

## Senate

### COMMITTEE ON TAXATION

Minutes of Meeting -- March 21, 1969

The Committee on Taxation met on March 21, 1969 at 1:45 P.M.

Committee members present:      James Gibson, Chairman  
    Carl F. Dodge  
    James Slattery  
    Mahlon Brown  
    Coe Swobe  
    M. J. Christensen

Also present were:

Henry Etchemendy	City-County Manager, Carson City
Jim Robertson	Mayor, Carson City
John Meder	Ormsby County Commissioner
John Hawkins	Supt., Ormsby County Schools
William Dial	Ormsby County Commissioner
Oran Gragson	Mayor, Las Vegas

Press representatives

Under consideration were two bills:

- SB-307      Proposed by Senator Pozzi.  
    Allows counties to tax certain state lands.
- SB-116      Proposed by Senator Pozzi.  
    Provides method for county taxation of certain  
    state-owned real property.

Chairman Gibson pointed out that SB-307 is the main bill.

Mr. Etchemendy spoke, pointing out that the presentation had been made once before at the Finance Committee. He passed out a presentation (attached), and stated that basically what this involves is that those in Carson City and Ormsby County feel that because they have the distinction of having the State Capitol here, they have a significant amount of State property which is tax exempt. More and more each year the tax exempt properties are having an effect on the financial structure. At the rate they are going today, if they add in next year, the acquisition of the North Canyon Park lands and the construction of the new legislative building, the full effect next year would be that slightly more than 21% of the total valuation would be tax exempt. He added that this has a very definite effect on the school district of Carson City-Ormsby County -- on both the operating of the district and the protection of their bonds. The general obligation bonds are paid for from taxes based upon assessed valuation and what can be raised from that assessed valuation.

They are therefore held back in anything they wish to build here, because of the great amount of tax exempt property. He then drew attention to the presentation, stating that it was prepared to serve as a justification of the need for a payment in lieu of taxes. Since the preparation of the presentation, SB-307 has been introduced and this bill calls for all State lands and buildings in excess of 10% to be taxed.

Chairman Gibson asked Mr. Etchemendy if he had any figures on the cost of SB-307 and Mr. Etchemendy then presented the additional attached sheet. There was Committee discussion with him regarding the various figures and percentages, and rates.

Mayor Robertson spoke regarding the bill and said that the additional revenue generated by this program would permit them to declare financial independence. He recalled for the Committee that they had had to come to the legislature to ask for fire engines, which the legislature had granted. He added that if they were granted a reasonable amount of in lieu taxes, they could then operate and budget accordingly based on revenue from the assessed valuations. He spoke of the difficulty in supplying the capital with police and fire services as the situation now stands.

Mr. Hawkins spoke briefly along the same lines in reference to the school district and its needs.

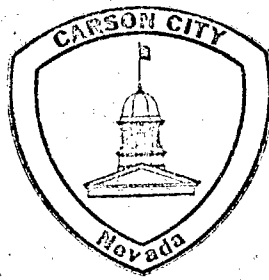
There was a brief summarization by Chairman Gibson who stated that it was felt there was a basic inequity in SB-116 and that the Committee would now consider SB-307 and study it further.

There being no further business, the meeting was adjourned.

Respectfully submitted,

*Patricia F. Burke*

Patricia F. Burke,  
Committee Secretary



Room 205- Court House  
198 N. Carson Street  
Carson City, Nevada 89701

JAMES Y. ROBERTSON  
Mayor

City Council Members  
GEORGE B. CRITESER  
JACK A. LINDSEY  
THELMA D. CALHOUN  
LAWRENCE MYERS

City-County Manager  
HENRY ETCEHEMENDY

City Clerk  
WILLIAM J. GONI

City-County Engineer  
JAMES A. RANKIN

District Attorney  
ROBERT F. LIST

Deputy Dist. Attorney  
RICHARD R. HANNA

Fire Department  
LESTER GROTH  
Fire Chief

Justice of the Peace  
PETE SUPERA

Public Health Superintendent  
ROSS A. GOLD

Planning Commission  
R.R. WEIDEMAN  
Chairman

Police Department  
ROBERT R. HUMPHREY  
Sheriff  
WILLIAM F. FURLONG  
Chief of Police

Pondkeeper  
ELEANOR BARTELS

Public Works Supervisor  
JACK BUTTI

Purchasing Agent  
FORBES HOLLINGSWORTH

Recreation Director  
DENNIS J. SULLIVAN

Date: January 27, 1969

To: Ormsby and Douglas County Delegation  
Nevada Legislature

From: Henry Etchemendy, City-County Manager

This report is prepared to serve as a justification of the need for a payment in lieu of tax by the State of Nevada to Ormsby County, Carson City and the Ormsby County School District. More and more, the impact of State-owned, tax exempt properties is being felt as a drain on our resources. The 1968-69 assessed valuations in Ormsby County are as follows:

Non-State Real Estate	\$38,000,000.
State-Owned Real Estate	\$ <u>8,856,130.</u>
Total	\$46,856,130.

