

MINUTES OF MEETING - COMMITTEE ON TAXATION - 56TH ASSEMBLY SESSION  
February 23, 1971

PRESENT: Kean, Swallow, Lingenfelter, May, Smalley, Glaser, Smith

GUESTS: Mr. A. Etheredge, Veterans Commission  
Mr. Jim Havel, Legislative Counsel  
Mr. Dennis Wright, Deputy, Legislative Counsel  
Mr. Frank, UPI  
Mr. Ray Knisley  
Mr. Ashworth, Assemblyman

Chairman Kean convened meeting at 8:20 a.m.

Mr Kean stated there were now no income or property limitations restricting exemption qualifications to veterans, widows, blind, orphans or aged. The constitution specifies purposes of charity as justification for exemption; an financially independent person would not qualify. An income, rather than property value ceiling should be the requisite for exemption; property value is not indicative of need or degree of independence.

Mr. Havel stated widows \$1000 exemption enacted 1865 by first legislature and at that time was a great deal. Only three other states allow widow and orpha exemptions and each had eligibility limitations. He had prepared written report and supplied each member with copy. (See attachment)

Mr. Kean stated greatest need in this area was the aged. Inflation greatly reduced their independence and they needed relief.

Mr. Etheredge stated the State of Nevada was obligated to its veterans; they had made a sacrifice; however, he agreed perhaps those veterans with large incomes should be denied the exemption; but, it was very difficult to deny an exemption to those who have enjoyed it for many years. He further stated there were 2500 veterans receiving exemptions and this meant 2500 votes-- a great many in Nevada. It would be political suicide to in any way decrease any benefits now enjoyed by this group, and the exemption should remain in effect as it is now.

Mr. Knisley stated he did not think political pressure was pertinent. The Supreme Court had acted on this although it was a breach of the constitution the exemptions had been in effect so long as to be considered an amendment to the constitution. It was his opinion this was a matter for the courts rather than legislature.

In response to a request from Mr. Kean, Mr. Etheredge agreed to canvass the leaders of the veterans organizations for their reaction to an income limitation of \$20,000 to \$30,000 for eligibility for veterans exemptions. He will report to the committee no later than Monday, March 1.

Mr. May thought a study should be made before any changes were made. Mr. Ashworth asked how many tax dollars would be saved by restricting eligibility? Would it be enough to offset administrative costs? Mr. Etheredge--this information was not available to him. Mr. Lingenfelter thought it might be handled on an honor system.

Further discussion postponed until next meeting.

Meeting adjourned.

## WIDOWS' AND ORPHANS' PROPERTY TAX EXEMPTION

Section 1 of Article 10 of the Nevada Constitution states that the Legislature "shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory." The same section, however, provides further that "there shall . . . be excepted such property as may be exempted by law for municipal, educational, literary, scientific or other charitable purposes." Acting under this authority, the Legislature has exempted the following property from taxation:

1. The property of totally blind persons in an amount not to exceed \$3,000. (NRS 361.085)
2. The property of widows' and orphan children in an amount not to exceed \$1,000. (NRS 361.080)
3. The property of veterans in an amount not to exceed \$1,000 of assessed valuation. (NRS 361.090)

In addition to these classes of persons, the Legislature has exempted the property of the state and its political subdivisions, property of the Federal government, and the property of numerous charitable and nonprofit associations, organizations, and corporations. Exemptions have been granted to university fraternities and sororities, nonprofit private schools, churches, cemeteries, noncommercial theaters, volunteer fire departments, farm machinery and equipment dealers, and fraternal lodges. The focus of this analysis, however, will be upon the widows' and orphans' exemption, with occasional reference to the veterans' and blind persons' exemptions.

NRS 361.080 states that,

The property of widows and orphan children, not to exceed the amount of \$1,000, shall be exempt from taxation, but no such exemption shall be allowed to anyone but actual bona

fide residents of this state, and shall be allowed in but one county in this state to the same family. The person or persons claiming such exemption shall make an affidavit, before the county assessor, of such residence and that such exemption has been claimed in no other county in this state for that year.

This exemption dates back to the first session of the state legislature which, on March 9, 1865, placed on the statute books "An Act to provide Revenue for the support of the Government of the State of Nevada." Section 4 of that Act provided that,

All property of every kind and nature whatsoever, within this State, shall be subject to taxation, except: . . . the property of widows and orphan children, not to exceed the amount of one thousand dollars to any one family. . . .

