

Amend section 1, page 1, by deleting lines 23 and 24 and inserting:

"7 years when agricultural, forestry, mining, grazing or recreational real property is converted to a higher use. Such retroactive assessment shall apply to any and all subsequent conversions of use of such real property after the initial conversion of such property from agricultural, forestry, mining, grazing or recreational use."

Amend the title by deleting line 4 and inserting:

"cultural, forestry, mining, grazing and recreational real property and to provide for tax recapture for such".

Senator Warren Monroe spoke in favor of the bill. He cited a few examples to the committee of agricultural property that was forced into development. He felt that we need to preserve the agricultural land and this bill would be relief to people that wanted to maintain the land as such. He felt that this bill would be the solution to the problem.

Senator Dodge explained that the taxation of property was either by a "highest and best use" or "productivity" base. He explained that if the agricultural land that was being held and taxed as such was sold or put to a better use than it would be subject to the tax recapture.

Senator Dodge further explained that this is simply enabling legislation, and if it were to be enacted it would be up to the Legislature to provide the mechanics of its workability. He noted that zoning can be used on property to keep the idea of creating agricultural land islands. If the agricultural land were put to a better use it would be rezoned and taxed accordingly. The laws would prescribe the use and assessment of the land. This bill would not force prematurely a decision to leave agriculture.

He added that in the Senate Taxation Committee they would like to maintain some agricultural areas in Nevada, and they wished to have some legislation passed this Session that would direct a study to review the overall areas of assessment that the Tax Commission makes such as utilities and lands and also to review the make up of the Tax Commission and other areas directed by the study. He commented that the agricultural land owners were in favor of this study in an effort to establish equalization of taxation in the State. The study would not effect AJR 23 and it would be helpful to have the results available to present to the public when the time comes to vote on this measure.

Mr. Craddock brought up a question as to how municipal services would be provided to agricultural lands that were situated in a developed area, and Senator Dodge explained that the property would and could be rezoned.

Mr. Huff pointed out that this bill is not only talking about agricultural land but "open spaces" also. Mr. Demers commented that perhaps the State or County Board of Equalization should be given the power to determine the different assessments.

Senator Dodge stated that this was only enabling legislation and that the mechanics of the bill must be worked out by the Legislature.

Senator Coe Swobe proposed an amendment #188 that would amend the summary as follows:

Amend the summary line 2 by deleting "." after lands and inserting "and open space property."

Senator Swobe spoke for the protection of the recreational and open space lands. He mentioned several families that wish to maintain their property for such purposes and this measure would enable them to do so without being forced to sell because of higher taxes. He felt that Mr. McNeel's amendment would not effect the bill but thought that the same purpose could be accomplished through setting up a formula in the Legislature after this measure was enacted. The amendment would probably delay any action for two years.

Mr. Craddock was concerned with the "open space" aspect and didn't think this bill would be of any help in cleaning up some problem areas in Clark County. Senator Swobe commented that the Legislature and the Planning Commissions would handle these problems. Dr. Broadbent felt that the main problem that would be encountered would be the land use and zoning determinations and the handling of these by the county assessors.

Mr. Chuck White, Executive Administrator for Nevada Farm Bureau, commented that perhaps the problem was with the definition of an agricultural operation. He suggested that a class limitation be established to define an agricultural operation.

Mr. Corky Lingenfelter clarified the "change of use" point and stated that the taxes would be picked up for a period of seven years prior to the change, over which time the tax value was being set, and this would take care of the increase in value.

Mr. McNeel felt that this should be more clearly defined and that because this is a constitutional amendment it would be permanent and therefore should be very distinct in its language.

Mr. Louis Bergevin, Land Representative for the Tax Commission, commented briefly that agricultural land is assessed every year and is assessed on a "productivity" base. He felt that this bill would provide increased revenue for the state, and under it and land that was sold during any of the seven year periods would still provide revenue for the State. He agreed with Senator Dodge that this bill would provide relief for people wishing to

maintain agricultural land.

Assemblyman Demers made a motion to "TEMPORARILY SUSPEND #10 OF THE TAXATION COMMITTEE RULES which states any final action of the committee will not be made until all witnesses have been heard, questioned and dismissed. No vote shall be taken in the presence of any witnesses."

Assemblyman Bremner seconded the motion.
The motion carried unanimously.

Assemblyman Demers made a motion to "ADOPT THE AMENDMENT #188 proposed by Senator Dodge to amend the summary of AJR 23 to insert after agricultural lands 'and open space real property'."

Assemblyman Bremner seconded the motion.

Question: Mr. Smalley wished to know if this would change the measure in any way. Mr. Fry indicated it would not.

