

SENATE TAXATION COMMITTEE

MEETING: MONDAY, FEBRUARY 12, 1973

2:35 pm

The meeting was called to order at 2:35 pm, by Chairman B. Mahlon Brown.

PRESENT: Senator B. Mahlon Brown Senator Gene Echols
 Senator Carl Dodge Senator Archie Pozzi
 Senator Thomas Wilson Senator Melvin Close
 Senator Coe Swobe

GUESTS:

James T. Rathburn, Acting Secretary/ Nevada Tax Commission
Ms. Nellie Laird, American Association of Retired Persons
Wilson Makabe, Veterans Administration - Reno
David B. Litton, resident Carson City
Larry J. Tierney, resident Reno
Gene Milligan, Nevada Association of Realtors
Chuck White, Nevada Farm Bureau
Ray Knisley
Fred Settelmeyer
Richard Morgan, NSEA

SENATE BILL 106 Provides increased property tax exemption for severely
 disable veterans

In accordance with action by the Taxation Committee on February 5, 1973, representatives from the Veterans Administration were present to discuss the proposed bill and answer specific questions posed by the committee members.

Mr. Wilson Makabe of the Reno V.A. acted as spokesman and provided the following information:

1. Number of people involved; identified qualified veterans from the southern Nevada area is 13, northern Nevada has 6 presently living in homes that would qualify for the exemption. An estimated total of 34 could qualify state-wide.
2. Chapter 21, U.S.C. setting up requirements for qualification under this bill was presented (copies will be distributed to Committee Members).

In discussion, it was pointed out that disability requirements are the same in Chapter 21, and the proposed S.B.106; Senator Brown suggested eliminating lines 6 thru 15 on page 1, inasmuch as this would be automatic if the applicant was certified for eligibility under Chapter 21.

3. Benefit payments now being received by those who would qualify: base compensation ranges from \$495.00 per month to \$11 to 1200.00 per month. The average payments are between 7 and 800 dollars; payments vary due to individual circumstances, i.e., number of dependants, etc.

Speaking in behalf of the bill were Messrs. David Litton, Carson City and Gene Millegan, Nevada Association of Realtors.

Comments from the members of the Committee covered the following areas; Senator Close stated, in his opinion, that, if we are going to give benefits to veterans, we should not have the restrictions contained within Chapter 21. The exemption benefit should be made available,
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to all veterans suffering any disability and should encompass types other than those spelled out in Chapter 21. Additionally, he felt this should be expanded to all disabled veterans and not be governed by whether they require special features in their residents.

Senator Pozzi does not favor extending the exemption to unmarried widows of veterans and would not support a provision of this nature. This suggestion was made at the first presentation of the bill before the Taxation Committee.

Senator Dodge requested consideration of an offset in the event the recipient of the exemption obtained gainful employment. It is his feeling that, if the individual progresses to the point that he can accept permanent employment, he shouldn't be allowed the total exemption benefit.

It was concluded that amendments will be reviewed further, including increasing the exemption from \$5,000 to \$10,000, the possibility of eliminating lines 6 thru 15 on page one of the bill and inserting ". . . pursuant to 38 U.S.C. ch. 21", and the amendments to be provided by Senator Close

NO ACTION

ASSEMBLY BILL 99 Transfers apportionment of city-county relief tax to state controller.

Speaking in behalf of the bill was Mr. James T. Rathburn, Acting Secretary for the Nevada Tax Commission, who explained that this bill merely brings into law, a practice that already exists. Briefly, it requires the state controller to apportion the city-county relief tax monies rather than the treasurer.

ACTION: Upon motion introduced by Senator Swobe, seconded by Senator Close Assembly Bill 99 will be returned to the Senate Floor with a recommendation of "do pass"; motion carried unanimously.

ASSEMBLY BILL 100 Corrects formula used to determine amount of fuel tax used for improvement or recreational facilities.

Mr. James Rathburn, Tax Commission representative, spoke in behalf of the bill, explaining this relates only to the excise taxes paid on motor vehicle fuel used in boats and allows them to make collections on a net rather than gross tax basis.

ACTION: Assembly Bill 100 will be returned to the Senate Floor with a 'do pass' recommendation, upon motion introduced by Senator Swobe, seconded by Senator Close and carried unanimously.

ASSEMBLY BILL 102 Modernizes provisions for land acquisition in Nevada by the United States

In discussion of the proposed Bill, Senator Wilson questioned the advisability of authorizing one agency to dispose of state land to the Federal Government without requiring concurrence by any other officer or body. The bill, as written, provides that transfer can be effected by: "the consent of the state shall be evidenced by a certificate executed on behalf of the state by the N.T.C. and countersigned by the governor. . . ."

