

Secretary

MINUTES OF MEETING - COMMITTEE ON TAXATION - 56th ASSEMBLY SESSION

March 26, 1971

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

ABSENT: Smalley

GUESTS: Mr. Bill Byrne, Clark County Assessor's Office
Mr. Irwin Aarons, Deputy Attorney General
Mr. John Sheehan, Tax Commission

Chairman Kean convened meeting at 8:30 a.m.

AB-703 - Authorizes certain rent as deduction in computing net proceeds of mines tax.

This bill is to reconsidered. Testimony from Mr. Gemmill had indicated there was a large loophole whereby mine owners and mine operators could avoid a net proceeds tax. Mr. Sheehan will write an amendment to correct this situation. The Committee will then restudy the bill and the amendment.

AB-717 - Clarifies conditions under which exempt property which is leased becomes subject to taxation.

Mr. Byrne spoke as a proponent of the bill and presented two written statements to the Committee. See attachments.

Mr. Byrne said this had been referred to as the Boulder Dam Bill and it would effect the possessory interests at Boulder Dam but this was a much broader bill. Now, in accordance with the Boulder Dam Compact, the Federal Government pays \$300,000 to the State of Nevada. It was Mr. Byrne's contention that this was not in lieu of taxes but was a grant and the possessory interests were taxable and Clark County was entitled to the tax. They had taxed the foreign interests last year in the amount of \$230,000, which had been paid but under protest. This is still in litigation. As a result of this tax levy, the Federal Government paid the State \$70,000 --the difference between the amount paid to Clark County in taxes and the \$300,000 agreed to in the Compact.

Mr. Byrne said this proposed amendment to the existing statute would strengthen Clark County's position but it goes much further than that. The Act as it is now is inconsistent with the other property tax laws. The California corporations say they are not subject to tax because they are a non-profit corporation. This statute amendment is just as important every other county in the State as it is to Clark County.

Mr. Kean asked if this bill would effect religious organization property and was told that it would not. He asked if this effected anything else in the state other than Boulder Dam and Mr. Aarons replied it would effect the Atomic Energy Commission. Mr. Aarons also said if this amendment passed, it would not effect court decisions already made. The law could not applied retroactively.

Assembly

Minutes of Meeting - Taxation Committee

March 26, 1971

Mr. Lingenfelter asked the Tax Commission the effect of this bill.

Mr. Aarons said they would like to remove the brackets on line 4 and 5, page 1; and add the words "wholly" and "or". Mr. Byrne's said he would concur with the Attorney General's recommendation.

Mr. Kean asked and received the Committee's concurrence in a request to Mr. Sheehan that he prepare an amendment to AB-717, in accordance with Mr. Aaron's recommendation.

MEETING ADJOURNED.



JAMES A. BILBRAY
CLARK COUNTY ASSESSOR

AB-717 113
OFFICE OF THE COUNTY ASSESSOR

CLARK COUNTY COURTHOUSE
LAS VEGAS, NEVADA 89101

Since the Nevada constitution, nor 361 NRS, does not of course afford a blanket exemption to the property of non-profit corporations, associations, etc., per se, it is inconsistent that a non-profit corporation or association which, under law, is required to pay taxes on its own property would enjoy exemption of its possessory interest in the property of another.

If all the property owned by all non-profit corporations, associations, etc., were exempt from property taxation under Nevada law, then we would have to recede from the position stated, but such is NOT the case; only specific persons, corporations, associations, etc., such as veterans, widows, blind, veterans' organizations, YMCA, Red Cross, etc. etc. are granted this exemption, and even then the exemption is generally limited in amount and/or kind of property.

In the circumstances, it is imperative that the language of NRS 361.157 and 361.159 be amended to provide that the possessor - as in the state of California for example - be required to pay property tax on the possessory interest whether he be a profit or non-profit entity unless, of course, his category exempts him from property tax per se under Nevada law.


W.B. Byrne



JAMES A. BILBRAY
CLARK COUNTY ASSESSOR

OFFICE OF THE COUNTY ASSESSOR

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CLARK COUNTY COURTHOUSE
LAS VEGAS, NEVADA 89101

TO: BOARD OF COUNTY COMMISSIONERS

FROM: J.A. BILBRAY, COUNTY ASSESSOR

Subject: Recommended amendment to NRS 361.159 and 361.157.

NRS 361.159 governs the taxation of the possessory interest in property which otherwise would be exempt due to its ownership by the Federal Government, State Government, etc. etc.

At the present time NRS 361.159 reads as follows: "Personal property exempt from taxation which is leased, loaned or otherwise made available to and used by a private individual, association or corporation in connection with a business conducted for profit is subject to taxation in the same amount and to the same extent as though the lessee or user were the owner of such property."

This statute should be amended to carry out its true intent. In its present language the statute grants this exemption to all non-profit businesses whether such non-profit businesses would otherwise be exempt from property taxation or not. Under our property tax laws only certain non-profit businesses are exempt, i.e., educational, religious, fraternal, etc. etc. The property of others is, of course, not exempt from taxation.

In the circumstances, this statute should be amended by deleting the words "in connection with a business conducted for profit", and by the substitution of the words "the property of which would not be exempt from taxation under this Chapter".

NOTE: For example: California laws governing the taxation of possessory interest do not require that the possessor be conducting a business for profit in order for the possessory interest to be taxed. Non-profit corporations or associations - which are not otherwise exempt - are subject to taxation of the possessory interest as well as businesses conducted for profit.

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