

SENATE TAXATION COMMITTEE
THURSDAY: MARCH 1, 1973

3:00 P.M.

ROOM 231

The meeting was called to order at 3:00 P.M. by Chairman Mahlon Brown, with the following members and guests present:

PRESENT: Senator Mahlon Brown Senator Eugene Echols
 Senator Archie Pozzi Senator Carol Dodge
 Senator Thomas Wilson Senator Melvin Close
 Senator Coe Swobe

GUESTS

Robert Warren, Nevada Municipal Association
Gentty Etcheverry, Mayor of Ely
Merton Domonoske, Mayor of Fallon
Roy Bankofier, Councilman, City of Reno
Henry Etchemendy, Carson City Manager
Ernie Newton, Nevada Taxpayers Association
Gene Milligan, Nevada Association of Realtors
Richard L. Morgan, Nevada State Education Association
Jim Rathburn, Nevada Tax Commission
Jack Sheehan, Nevada Tax Commission
Pat Fitzpatrick, Nevada Tax Commission
Robert E. Bruce, Washoe County
C. P. Brechler, Regional Street & Highways, Clark County
W. E. "Bill" Adams, Ass't City Manager, City of Las Vegas
Richard W. Bunker, Clark County
Juanita Blankenship, Clark County

Chairman Brown opened the meeting and asked for consideration by the Committee on the following agenda items:

SENATE JOINT RESOLUTION #9 - Proposes to amend Nevada Constitution to allow imposition of estate tax not to exceed credit allowable under federal law.

This matter was discussed at length as well as an amendment proposed at the meeting of February 27, 1973.

A motion was introduced by Senator Close, seconded by Senator Swobe to recommend "do pass as amended" to be returned to the Senate floor. Motion carried unanimously.

SENATE BILL #302 - Removes ten percent limitation on funds apportioned from county road fund to cities.

Chairman Brown indicated he has received several communications both opposing and supporting this bill; they are:

1. Telephone call from Jim Polkinghorne, Elko County Manager, opposing the bill;
2. Telegram from Mayor Lyle Wilcox of Lovelock, supporting Senate Bill #302.
3. A letter from Dr. R. Guild Gray, Vice President of Burrows, Smith and Company, advising that in many areas motor vehicle fuel taxes have had pledge for the retirement of bonds issued by counties on behalf of regional street and highway commissions and the Committee should give careful consideration to this before taking any action on the bill.

Testimony was heard from the following individuals in behalf of their respective agencies:

Mr. Robert Warren, representing the Nevada Municipal Association, presented figures demonstrating the need for additional money to maintain and rebuild streets within the various Nevada cities. He explained the members of the NMA were, at one time, united behind this bill, however, since their last meeting, the larger cities were taking a neutral position (Sparks, Reno and 4 incorporated cities in Clark County).

Figures projected by the cities and presented by Mr. Warren indicate the following totals:

Annual cost of cities to maintain streets . . .	2.6 million dollars
Annual cost of rebuilding streets	3.9 million dollars
Needed, but not available, to maintain streets	10.0 million dollars
Needed, but not available, to rebuild streets .	3.5 million dollars

Mayor Merton Domonoske spoke in favor of the bill, urging that due consideration be given to the intensity of use by the various cities as well as the maintenance and cost figures.

Additionally he advised he has been given an opinion by the Attorney General wherein the 10% limitation applies to the amount levied and collected from ad valorem taxes only in the County Road Fund.

Mayor Genty Etcheverry of Ely questioned the figures presented by Mr. Warren, wherein his city was concerned relative to the amount of miles of streets; he stated Ely has 26 1/2 miles of streets. They object to additional taxation inasmuch as they have to share with the unincorporated townships.

Councilman Roy Bankofier of the City of Reno, informed the members his city would oppose the passage of this bill, unless it was amended to eliminate cities of a certain size. Perhaps limiting this to counties having a population under 100,000. They are in sympathy with the dire need of cities to obtain maintenance money, but doesn't think this is the way to go about it.

Mr. Bill Adams, Ass't. City Manager of Las Vegas, reiterated statement by Councilman Bankofier, agreeing that the language should be changed to encompass only those counties of under 100,000 population. This, they feel, would solve the problems as far as Clark and Washoe Counties are concerned.