Senator Wilson questioned whether the Governor's signature is ministerial, under the law as proposed; in his opinion, the governor would be mandated to countersign, if the Tax Commission elects to convey some land. His recommendation would be to insert phrasology allowing this to be permissive rather than mandatory.

ACTION: Pursuant to the above discussion, an amendment is to be included by inserting, on line 26, page 2, a comma after the word "commission" and adding "concurred in".

A motion was then introduced by Senator Swobe, seconded by Senator Wilson, that Assembly Bill 102, as amended, be placed on the Senate floor with a recommendation for "do pass, as amended"; motion passed with Senator Pozzi casting a 'no' vote.

ASSEMBLY BILL 103 Corrects improper internal reference in NRS.

Mr. Rathburn explained this bill is for correction of numbering of a provision of NRS, from chapter 706, to Chapter 372.

ACTION: Motion to recommend "do pass" was introduced by Senator Swobe, seconded by Senator Close and carried unanimously.

ASSEMBLY BILL 106 Simplifies procedure for claiming tax exemptions.

It was pointed out that this was a similar bill to Senate Bill 90 which has been passed by the Senate, this date.

Mr. Rathburn was requested to comment on the merits of the two bills and submit his recommendations prior to any action by the Taxation Committee.

NO ACTION: Bill will be held pending notification from the Tax Commission.

SENATE BILL 56 Eliminates provisions for use of tax stamps in payment of real property transfer tax.

Senator Swobe, introducer of the bill, explained that this would eliminate the necessity of using the tax stamp and would allow writing the amount of tax to be placed on the document itself. According to his information, this process would be less expensive inasmuch as it would eliminate the printing and purchasing of the stamps used.

Negative aspect of the new system is that it would do away with the 'meter stamp' control which, according to Senator Close, is preferred by some county recorders. He suggested making the bill permissive and, in that way, the various recorders could use the method they prefer.

ACTION: Senator Swobe was requested to contact representatives of the recorders offices from both large and small counties and ask for their recommendations on both procedures. No action will be taken until this information is available.

REQUEST for consideration of tax reform and equalization of property taxes in Nevada.

Chairman Brown introduced a discussion on a letter received from Mr. Jack Hunter requesting consideration of tax reform and equalization of property taxes in Nevada.

Messrs. Ray Knisley and Fred Settelmeyer were in attendance, upon invitation by Senator Dodge, to discuss the request by Mr. Hunter.

Mr. Hunter called attention to what, in his opinion, are serious inequities in the tax laws of the state as they relate to taxation procedures for urban and special lands as opposed to agricultural lands. Citing several specific instances, it is his contention that the rural landowners are receiving preferential treatment.

In discussion, Senator Brown reiterated the guidelines used by the Tax Commission in placing land values, i.e., fair market value, income potential of the property, or a bulletin issued by the Tax Commission in 1921. He explained they have the option of using one, two, or a combination of all three choices in making their evaluation. According to the information he has received, they are using the 1921 bulletin exclusively.

Mr. Knisley stated that the property valuations are set on urban and special lands by the county assessor, while mines, utilities and agricultural lands have their rates set by the State Tax Commission. Additionally, in comparing tax rates, it should be remembered that in 1920 and 1921 property was assessed at 100% of its value, today it is assessed at 35%; this might account for some of the purported inequities.

Considerable discussion was held on various studies and procedures that are presently in effect; Senator Dodge briefed the members on the 'capitalization' method of computing land values, the 'Greenbelt' method, both of which have particular benefits that might be investigated. Additionally, the Senator advised of a study done at the University of Nevada that contains good, informational data on this matter.


Due to the questions in the minds of most Committee Members, it was concluded that a comprehensive investigation should be done prior to taking any formal action on this request. At the suggestion of various members, the following will be included: investigation of rationale behind having two separate agencies establishing land values, further review of statistics in Mr. Hunter's letter of values in 1969-70 and 1971-72, attendance of members from the Tax Commission and also representatives from various county assessors' offices. Senator Dodge urged inviting the Deputy Attorney General's Counsel, Julian Smith, inasmuch as a presentation by this individual was made before the Tax Commission at their last annual meeting that was, in Senator Dodge's opinion, a most effective, informative presentation.

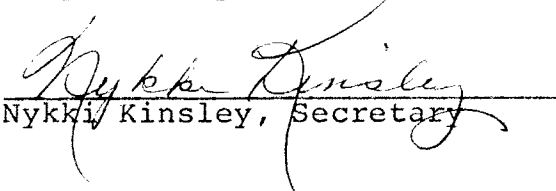
A date will be established for a hearing on this matter.

