

SENATE TAXATION COMMITTEE

MEETING: MONDAY, FEBRUARY 19, 1973

2:15 p.m.

The meeting was called to order at 2:15 p.m. by Chairman B. Mahlon Brown.

PRESENT: Senator B. Mahlon Brown Senator Coe Swobe
 Senator Eugene Echols Senator Thomas Wilson
 Senator Archie Pozzi

Assemblymen: Paul May, James Smalley, Robert Broadbent,
 Darrell Huff, Dan Demers, Robert Craddock, Richard McNeel,
 Roger Bremner

GUESTS

Richard A. Sheffield, Deputy Legislative Counsel
John H. Sheehan, Executive Secretary, Nevada Tax Commission
John McSweeney, Administrator, Aging Services Division
Eugene F. Walkoma, Deputy Legislative Auditor, Counsel Bureau
James T. Havel, Deputy Research Director, Counsel Bureau
Assemblyman Eileen Brookman
Homer Rodriguez, Assessor, Ormsby County
Frank Shank, Silver Springs Town Council
Earl Wooster, AARP Joint Legislative Commission and NRTA
Frank Blanchard, President, Silver Springs Chamber of Commerce

Chairman Senator Brown called the meeting to order and explained the purpose of the meeting was to discuss two proposed bills, i.e., Senate Bills 31 and 136 providing property tax assistance for senior citizens.

He explained at the last session of the legislature a resolution was adopted asking for the formation of an interim subcommittee to study the possibilities of tax assistance for Nevada's senior citizens. This committee, composed of Proctor Hug, Paul May, Lawrence Jacobsen, Eileen Brookman and Mahlon Brown conducted a thorough review and have, as a result of their findings, prepared Senate Bill 31. Senate Bill 136 has been drafted through the efforts of a subcommittee created by the Governor and aided by Mr. John Sheehan of the Nevada Tax Commission.

Although the two bills are similar in nature, there are different provisions in each that are under consideration today.

Senator Brown paid tribute to Governor O'Callaghan for his work in this field and indicated that the Governor was most anxious to see legislation enacted covering this subject at this session of the Legislature.

Mr. Sheffield, in his position as Deputy Legislative Counsel, assisted the Committee during the preparation of S.B. 31 and was requested by Chairman Brown to initiate the discussion on this bill by explaining some of the provisions.

Briefly, Mr. Sheffield explained the major points of the bill as follows:

1. The purpose is to establish a system of property tax assistance to eligible senior citizens and the state underwrites the cost of the assistance.

2. 'Senior Citizen' means any person who is a resident of the state who will attain the age of 65 years on or prior to the first day of the assessment year for which he submits a claim.
3. All senior citizens over the age of 65 whose income does not exceed \$5,000 will be eligible under S.B. 31 whether they are real property owners or renters. The maximum amount the state will allow is \$300. The average grant will approximate \$100 to \$125.
4. The bill has been drawn around the 'circuit breaker' concept in computing the exemption allowance, the schedule used is contained in Section 16 of Senate Bill 31. The circuit breaker relates to income, i.e., if income is \$1,000 to \$1,500, the percent of allowable assistance is 70%; if the income increases to \$2,000 to \$2,500, the amount of assistance decreases to 50%.
5. This bill would be jointly administered through the county assessors' offices and the Nevada Tax Commission.

On the question of whether this falls within the sovereign power of the legislature to grant special legislation, Mr. Sheffield explained that inasmuch as this law would be available to everybody of similar circumstances, there should be no problem.

Projected figures on the amount of people that might be involved have been obtained from ACIR and were presented by Mr. Gene Walkoma of the Legislative Counsel Bureau.

		Estimated Cost
Owners fixed homes	4,400	500,000
Owners mobile homes	3,600	265,000
Rentors of fixed homes	4,500	209,000
Rentors of mobile homes	600	21,000
		\$1,000,000

This price is predicated on the \$5,000 income limit; if the income limit were raised to \$7,000, which has been considered, the total amount would be increased by \$42,000.

SENATE BILL 136: Mr. Sheehan, Executive Secretary, Nevada Tax Commission, spoke in behalf of this bill. He explained the primary differences between the two:

1. Senate Bill No. 136 is for property owners exclusively. It was the feeling of the Commission working on this bill that the resident property owners of Nevada should be the primary recipients of the privilege;
2. The bill does provide, however, that claimants may file for an exemption at the age of 62, as opposed to 65 as provided in S.B. 31;
3. No claim shall be accepted if the claimant owns real property in the state of Nevada having an assessed value in excess of \$30,000;
4. No claim shall be accepted if the claimant has received income in excess of \$5,000 during the immediately preceding calendar year.

5. Administration of this Bill would be through the Nevada Tax Commission; forms for filing such claims will be prepared by the Tax Commission and all refunds will be forthcoming from the State Tax Commission.
6. Property taxes will continue to be paid to the county tax receivers offices and rebates will be returned to the property owner by the Tax Commission if the individual has completed an application and received approval for said exemption. Under this bill, it will be necessary for the total tax assessment to be paid. However, Mr. Sheehan indicated this could be an area of discussion, if the Committee were in favor of this bill.
7. The amount of refund from the state cannot exceed the amount of the accrued property tax, or \$350, whichever is the lesser.
8. Estimated cost for administration of the program through S.B. 136 is \$60,000; it would require employment of four full-time employees.