Henry Etchemendy, Carson City Manager, and Executive Secretary of the Nevada Association of County Commissioners, informed the members that his group strongly opposed this legislation; it is their feeling that we should be concerned with what effect these proposed bills are having on the ad valorem taxes. The Nevada Association of County Commissioners on December 2, 1972, adopted a resolution urging that serious consideration be given to what the fiscal impact would be on new legislation, before action is taken.

Mr. Charles P. Brechler, Managing Engineer for the Regional Street and Highway Commission of Clark County briefly explained their position inasmuch as their bonding obligations. He suggested an amendment to the proposed bill that would, in his opinion, be more acceptable; that is, exclude the last phrase in Section 2, beginning, "exclusive of funds . . . this would, provide for exclusion from apportionment any funds required for payment of the principal and interest of bonds for road and street purposes.

Mr. Warren stated he felt his Association (N.M.A.) would concur in the proposed amendment to the bill as this would exclude any county having a population of over 100,000.

The Chairman had another meeting to attend, so he turned the gavel over to the Vice Chairman, Senator Echols.

SENATE BILL #224 - Provides tax credit of 5 percent on ad valorem taxes for fiscal years 1973-74 and 1974-75. Introduced by Senators Dodge and Swobe.

Senator Dodge initiated the discussion on this bill by explaining that he and Senator Swobe were concerned with finding some financial tax break for the home owners of Nevada and, after careful consideration, they felt this would be the proper vehicle. The bill has a two year effective length and, in essence, allows all Nevada property owners a tax credit of five percent on taxes levied for the two fiscal years commencing July 1, 1973, and 1974.

He explained that about three weeks ago, he requested an analysis of what looked like surplus revenue for the State. This analysis was to take into consideration all existing programs we fund and those we are committed to. These figures were to be extended on all of those programs into the present bienium based on inflationary costs and growth and allow for historical capital improvement efforts. Beyond that, they were to develop figures of what looks like a true surplus. The figure they presented to him was \$30 million. In this situation, he felt there is no reason why the taxpayers shouldn't receive some consideration and, in his opinion, the method contained in SB 224 is the most equitable way. The taxes were paid according to the assessed valuation and should be returned in the same manner.

Senator Dodge reiterated their intent was to find help for the property owner and, in no way, was this bill designed for the special benefit of the large corporation or porperty owners.

He requested information from Mr. Jack Sheehan on what fiscal impact this bill would have.

Mr. Sheehan reported that he estimates an amount of \$11 to \$12 million for the next biennium. He elaborated on the bill, explaining that the property owner would realize a credit of approximately \$21.00 while the large corporations and property owners would be the ones that would derive the greatest benefit.

During his presentation, Mr. Sheehan made the following comments:

1. He feels the bill is deliberately designed to favor the large corporate taxpayer and not the home owner;
2. That he opposes the bill because it would benefit the private homeowner only about \$21.00 per year; which is only "beer money for one month";
3. Feels it is the home owners that need help.

In summary, he stated that if the Senators are sincere in their efforts to provide assistance to the home owners, he does not feel this is the way to go about it. Speaking personally, he is opposed to the bill.

Mr. Ernest Newton, Nevada Taxpayers Association, spoke in favor of the bill, giving figures he has compiled on the savings to the taxpayer. He commented: this bill, in his opinion, would provide a savings to the taxpayer and create a pool of capital available to borrowers that would provide capital requirements for 140 new jobs per year.

Copies of the Nevada Taxpayers Association news letter were distributed to the members containing excerpts from the Monthly Economic Letter, December 1972, First National City Bank, New York.

Mr. Newton strongly urged favorable consideration for this bill.

Mr. Gene Milligan, Nevada Association of Realtors, advised the committee his group would go on record as supporting this measure; if there is a surplus in the State's treasury, it should be returned to the taxpayers.

During the discussion, several factors were brought out by some members of the Taxation Committee that they felt very strongly about the following:

1. Favored tax relief for the home owner;
2. Desire to explore some way in which significant tax relief can be provided for the home owner;
3. Feel while businesses can pass on taxes - the home owner can't. He needs relief because he is on a salary or wage; a fixed income.
His dollar is being eaten up by inflation and taxes - but he cannot pass it on; he can only pay it.

Senator Close stated that Governor O'Callaghan should be complimented as it was due to his conservative fiscal policy that has resulted in the State of Nevada having a possible surplus of \$11 to \$12 million available for tax relief. It was brought out that Governor O'Callaghan had resisted strong pressure to enact new and increased spending programs that would have depleted the surplus now available.