There being no further business, the meeting was adjourned at 5:15 pm

Respectfully submitted,

APPROVED:


Senator B. Mahlon Brown, Chairman


Nykki Kinsley, Secretary

Delegation Committee May - Feb 12, 1973

<u>Name</u>	<u>Agency Represented.</u>
James T. Rathbun 1. Jim Rathbun ^{or. Dec}	sp Tax Commission
Belli Laird	American Ass'n Retired Persons
Wilson Makabe	N.A. - Reno
David B. Lutton	Carson City
Jay Tierney	Reno
Gene Milligan	Nevada Association of Realtors
Chuck White	Nevada Farm Bureau
RAY KNISLEY	RAY KNISLEY
Richard Morgan	NSEA
(Fred)	

wise procure the making or presentation of a false or fraudulent affidavit, declaration, certificate, statement, voucher, or paper, or writing purporting to be such, concerning any application for insurance or reinstatement thereof, waiver of premiums or claim for benefits under National Service Life Insurance, United States Government life insurance, or yearly renewable term insurance for himself or any other person, shall be fined not more than \$1,000, or be imprisoned for not more than one year, or both.

(b) Whoever in any claim for National Service Life Insurance, United States Government life insurance, or yearly renewable term insurance makes any sworn statement of a material fact knowing it to be false, shall be guilty of perjury and shall be fined not more than \$5,000, or be imprisoned for not more than two years, or both.

§ 788. Savings provision

Nothing in this title or any amendment or repeal made by the Act enacting this title shall affect any right, remedy, liability, authorization or requirement pertaining to Government insurance, the respective insurance funds, or the insurance appropriations, authorized or prescribed under the provisions of the War Risk Insurance Act, the World War Veterans' Act, 1924, the National Service Life Insurance Act of 1940, or any related Act, which was in effect on December 31, 1958.

CHAPTER 21—SPECIALLY ADAPTED HOUSING FOR DISABLED VETERANS

Sec.

- 801. Veterans eligible for assistance.
- 802. Limitations on assistance furnished.
- 803. Furnishing of plans and specifications.
- 804. Benefits additional to benefits under other laws.
- 805. Nonliability of United States.
- 806. Mortgage Protection Life Insurance.

§ 801. Veterans eligible for assistance

The Administrator is authorized, under such regulations as he may prescribe, to assist any veteran, who is entitled to compensation under chapter 11 of this title, based on service after April 20, 1898, for permanent and total service-connected disability—

(1) due to the loss, or loss of use, of both lower extremities, such as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair, or

(2) which includes (A) blindness in both eyes, having only light perception, plus (B) loss or loss of use of one lower extremity, or

(3) due to the loss or loss of use of one lower extremity together with residuals of organic disease or injury which so affect the functions of balance or propulsion as to preclude locomotion without resort to a wheelchair,

in acquiring a suitable housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, and necessary land therefor. The regulations of the Administrator shall include, but not be limited to, provisions requiring findings that (1) it is medically feasible for such veteran to reside in the proposed housing unit and in the proposed locality; (2) the proposed housing unit bears a proper relation to the

veteran's present and anticipated income and expenses; and (3) the nature and condition of the proposed housing unit are such as to be suitable to the veteran's needs for dwelling purposes. (Amended P.L. 86-239; P.L. 88-401; P.L. 91-22, § 1.)

§ 802. Limitations on assistance furnished

The assistance authorized by section 801 of this title shall be limited in the case of any veteran to one housing unit, and necessary land therefor, and shall be afforded under one of the following plans, at the option of the veteran but shall not exceed \$17,500 in any one case—

(1) where the veteran elects to construct a housing unit on land to be acquired by him, the Administrator shall pay not to exceed 50 per centum of the total cost to the veteran of (A) the housing unit and (B) the necessary land upon which it is to be situated;

(2) where the veteran elects to construct a housing unit on land acquired by him prior to application for assistance under this chapter, the Administrator shall pay not to exceed the smaller of the following sums: (A) 50 per centum of the total cost to the veteran of the housing unit and the land necessary for such housing unit, or (B) 50 per centum of the cost to the veteran of the housing unit plus the full amount of the unpaid balance, if any, of the cost to the veteran of the land necessary for such housing unit;

(3) where the veteran elects to remodel a dwelling which is not adapted to the requirements of his disability, acquired by him prior to application for assistance under this chapter, the Administrator shall pay not to exceed (A) the cost to the veteran of such remodeling; or (B) 50 per centum of the cost to the veteran of such remodeling; plus the smaller of the following sums: (i) 50 per centum of the cost to the veteran of such dwelling and the necessary land upon which it is situated, or (ii) the full amount of the unpaid balance, if any, of the cost to the veteran of such dwelling and the necessary land upon which it is situated; and