Discussion followed on the merits of both bills as follows:

Senator Wilson questioned the constitutionality of S.B. 136 inasmuch as, in his opinion, this is establishing special legislation for one particular group, i.e., the senior citizens owning property. All senior citizens living in rented housing would not enjoy the benefits of this bill and could, therefore, be interpreted as being discriminatory.

Although Mr. Sheehan assured Senator Wilson this would not create a problem, the personnel of the Legislative Counsel Bureau was requested to investigate this provision and render an opinion on its legality. Mr. Sheffield had explained earlier that the exemption for senior citizens could be allowed, according to the State Constitution, as a charitable grant, however, his opinion was based on the fact that all senior citizens could benefit.

Senator Brown read a letter received from John Shannon, Assistant Director, of the Commission on Intergovernmental Relations. Senator Brown explained that he had written the Commission requesting their comments and the letter was in response to his request. (Copy of letter attached). The letter essentially pointed out that both bills contain good points and should be combined.

Individuals speaking on the bills were:

Homer Rodriguez, County Assessor for Ormsby County, spoke in favor of S.B. 136 based on the fact that the program would be administered by the Nevada Tax Commission and he feels the assessors offices have a heavy work load without anything additional.

John McSweeney, representing the Division of Aging Services, spoke in favor of Senate Bill 136. He stated he is speaking in his official capacity and would urge the Commission give favorable consideration to this bill to provide as much assistance as possible where it is most needed, that is, the senior citizen. Senator Brown asked whether he realized this bill (S.B. 136) does exclude a portion of the senior citizen population and was answered in the affirmative.

Earl Wooster, member of NRTA, and AARP Joint Legislative Commission, spoke in favor of Senate Bill 31, stating his group has adopted a resolution going on record of this particular piece of legislation. It is their feeling that the senior citizen renting is as much in need of financial assistance as the property owner.

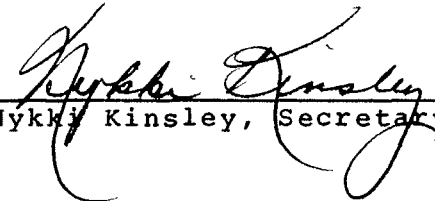
Frank Shank, Chairman of the Silver Springs Town Council, explained he is representing approximately 200 families in the category of 65 and over. 75% of these families are purchasing homes on contract from the subdivider and wanted assurance that they would be considered eligible for the exemption. They are in favor of S.B. 31.

Frank Blanchard, President of Silver Springs Chamber of Commerce and Town Advisory Board member, spoke in favor of S.B. 31.

Assemblywoman Eileen Brookman, who served as a member of the interim subcommittee for Senate Bill 31, spoke in favor of this bill, inasmuch as it does provide assistance for all senior citizens.

There being no further business, the meeting was adjourned. Chairman Brown expressed appreciation to those persons appearing before the Commission and for their comments.

Respectfully submitted,


Nykki Kinsley, Secretary

APPROVED: 

B. Mahlon Brown, Chairman



ADVISORY
COMMISSION ON INTERGOVERNMENTAL RELATIONS

WASHINGTON, D.C. 20575

February 8, 1973

J. Shannon

Senator Mahlon Brown
Ormsby House
600 S. Carson Street
Carson City, Nevada 89701

Dear Senator Brown:

We have read Senate Bills 31 and 136 with great pleasure. Both are good bills and I am convinced that either would strengthen the ACIR case that the States can handle this problem without Federal help.

Senate Bill 136 does however, possess two deficiencies. First, the omission of renters is of great concern because we have found that Nevada has a large number of elderly renters. This can be remedied by taking the proper provisions from Bill 31 and incorporating them into Bill 136.

Second, the combination of the general seven percent formula, with an income ceiling of \$5,000 creates a real "notch" problem-- for example, one homeowner with an income of \$4,950 and a large tax could receive as much as \$350 in relief, while his neighbor with \$5,050 and the same tax would get no relief. This might be remedied by replacing the income ceiling with a provision that if a person's income exceeds \$5,000, his relief as determined in section 18 would be reduced by the amount that income exceeds \$5,000.

If we can be of further help, please let me know. And please send us a copy of the final legislation when available.

Sincerely,

J. Shannon

John Shannon
Assistant Director

P.S. Bill Mac Oregall will take your suggestion to Mr. Merriam.

SENATE TAXATION COMMITTEE AGENDA

MONDAY, FEBRUARY 19, 1973

P.M. Adjournment

SENATE BILL 31 Provides property tax assistance for senior citizens.

SENATE BILL 136 Provides property tax assistance for senior citizens.

TUESDAY, FEBRUARY 20, 1973

P.M. Adjournment

PRESENTATION BY TAX COMMISSION

TUESDAY, FEBRUARY 27, 1973

P. M. Adjournment

S.J.R. 9 Proposes to amend Nevada constitution to allow imposition of estate tax not to exceed credit allowable under federal law.