

ASSEMBLY

TAXATION COMMITTEE MEETING
MEETING OF
MARCH 15, 1973

Thursday, 8:00 a.m.

MEMBERS PRESENT: MESSRS. MAY FRY
HUFF DEMERS
MCNEEL CRADDOCK
BROADBENT

MEMBERS ABSENT: MESSRS. SMALLEY (excused)
BREMNER

GUESTS PRESENT: MESSRS. CARL A. SODERBLOM, NEV. RAILROAD ASSOC.
JACK J. HUNTER, NEV. TAX COMMISSION
DICK CAMPBELL, NEV. TAX COMMISSION
WILLIE WARREN, FNB - NBA
RAY KNISLEY, INTERESTED CITIZEN
GARY GRAY, CCCTA
PAUL GEMMILL, NEV. MINING ASSOC., INC.
W.H. WINN, KENNECOTT COPPER CORP.
W. HOWARD GREAY, NEV MINING ASSOC.
WENDELL HARNISH, SOUTHERN PACIFIC CO.
STAN WARREN, NEVADA BELL
RICHARD MORGAN, NSEA
LES KOFOED, GAMING INDUSTRY OF NEVADA
R.E. CAHILL, NEV. RESORT ASSOC.
JOHN. J. SHEEHAN, NEV. TAX COMMISSION
MS. FRANCES F. MARTIN, NEV. TAX COMMISSION
JANET MACEACHERN, LEAGUE OF WOMEN VOTERS

Chairman May called the meeting to order at 8:00 a.m. and stated that Mr. Smalley would be excused due to a death in the family. Because of the light committee and that this bill had not been posted earlier, Chairman May indicated that action would not be taken on this bill today but that it would be re-scheduled for a later date for additional testimony and hopefully action at that time.

Dr. Broadbent mentioned a bill that would require this issue to be studied and wondered if they should be considered at the same time, and Chairman May explained that AB 501 which is a short appropriation bill appropriating from the general fund \$50,000 to the Tax Commission to accomplish a tax study in the next two years. The bill gives no guidelines as to what the \$50,000 would be used for.

PROPOSERS AB 353

SUMMARY - Makes certain changes in composition of Nevada tax commission.

Mr. Jack Hunter, speaking as a private citizen, felt that this is a good bill and should be passed because if the present membership of the commission were changed it would give the urban property owners more of an equalization of representation

on the State Tax Commission. 86% of the property tax paid is from the urban property owner and 16% by mines, ranches, etc. The 86% has three representatives on the commission and the balance has six representatives. Mr. Hunter felt that the urban property owner and the small businessman is not represented on the Tax Commission in proportion to the amount of taxes they pay and would like to see them more fully represented.

Mr. McNeel requested an outline of the duties and powers of the Tax Commission. Mr. Hunter explained the Tax Commission sets the values on utilities, mines, railroads, centrally assessed property, livestock and land. It also sits as the State Board of Equalization and assesses property other than urban and special lands which the local assessor handles.

Mr. Demers wished to know how other states propose their tax commissions. Mr. Sheehan noted that Nevada is unique in that the members represent particular industries. Most states are full time boards generally three in number and appointed by the governor. Several are elected.

Mr. McNeel questioned if the urban property owner's taxes are higher than what they should be as compared statewide and if the urban taxpayers were given the majority on the commission would it then put unduly taxes on the rural and industrial interest. He also thought that perhaps there should be a checks and balances on both classes, Mr. Hunter indicated that there weren't any now. Mr. McNeel further questioned that if both boards were made up of the same people would it be a proper checks and balances. He thought that perhaps one board be made up of a percentage of urban property owners and rural owners. Mr. Hunter indicated that he felt that the present tax commission make up should have the majority representation for urban owners and the equalization board made up of a percentage which would give a better balance.

Mr. Demers pointed out that the State of Nevada has the lowest property tax rate nationwide with exception to New Orleans and wished an explanation on the unfairness that was pointed out. Mr. Hunter responded in noting that urban property taxes have gone up and centrally assessed property has not.

Chairman May had a question concerning line 4 of the bill adding the words "mining or transportation" in that by doing this transportation or mining may not receive direct representation if a representative were chosen from one of these specific industries each being a complex field. Mr. Hunter stated that the expertise was in the tax commission if it were to be used.

Dr. Broadbent believed that the size of the commission and the concept of having expertise on the commission or having a

lay group who could draw on the expertise of others would be workable.

Mr. Hunter added that he felt the tax structure was geared to the times when the rural interest controlled the State of Nevada. Nevada has not out grown this and has gone into urban interests. If the agricultural properties were placed on the same value as the urban taxes it would raise several million dollars and would then enable a reduction in urban taxes.

Ms. Janet Maceachern, League of Women Voters, spoke next in favor of AB 353. They feel a person with special expertise in one field may consider policy from the confines of that special interest. The lay person may ask questions of decisions to see how they effect the Nevada citizen. Perhaps the membership of the commission could be reduced to represent urban, industrial, rural, and the general public. Since it is a policy making board, these people would do this and hire expertise to help with setting it up. If the people are directed to do the administering they should be paid.

Mr. Richard Morgan, Nevada State Education Association, stated that they are interested in this bill primarily because a great deal of the money that goes to the support of the public education programs in the state are raised by the local property tax. He stated he is speaking for the school teachers of the state, and they are very concerned with this measure. He believes that if there is a nine member board that five should represent the public and four represent the industries. However, the larger industries such as gaming should have direct representation. He would not be in opposition to reducing the number of members of the commission as long as the general public has a majority of the commission.