(4) where the veteran has acquired a suitable housing unit, the Administrator shall pay not to exceed the smaller of the following sums: (A) 50 per centum of the cost to the veteran of such housing unit and the necessary land upon which it is situated, or (B) the full amount of the unpaid balance, if any, of the cost to the veteran of such housing unit and the necessary land upon which it is situated. (Amended P.L. 91-22, § 2; P.L. 91-506, § 6; P.L. 92-341.)

§ 803. Furnishing of plans and specifications

The Administrator is authorized to furnish to veterans eligible for assistance under this chapter, without cost to the veterans, model plans and specifications of suitable housing units.

§ 804. Benefits additional to benefits under other laws

Any veteran who accepts the benefits of this chapter shall not by reason thereof be denied the benefits of chapter 37 of this title; however, the assistance authorized by this chapter shall not be available to any veteran more than once.

§ 805. Nonliability of United States

The Government of the United States shall have no liability in connection with any housing unit, or necessary land therefore, acquired under the provisions of this chapter.

§ 806. Mortgage Protection Life Insurance

(a) The Administrator is authorized, without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), to purchase from one or more life insurance companies a policy or policies of mortgage protection life insurance on a group basis to provide the benefits specified in this section. (Added P.L. 92-95)

(b) Any policy of insurance purchased by the Administrator under this section shall be placed in effect on a date determined by the Administrator and shall automatically insure any eligible veteran who is or has been granted assistance in securing a suitable housing unit under this chapter against the death of the veteran, unless the veteran elects in writing not to be insured under this section or fails to timely respond to a request from the Administrator for information on which his premium can be based. (Added P.L. 92-95)

(c) The initial amount of insurance provided hereunder shall not exceed the lesser of the following amounts: (1) \$30,000, (2) the amount of the loan outstanding on such housing unit on the date insurance under this section is placed in effect, or (3) in the case of a veteran granted assistance in securing a housing unit on or after such date the amount of the original loan. The amount of such insurance shall be reduced according to the amortization schedule of the loan and at no time shall exceed the amount of the outstanding loan with interest. If there is no outstanding loan on the housing unit no insurance shall be payable hereunder. If any eligible veteran elects not to be insured under this section, he may thereafter be insured hereunder only upon application, payment of required premiums, and compliance with such health requirements and other terms and conditions as may be prescribed by the Administrator. (Added P.L. 92-95)

(d) The premium rates charged a veteran for insurance under this section shall be paid at such times and in such manner as the Administrator shall prescribe and shall be based on such mortality data as the Administrator deems appropriate to cover only the mortality cost of insuring standard lives. The Administrator is authorized and directed to deduct the premiums charged veterans for life insurance under this section from any compensation or other cash benefits payable to them by the Veterans' Administration and to pay such premiums to the insurer or insurers for such insurance. Any veterans insured hereunder not eligible for cash benefits from the Veterans' Administration may pay the amount of his premiums directly to the insurer or insurers for insurance hereunder. (Added P.L. 92-95)

(e) The United States shall bear all of the cost of the insurance provided under this section except the amount of the premium rates established for eligible veterans under subsection (d) as the mortality cost of insuring standard lives. For each month for which any eligible veteran is insured under a policy purchased under this section there shall be contributed to the insurer or insurers issuing the policy or policies from the appropriation "Compensation and Pensions, Veter-

ans' Administration" an amount necessary to cover the cost of the insurance in excess of the premiums established for eligible veterans, including the cost of administration and the cost of the excess mortality attributable to the veterans' disabilities. Appropriations to carry out the purposes of this section are hereby authorized. (Added P.L. 92-95)

(f) Any amount of insurance in force under this section on the date of death of an eligible veteran insured hereunder shall be paid only to the holder of the mortgage loan, the payment of which such insurance was granted, for credit on the loan indebtedness and the liability of the insurer under such insurance shall be satisfied when such payment is made. If the Administrator is the holder of the mortgage loan, the insurance proceeds shall be credited to the loan indebtedness and, as appropriate, deposited in either the direct loan or loan guaranty revolving fund established by section 1823 or 1824 of this title, respectively. (Added P.L. 92-95)

(g) Each policy purchased under this section shall also provide, in terms approved by the Administrator, for the following:

(1) reinsurance, to the extent and in a manner to be determined by the Administrator to be in the best interest of the veterans or the Government, with other insurers which meet qualifying criteria established by the Administrator as may elect to participate in such reinsurance.