Since that time, amendments have added additional qualifications, but the substance has remained the same.

Research indicates that Nevada is one of four states granting general exemptions to widows and/or orphans, although a number of other states permit exemptions for widows and/or orphans of veterans, policemen and firemen killed in the line of duty, or other special categories. The other three states are Idaho, Massachusetts, and Arizona.

#### The Idaho Property Tax Exemption

Idaho Code 63-105D grants a total amount of all exemptions allowed to any one family of \$1,250.00 of assessed value for property belonging to fatherless children who have not attained 18 years of age and property belonging to widows. This exemption, however, does not apply "if the person owning the same and claiming exemption owns property having a full cash value in excess of \$6,000, nor shall the exemption herein provided inure to the benefit of any person whose net income. . . exceeds the sum of \$3,600.00 per annum. . . ."

Exemptions are further limited to property occupied as a home (with certain exceptions in hardship cases). The exemption is only available

to residents of the state and may be granted no more than one to any one person during any one year. No exemption applies to property sold, transferred, conveyed, or otherwise disposed of, on or before the first day of June of any year. Procedures are set forth in law for listing and claiming exemptions, requiring the appearance and interrogation of persons claiming exemption before the county board of equalization, which decides each case on its merits. Once an exemption has been granted, it may be continued from year to year by making a sworn statement before the assessor confirming eligibility. Full and complete disclosure of financial status may be required under oath.

#### The Massachusetts Property Tax Exemption

Massachusetts grants a property tax exemption of up to \$2,000 on the real estate of widows or fatherless minors occupied by such widows or minors as their domicile. If the property, both real and personal, of a claimant exceeds in value the sum of \$14,000 (exclusive of exempted property), the widow or orphan exemption does not apply. Exemptions are not granted in cases in which the assessor believe that real estate was conveyed to an eligible person to evade taxation. A person so excluded may appeal the decision of the assessor to the board of county commissioners.

#### The Arizona Property Tax Exemption

Article IX, Section 2, of the Arizona Constitution exempts from taxation the property of widows, who are residents of the state, when that property does not exceed the amount of \$2,000 and the total assessment of such widows does not exceed \$5,000. The Arizona Revised Statutes provide that the state tax commission must prescribe the procedure, affidavits and forms required to carry the constitutional

provision into effect. Persons claiming exemption must appear before the county assessor and make affidavit of eligibility. False statements are punishable as perjury. The assessor may require additional proof of eligibility. Failure to furnish such evidence between the first Monday in January and April 30 constitutes a waiver of exemption.

#### Nevada's Exemption

Of the four states granting exemptions to widows and orphans, Nevada's exemption is the lowest at \$1,000, followed by Idaho at \$1,250, and Massachusetts and Arizona at \$2,000 each. Nevada is the only state of the four that does not limit eligibility for exemption to widows and orphans falling within a specified financial bracket.

For the tax year 1969-70, Nevada's widows claimed exemptions totalling \$3,797,328, while the exemptions granted to orphans amounted to \$4,700. Assuming no change in the eligibility of recipients, an increase in the permissible amount of exempted property to \$2,000 would double the value of exemptions granted to approximately \$7.6 million for widows and \$9,400 for orphans. Increases of a greater or lesser amount would have a predicted impact scaled to the amount of increase in relation to the Base 1 (tax year 1969-1970) figures generated at the \$1,000 exemption rate.

The fiscal impact, of course, would be diminished by restrictions on eligibility. At the present time, widow and orphan are not well defined and no limit is placed on the net worth of the person claiming exemption. If the term "widow" is restricted to women whose husbands have died and who have not remarried, or if an age or net worth limitation is added to the law, the pool of eligible claimants would obviously be decreased. Similarly, if an orphan were defined as one who:

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- a. Has not reached his majority and
- b. Is unmarried, and
- c. Who has lost both of his parents by death,

or, if net worth restrictions were placed on eligible orphans, there might be some reduction in the amount of exemptions granted. However, the amount granted for orphans is rather negligible at the present time, so that the fiscal impact of such restrictions would be minimal.

	Less <del>Income</del> Income Bracket	Age	Exemptio Amt	
Veterans	20,000 <del>25,000</del>		1000	↓
Blind	4800		3000	↓
Widows	4800	0	1000	↓
Orphans	4800	18 <sup>1/2</sup>	1000	↓
Aged	4800	65	2000	↑

Single House  
Hold