Mr. McNeel requested the names and fields represented of each member of the commission. The list is as follows:

1. Jack Hunter, Chairman, Business
2. Howard Winn, Mining
3. Jerome Mack, Banking
4. Janet Martin, General Public
5. Robins Cahill, Resort Hotel and Gaming
6. Dick Campbell, Utilities
7. Mr. Kent, Livestock
8. Mr. McUlich, Transportation
9. Mr. Bergevin, Land
10. Governor

OPPOSITION AB 353

Mr. Ray Knisley, an interested citizen, felt the committee should give serious thought to funding the Tax Commission's study by people within the State of Nevada. He stated that the Tax Commission doesn't have assessment duties or privileges over the home owners. It is the elected assessors. The Legislature sets the 34% limit and the Tax Commission sees that the ratio is maintained.

He mentioned a previous study that had been made that would create a board of three men with qualifications that would be full time employees and having authority over the assessors. He thought that the committee should fund the tax study but that this study be directed towards specifics. He also thought that legislators should be included in making the study. If there was an imbalance in the Tax Commission, it was created by the law and not by special interests, and this bill would not solve the problem.

Chairman May read AB 501 to the committee which covered the appropriation to the Tax Commission for the study. It is presently in Ways and Means.

Mr. McNeel made a motion for a five minute break. Seconded by Mr. Craddock. Motion carried.

Mr. Newton, Secretary of the Nevada Taxpayers Association, spoke in opposition to the proposal. He felt that there was a general misunderstanding of the Tax Commission. He explained that the Tax Commission is essentially a judicial body. The Tax Commission sets the value on certain classes of property and livestock. The Tax Commission is not a representative body and he supports the integrity of the members fully. Mr. Newton thought there may be an unbalance in the commission, but a change in the personnel would not correct it. The way would be to make a analysis of the laws that govern property taxation. He supports the proposed study very much and recognizes that there may be some changes in the specific mandate.

Mr. Richard Campbell, member of the Tax Commission for four years concerned with public utilities, explained the duties of the commission as primarily being related to centrally assessed property. The commission meets four times per year by statute. A great deal of time is spent as a judicial body and administering the sales and use tax and its collection. There may be some gross inequities in urban and rural property taxation, but they are caused by the laws by which the Tax Commission must function. He briefly explained the resolution that was submitted by the Tax Commission. He stated three things to be considered on AB 353.

1. Need for a change in the personnel. The study should incorporate the membership of the Tax Commission.

2. The money be better spent among citizens of the state.
3. Before the money is appropriated, that some specifics be stated as to what should be studied.

Mr. Robins Cahill, Managing Director of the Nevada Resort Association, gave his background with the Tax Commission dating back to 1945. He was the executive of the Tax Commission, and explained some of the problems that were encountered at that time.

He felt that there should be a change in the commission, but that more expertise be added. He stated that he agreed with Mr. Newton concerning the assessment of railroads and with the idea of a study on the tax structure. However, he did not feel that this bill was the answer.

He felt that the study should be directed and guidelines set as to what specifics were to be studied.

There was discussion on the comparison of the Nevada Commission and other full time commissions. Mr. Cahill felt that perhaps Nevada would have to go to a full time commission and that the time was nearing rapidly.

Mr. Les KoFoed, Director of the Gaming Industry, stated that philosophically they are opposed to the bill because it is a job for experts and not amateurs. He felt that the gaming industry should have a direct representative and that under this bill they may not have. He also noted that the gaming industry accounts for approximately 60% of the total taxes.

Ms. Francis Martin, member of the Tax Commission dealing with the public interest, stated that she also felt that the Tax Commission needed more expertise and not amateurs. She brought up the point that in this bill three members are directed to represent the public and shall not be engaged or affiliated with any of the business, industries, professions or organizations specified in the bill, and she wanted to know where these three representatives would come from.

Mr. Howard Winn, General Manager of Kennecott and member of the Tax Commission, stated that he did not believe that he was appointed to the Commission to represent mining but only for his expertise. He also felt that the Tax Commission was following the laws that apply to them and that a change in the personnel would not solve the problem. He supported the study and felt that it should be directed to specific problem areas.

Mr. Winn added that the time for a full time commission was rapidly approaching.

Mr. Jack Hunter added to his previous testimony in advocating a complete revision in the make up of the commission. He felt that the study should be an independent one.

In answer to Ms. Martin's question as to where the three public representatives would be found, he suggested that there are many fields such as accounting, M.I.A. appraisers, doctors, and lawyers that could serve on the commission. He believed that a change of the Tax Commission and the tax study should go hand in hand.

Mr. Sheehan briefly explained a BDR for committee introduction. (BDR 32.1278) and referral to the taxation committee. The bill would require the recipients of royalties or land to file with the Tax Commission a report that they received such for tax purposes.

Chairman May indicated that he had received the proposed amendments to the net proceeds of mines bill, and it has been sent to the Tax Commission for examination and will be returned to committee at a later date.

Mr. Fry made a motion to adjourn. Seconded by Mr. Demers. There being no further business before the committee the meeting was adjourned at 10:05 a.m.

Respectfully submitted,

Cindy Benjamin

Cindy Benjamin

ASSEMBLY
H E A R I N G

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COMMITTEE ON TAXATION

Date MARCH 15, 1973 Time 8 a.m. Room 222

Bill or Resolution
to be considered

Subject

AB 353

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