(2) that at any time the Administrator determines such action to be in the best interest of veterans or the Government he may (A) discontinue the entire policy, or (B) at his option, exclude from coverage under such policy loans made after a date fixed by him for such purpose; however, any insurance previously issued to a veteran under such policy may not be canceled by the insurer solely because of termination of the policy by the Administrator with respect to new loans. If the policy is wholly discontinued, the Administrator shall have the right to require the transfer, to the extent and in a manner to be determined by him, to any new company or companies with which he has negotiated a new policy or policies, the amounts, as determined by the existing insurer or insurers with the concurrence of the Administrator of any policy or contingency reserves with respect to insurance previously in force;

(3) issuance to each veteran insured under this section of a uniform type of certificate setting forth the benefits to which he is entitled under the insurance;

(4) any other provisions which are reasonably necessary or appropriate to carry out the provisions of this section; and

(5) an accounting to the Administrator not later than ninety days after the end of each policy year which shall set forth, in a form approved by the Administrator, (A) the amount of premiums paid by veterans and contributions made by the Veterans' Administration accrued under the contract or agreement from its date of issue to the end of such contract year; (B) the total of all mortality and other claim charges incurred for that period; and (C) the amount of the insurer's expense and risk charges, if any, for that period. Any excess of the total of item (A) over the sum

of items (B) and (C) shall be held by the insurer as a contingency reserve to be used by such insurer for charges under the contract or agreement only. The contingency reserve shall bear interest at a rate to be determined in advance of each contract year by the insurer, which rate shall be approved by the Administrator if consistent with the rates generally used by the insurer for similar funds held under other plans of group life insurance. If and when the Administrator determines that such contingency reserve has attained an amount estimated by him to make satisfactory provision for adverse fluctuations in future charges under the contract, the Administrator shall require the insurer to adjust the premium rates and contributions so as to prevent any further substantial accretions to the contingency reserve. If and when the contract or agreement is discontinued and if after all charges have been made there is any positive balance remaining in the contingency reserve, such balance shall be payable to the Administrator and by him deposited to the appropriation "Compensation and Pensions, Veterans, Administration," subject to the right of the insurer to make such payment in equal monthly installments over a period of not more than two years. (Added P.L. 92-95.)

(h) With respect to insurance contracted for under this section, the Administrator is authorized to adopt such regulations relating to eligibility of the veteran for insurance, maximum amount of insurance, maximum duration of insurance, and other pertinent factors not specifically provided for in this section, which in his judgment are in the best interest of veterans or the Government. Insurance contracted for under this section shall take effect as to eligible veterans heretofore granted assistance under this chapter on a date determined by the Administrator, and as to eligible veterans hereafter granted assistance under this chapter at the time of the closing of his loan. The amount of the insurance at any time shall be the amount necessary to pay the mortgage indebtedness in full, except as otherwise limited by the policy. (Added P.L. 92-95.)

(i) Insurance contracted for under this section shall terminate upon whichever of the following events first occurs:

- (1) satisfaction of the veteran's indebtedness under the loan upon which the insurance is based;
- (2) the veteran's seventieth birthday;
- (3) termination of the veteran's ownership of the property securing the loan;
- (4) discontinuance of payment of premiums by the veteran; or
- (5) discontinuance of the entire contract or agreement. (Added P.L. 92-95.)

(j) Termination of the mortgage protection life insurance will in no way affect the guaranty or insurance of the loan by the Administrator. (Added P.L. 92-95.)

Senate

TAXATION COMMITTEE MEETING - MONDAY, FEBRUARY 12, 1973

- S.B. 56 Eliminates provisions for use of tax stamps in payment of real property transfer tax. (Introducer: Swobe)
- S.B. 106 Provides increased property tax exemption for severely disabled veterans
(Introducer: Drakulich and Lamb)
- A.B. 99 Transfers apportionment of city-county relief tax to state controller.
(Introducer: Assembly Committee on Taxation)
- A.B. 100 Corrects formula used to determine amount of fuel tax used for improvement of recreational facilities.
(Introducer: Assembly Committee on Taxation)
- A.B. 102 Modernizes provisions for land acquisition in Nevada by the United States.
(Introducer: Assembly Committee on Taxation)
- A.B. 103 Corrects improper internal reference in NRS
(Introducer: Assembly Committee on Taxation)
- A.B. 106 Simplifies procedure for claiming tax exemptions.
(Introducer: Assembly Committee on Taxation)

Request for consideration of tax reform and equalization of property taxes in Nevada (J. Hunter)