 50, State Capitol, by the Chairman, Senator James I. Gibson.

All committee members were present except Senator James Slattery.

Also present were:

Dr. Otto Ravenholt, Acting Director, Department of Health and Welfare
Mr. Curtis Blyth, Executive Director, Nevada Municipal Association
Mr. Art Kinnison, Washoe County Manager
Mr. David Henry, Clark County Manager
Mayor Roy Bankofier, Reno
Mayor Chet Christensen, Sparks
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. Harold Laird, City Comptroller, Las Vegas
Mr. Don Dawson, Clark County Budget Department
Mr. Robert Lawless, Clark County Budget Department
Miss Lehr (sp.?), Clark County Budget Department
Mr. Cy Ryan, Newsman, and other interested persons

The Chairman asked whether the Clark County people had any further light and knowledge in relation to the figures discussed with this committee yesterday.

Dr. Ravenholt addressed the committee, stating he thought there was really no disagreement between the figures being considered by his department and the people from Clark County and that the discrepancy arose simply through projection of the figures.

Senator Dodge, in reviewing the cigarette tax situation, summarized that the cities are given considerable relief over what they now have. Senator Gibson said that originally the committee, in working with Curtis Blyth, was trying to distribute all the cigarette tax to the cities; that in checking this out, they found that all the counties without any incorporated cities would be deprived of any cigarette tax revenue; that this seemed unacceptable; so they checked out a plan of giving the tax to the counties and then, within counties where there are incorporated cities, to the cities therein; but some counties have

but one city, with most of their population outside the city. (Nye County has one incorporated city, Gabbs, and this would mean that Gabbs would get all the tax and Tonopah, which is not incorporated, none.) Accordingly, the committee came to the present formula, whereby the tax would go to the cities in counties having more than one incorporated city.

Senator Swobe called on Mr. Art Kinnison, Washoe County Manager, who said that Title XIX will save the county about \$20,000 and that the cigarette tax will deprive the county of \$286,000, for a net loss to Washoe County of \$266,000, or over 6¢ on the ad valorem tax. He discussed the situation further and concluded: "All you're doing in this instance is shifting the levy to the cities. They will be the heroes. . . You are shifting the load to the unincorporated areas. . ."

Mayor Gragson spoke, saying, "I believe you are going to have to draft legislation that will permit local entities . . . to tax themselves to pay for [the service they want]. . . That might be in the form of an optional county tax, optional cigarette tax, perhaps, or perhaps an optional county-wide sales tax; so that if the people . . . want that service and want to pay for that service, then they could go to the polls and authorize it or reject it. There is a greater and greater demand put on local governments to provide service, day in and day out. We haven't had any increases in two years at all in any of our public safety departments, and we have demands for this increase, but there's no way we can possibly do it under the existing revenue base. We're going to have to have some means and methods where we have a broader tax base of our own. . ."

Senator Gibson agreed.

Mayor Bankofier of Reno and Mayor Christensen of Sparks spoke of the need of their cities for more revenue. Mayor Bankofier criticized state capital improvement expenditures on a cash basis when the cities and counties cannot afford even to float bonds for capital expenditures. Senator Dodge explained that the 1% constitutional debt limit made it impossible for the state to make capital improvements through the use of bonds, but that a proposal to raise the debt ceiling to 3%, which will need approval by the people, would place a different complexion on the state's capital improvement program and might permit such improvements by bonding.

Mr. Blyth said the counties, cities, and towns are spending \$90 million annually, that the proposed Title XIX relief and the state share of the cigarette tax would certainly give some relief, but this total relief (\$2.6 million) is not enough to do the things these entities really need to do. He asked if the Legislature had considered a flat-out increase in the cigarette tax from 7¢ to 10¢ a pack, which would bring in an extra \$2.25 million. He pointed out this would be a simple source of new revenue and said this additional money is needed.

Mayor Christensen spoke at some length with regard to Sparks' budget. He said Sparks wants the \$184,000 relief the cigarette measure would bring, but that they need something in addition to that for their present minimum needs. He, too, criticized the state for "going in and paying

cash up to \$6 million for capital improvements, when the cities can't find enough money, when a city of 30,000 [sparks] can't issue bonds for \$2 million. We can't find the budget to do this, because all the possibilities that we've got for taxing have been taken away from us--gambling, liquor, cigarette, property. . ." He mentioned that in his city, which is up to the \$5 ad valorem limit, the citizens have to pay extra for sewer service and garbage collection, services which the city should provide within the ad valorem limit, without special charges. He felt that state capital expenditures, such as a new legislative building, should be delayed "until we get an equalization of taxes . . . till each entity gets its needs. We know the state needs buildings . . . but let's get everything balanced out before you go into large capital expenditures . . . The state should go ahead and ask for this bonded limit to be raised. When it is raised, THEN let's take care of the capital improvements needed there. We all live in this State. We're all one, trying to get something done. . . Let's not do one thing at the sacrifice of the other . . ."

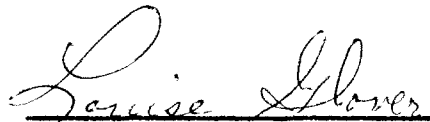
Las Vegas and Henderson spokesmen rose to say they endorse S.B. 379.

Mr. Kinnison endorsed Mayor Christensen's statement and said that even if the counties get 36¢ relief on the ad valorem tax, they will still be at the \$5 maximum. "That is my objection. We are still competing [with the cities and state.] Your theory will not be injected into the Nevada Tax Commission hearings [on assessments]."

The Chairman stated: "We'll continue to wrestle with the problem. We appreciate your giving us your thoughts."

The meeting adjourned at 12:30 p.m.

Respectfully submitted,


Louise Glover - Secretary

I certify that the foregoing minutes are correct.

Senator James I. Gibson - Chairman