Assemblyman Fry made a motion to "AMEND ASSEMBLYMAN DEMER'S MOTION THAT IT BE ADOPTED PROVIDING THAT LEGAL COUNSEL ADVISED THAT IN NO WAY WOULD AMENDMENT #188 EFFECT AJR 23."

Assemblyman Bremner seconded the motion.
The motion was carried unanimously.

Assemblyman Demer's motion to adopt amendment #188 as indicated and amended that it not effect AJR 23 was carried unanimously.

Mr. McNeel's amendment was considered and the Chairman explained that if this amendment were to be adopted no further action could be taken with it. A new bill would then be submitted for consideration by the committee.

Assemblyman McNeel made a motion to "CONSIDER FOR ADOPTION HIS AMENDMENT TO AJR 23 OF THE 56TH SESSION." (The amendment is stated on page 1 of the minutes)

Assemblyman Huff seconded the motion.
Voting results are as follows:

Voting Yea

Craddock
Huff
McNeel
Broadbent

Voting Nay

May
Smalley
Demers
Fry
Bremner

The motion and amendment were declared lost.

Assemblyman Demers made a motion to "DO PASS AJR 23 AS IS".
Assemblyman Bremner seconded the motion.

Chairman May indicated to the committee that on February 20th a motion of "Do Pass" was made on AJR 23. The motion received three votes in favor and five votes in opposition and the motion failed to pass. No other action was taken on the bill.

The voting results of Mr. Demers motion are as follows:

<u>Voting Yea</u>	<u>Voting Nay</u>
May	Craddock
Smalley	Huff
Demers	McNeel
Fry	Broadbent
Bremner	

The motion was carried.

The Assembly Taxation Committee was then considered back under the standard rules of the committee.

AB 547 Discussion

SUMMARY - Provides surcharge on fines imposed and bail forfeited for certain ordinances to be used for driver education programs.

Assemblyman Alan Glover stated that he was requested to introduce this bill by Mr. Gene Durbin, Reno High School. The idea behind the bill is to have the bad drivers help pay for drivers education in the state. Mr. Glover stated that on line 21 "and drivers education for handicaped persons" be added.

Mr. Smalley wondered if "handicaped persons" would have to be defined or if there was sufficient definition in the NRS presently. Mr. Fry questioned who was going to administer the money and book work. Mr. Craddock wished to know what the overall effect would be, but Mr. Glover did not have the information on these subjects. Mr. McNeel pointed out that he believed that there were already fines for driver education and Mr. Bremner concurred. Mr. Fry thought that perhaps there might be a constitutional problem.

Chairman May turned the meeting over to Vice-Chairman Smalley at this point and wished to testify on ACR 21.

ACR 21 Discussion

SUMMARY - Memorializes California to cease taxing the income derived by Nevada residents in California.

Mr. May indicated that by request this bill was introduced. He explained that certain people spend a great portion of their working day within the geographical boundaries of the State of California. Presently, there exists in federal statute a public law that allows one state to tax residents of another state providing that the resident of the other state earns a percentage of 50% or more of their income while their physical presence is in the state seeking the tax. The federal law does not mandate that other states shall tax residents of neighboring states, but California is doing so. Primarily, the teamsters are effected by this tax and that their employers were advised to withhold a certain percentage for tax purposes. Mr. May stated he had been contacted by two individuals that had these deductions made on their wages. The people living in California and working in Nevada are handled under the income tax.

Mr. Robert Quinn, Managing Director of the Nevada Motor Transport Association, commented that Nevada is surrounded by states that have a state income tax and many people are effected who have interstate business or which derive their income while their physical presence is in another state. Mr. Quinn explained how this problem orginated in other states, and he felt that the federal law should be amended to state that only state residents could have the right to withhold. He was very much in favor of ACR 21.

AB 576 Discussion

SUMMARY - Increases amount of proceeds of real property transfer tax receivable by counties.

Assemblyman Lawrence Jacobsen spoke in favor of this bill. He explained that presently, the proceeds from a real property transfer in the county are distributed at 75% to the State and 25% to the county treasury. This bill would change the percentage to a 50/50 basis. He stated that the county assessor handles most of the administration of this tax, and he feels that the county should receive more than 25% of the proceeds.

Mr. Jack Sheehan, Tax Commission, presented the fiscal impact of the transfer of money which would otherwise go into the state general fund. If it had been in effect in 72-73 the amount would have been \$229,000; 73-74 \$285,000; and 74-75 \$357,000. These were statewide figures and constitute 25% of the total amount of collected taxes.

AB 631 Discussion

SUMMARY - Removes limitation on exemption of property of volunteer fire departments.