This, then, results in a situation wherein the State-owned properties are 18.9% of the total valuation. The situation a year hence would be even more pronounced. The State recently purchased private land in North Canyon, the assessed valuation of which is \$277,720.00. . The new legislative building is reported to cost about \$3,200,000, which would be an assessed valuation of \$1,120,000. Assuming the other real properties in Ormsby County will increase \$1,500,000 the picture would then be:

Non-State	\$39,500,000.
State-Owned	<u>10,633,850.</u>
Total	\$50,133,850.

The State-owned properties at that time would represent 21.2% of the total.

Using the tax rates effective for 1968-69 the exemption of State-owned real estate represents a direct tax loss to each of our entities as follows:

	<u>Rate</u>	<u>Amount</u>
School District Operating	\$1.50	\$132,842.00
School District Debt Service	\$0.45	\$ 39,853.00
Carson City Operating	\$1.065	\$ 94,318.00
Carson City Debt Service	\$0.095	\$ 8,413.00
Ormsby County Operating	\$1.259	\$111,499.00
Ormsby County Debt Service	\$0.332	\$ <u>29,402.00</u>
Total		\$416,327.00

61,625 } City  
5444 } Valuation

380,065

Approximately 23% of our school students are state connected, and of these, 69 are residents of the Children's Home. Taking into account the school sales tax of 1¢, the local contribution towards education exclusive of debt service is \$193.75. This figure applied to the approximately 828 state connected students develops a cost of \$160,425 local contribution for the education of these students. Without the 1¢ tax, this contribution is \$119,845. These figures compare favorably with the tax loss developed in the preceding paragraph. A copy of a letter from John Hawkins, Superintendent of Schools, is attached.

Likewise, all departments of the city and county are affected by the impact of state properties. The need for construction of hospitals, jails, storm sewers, schools and other municipal facilities is generated by growth, whether the growth is in private or state development. Therefore, debt service is as much a liability of state properties as it is of private properties. Fire protection, police and sheriff services, street and highway maintenance and lighting, civil defense, legal and judicial services all are provided directly for state properties and personnel. A clear obligation exists for reimbursement for these services.

We are not asking for any thing for which a precedent has not been established. The Federal Government recognizes the impact to local government when its military bases, governmental housing, Indian Colonies or the like represent a significant effect on valuations. Water, sanitation and other special departments in many instances make in lieu payments to their parent governments. The State of Nevada, within certain limits, should not be exempt when that exemption has such an impressive effect upon financing local government.

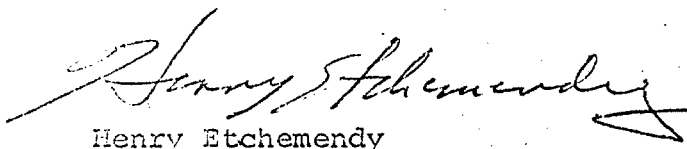
In the past, the School Construction Relief Fund has provided us with money for a portion of the cost of new school buildings. The State has since 1948 purchased two fire trucks for protection of its property, and turned these units over to us. We have acquired some properties from the State. Likewise, the City has in recent

years vacated streets and alleys in the Capitol Complex to the State and these have a value in excess of \$800,000 when compared to the cost of the lands purchased by the State in the same area. With the adoption of an equitable and permanent in lieu formula we could forego the school construction fund, purchase of fire trucks and other donations. We could stand on our own for the first time.

We would propose enactment of legislation wherein a payment in lieu of taxes would be made consistent with the existing local tax rates to any local government when the tax exempt State-owned properties reflect a total valuation which exceeds 12% of the total of the State-owned and other real estate within that county.

The argument that existence of the State Capitol in Carson City is of sufficient value to us that we should not request in lieu payments is not a valid premise. Ask any community what they would do for revenue were their primary industries totalling 18 to 20 per cent of the total valuation, granted property tax immunity.

Your consideration of this data and introduction of the necessary legislation will be sincerely appreciated by the elected officials of the School District, County and City. We would be pleased to offer further information and to appear before any committees.



Henry Etchemendy  
City-County Manager

Encl.

cc: John Hawkins

## 1968-69 Assessed Valuation-----Ormsby County

Non-State Real Estate-----\$38,000,000.00

State Owned Real Estate----- 8,856,130.00

10% of Non-State----- 3,800,000.00

State Owned Eligible for Taxation under in lieu.

\$8,856,130.00

minus 3,800,000.00

\$5,056,130.00

## Direct Tax Loss to County in 1968-69:

	Rate	Amount
School District Operating-----	\$1.50	\$ 75,842.00
School District Debt Service-----	0.45	22,753.00
Ormsby County Operating-----	1.259	63,657.00
Ormsby County Debt Service-----	0.332	16,786.00
Total County		<u>\$179,038.00</u>

## 1968-69 Assessed Valuation-----Carson City

Non-state Owned Real Estate-----\$24,300,000.00

State Owned Real Estate----- 5,729,620.00

10% of Non-State----- 2,430,000.00

State Owned Eligible for Taxation under in lieu.

\$5,729,620.00

minus 2,430,000.00

\$3,299,620.00

## Direct Tax Loss to Carson City in 1968-69

	Rate	Amount
Carson City Operating-----	\$1.065	\$35,141.00
Carson City Debt Service-----	0.095	3,135.00
Total City		<u>\$38,276.00</u>

TOTAL TO STATE (IN LIEU)

\$217,314.00