In conclusion, Senator Wilson, addressing himself to the proposition, concurs that the home owners are entitled to the tax relief but raises the question of whether we can find some way of passing on the savings to the home owner. In his opinion, before we take action, we should determine if there is some way to apply the relief to the person who needs it the most.

SENATE JOINT RESOLUTION #15 - Senator Swobe requested this bill be opened for discussion inasmuch as it relates to the same subject of tax relief.

SJR #15 - Proposes constitutional amendment to permit assessment of owner occupied dwellings and land at lower rate.

Senator Swobe, introducer of the resolution, explained that the only way we can afford tax relief to the property owner is by changing the provision for assessment in the constitution itself. He explained that every time we try to get home owner relief, we are bound by restrictions.

This resolution would be merely enabling legislation which would allow the legislature to set assessment of owner occupied dwellings and land at a lower rate, if they so desired. The amendment would take six years to become effective, but this would give the legislature the latitude to make the necessary changes.

In his opinion, this is the only way to help the home owner and help him substantially.

He requested figures from Mr. John Sheehan, Nevada Tax Commission on the fiscal impact this would have and has received the following information: The resolution permits a maximum 25 percent reduction in ad valorem tax; and, under the proposal, the counties would lose an estimated \$7,159,171.00, while the State would lose an estimated \$414,563.00.

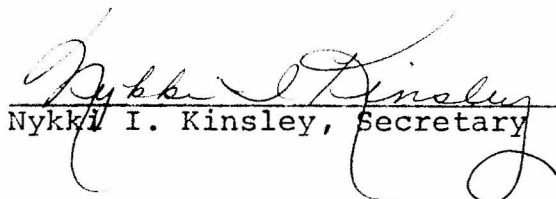
Speaking in support of this resolution were Mr. Newton, N.T.A., Senator Wilson, Mr. Gene Milligan, Nevada Association of Realtors.

There being no further discussion, a motion was introduced by Senator Close to recommend "do pass" on SJR #15; motion seconded by Senator Swobe and carried unanimously.

Senator Dodge requested information from Mr. Sheehan in reference to Senate Bill #224 on the numbers of people that are involved as home owners; should consider apartments, condominiums, etc., as well.

There being no further business, the meeting was adjourned.

Respectfully submitted:


Nykky I. Kinsley, Secretary

APPROVED BY:


Senator B. Mahlon Brown, Chairman

March 1, 1973

Name	Representing
Jim Ruffin	Tax Commissioner
Jack Sherba	"
Pat Fitzpatrick	"
Robert E. Bruce	Washoe County
C.P. BRECHLER	REGIONAL ST. & HWY. CO.
W. E. "Bill" Adams	City of Las Vegas
Richard W. Danken	Clark County
Juanita Blankenship	Clark County

Rt. Wm. 77 No. 2

X Mayor of Ely (Echering) GENTTY ETCHEVERRY

Mayor of Fallon (Almonah) Merton Bomonoke

City Reno County (Bartofen) ROY BANKOFIER

City May. (HENRY ETCHEMENDY)

~~Bob Rose 2 Washoe City~~ ~~Bob Rose Chairman~~

ERNIE Newton (#5800) N.T.A

Gene Milligan of Assn of Realtors (members 1/2 M L 1200 J N (L))

MILLIGAN

~~State Education Ass.~~

SENATE TAXATION COMMITTEE

THURSDAY, MARCH 1, 1973

P.M. ADJ.

ROOM 231

- SENATE BILL 224 Provides tax credit of 5 percent on advalorem taxes for fiscal years 1973-74 and 1974-75
(Introducers: Dodge and Swobe)
- SENATE BILL 302 Removes 10 percent limitation on funds apportioned from county road fund to cities
(Re-referred from Federal, State & Local Government)
- SENATE BILL 304 Provides tax exempt status for joint municipal organizations
(Re-referred from Federal, State & Local Government)
- SENATE JOINT RESOLUTION 9 Proposes to amend Nevada constitution to allow imposition of estate tax not to exceed credit allowable under federal law.
- SENATE JOINT RESOLUTION 15 Proposes constitutional amendment to permit assessment of owner occupied dwellings and land at lower rate.
- ASSEMBLY BILL 104 Enables Nevada Tax Commission to write off uncollectible taxes.
(Introducer - Assembly, Committee on Taxation)