Mr. Corky Lingenfelter spoke in favor of this bill. This bill was drafted to have the property of volunteer fire departments to be tax exempt. They presently have an exemption of \$5,000. If the property were to be used for other than the purpose of fire department functions it would not be eligible for the exemption. Mr. Jacobsen also testified in favor of this.

Mr. Fry suggested that the \$5,000 limit be increased to \$25,000, but Mr. Lingenfelter indicated that some fire departments might not be effected by that amount.

AB 616 Discussion

SUMMARY - Requires periodic full ratio studies by Division of Assessment Standards of Nevada Tax Commission.

Mr. Jack Sheehan explained that this bill was drafted after consulting with the assessors. This bill would allow the Tax Commission to work on a time sequence that is compatible with the activities of the county assessors. He explained that the assessors are required by law to assess each type of property every five years and under the present law the Tax Commission is required to conduct a statewide ratio study to determine if each county assessor is assessing each type of property at 35% of its full cash value.

He explained that the Tax Commission often makes its ratio study on property that the assessor has not touched in three years and this creates a difference in assessments. This measure would provide assistance to the county assessors in getting the property to the 35% standard and at the same time the Tax Commission could use this information for the ratio study. It would break loose the manpower of the Commission to further assist the county assessors. He further explained the county assessors are presently pushed for time and manpower to do the studies as they are prescribed by law.

Mr. Craddock pointed out that in earlier testimony it was suggested to add "may" to line 14 of AB 50 that would allow the Tax Commission to conduct the appraisals. Mr. Sheehan explained that this section would be included in AB 616 on page 1 section or lines 15-18.

Mr. Homer Rodriguez, Carson City Assessor, spoke in support of the bill. He spoke in behalf of the state assessors. He suggested that "may" be added to line 2 in paragraph 1. The Tax Commission was in agreement with the addition.

Assembly

TAXATION COMMITTEE MINUTES
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Assemblyman Demers made a motion to "SUSPEND COMMITTEE RULE #10".
Assemblyman Bremner seconded the motion.
The motion carried.

Assemblyman Demers motioned "DO PASS AMENDING THAT PORTION OF AB50
THAT THE TAX COMMISSION AND THE COUNTY ASSESSORS' ASSOCIATION
AGREED UPON FOR THE BENEFIT OF AB 616."
Assemblyman Craddock seconded the motion.
The motion was carried unanimously.

Assemblyman Demers was directed to secure the amendments.

Assemblyman Craddock made a motion to "DO PASS AB 631-removing
limitation on exemption of property of volunteer fire departments."
Assemblyman Huff seconded the motion.
The motion carried unanimously.

Assemblyman Demers made a motion to "DO PASS AB 576-increases
amount of proceeds of real property transfer tax receivable by
counties.
Assemblyman McNeel seconded the motion.
The motion carried unanimously.

Assemblyman Bremner made a motion to "DO PASS ACR 21-memorializes
California to cease taxing the income derived by Nevada residents
in California.
Assemblyman Huff seconded the motion.
The motion carried unanimously.

Assemblyman Bremner made a motion to "INDEFINITELY POSTPONE AB 547."
Assemblyman Fry seconded the motion.
Voting results are as follows:

Voting Yea

May
Craddock
Bremner
Huff
McNeel
Broadbent
Fry

Voting Nay

Smalley
Demers

The motion carried.

Assemblyman Demers made a motion to adjourn.
Assemblyman Bremner seconded the motion.

There being no further business before the committee, the meet-
ing was adjourned at 9:50 a.m.

Respectfully submitted,

Clair Benjamin

IN ADDITION TO AGENDA FOR MARCH 22, 1973
ASSEMBLY

AGENDA FOR COMMITTEE ON TAXATION

Date MARCH 22, 1973 Time 8:00 a.m. Room 222

Bills or Resolutions
to be considered

Subject

Counsel
requested*

AJR 23 of the
56th Session

Proposes constitutional amendment to
permit differential assessment and tax
recapture of agricultural lands.

ASSEMBLY

AGENDA FOR COMMITTEE ON TAXATION

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Date MARCH 22 Time 8:00 a.m. Room 222

Bills or Resolutions
to be considered

Subject

Counsel
requested*

ACR 21	SUMMARY-Memorializes California to cease taxing the income derived by Nevada residents in California.	
AB 547	SUMMARY-Provides surcharge on fines imposed and bail forfeited for certain ordinances to be used for driver education programs.	
AB 576	SUMMARY-Increases amount of proceeds of real property transfer tax receivable by counties.	
AB 616	SUMMARY-Requires periodic full ratio studies by Division of Assessment Standards of Nevada Tax Commission.	
AB 631	SUMMARY-Removes limitation on exemption of property of volunteer fire departments.	

*Please do not ask for counsel unless necessary.