

MINUTES

ASSEMBLY TAXATION
 March 11, 1975
 9:30

Members Present: Chairman May
 Mr. Mann
 Mr. Bennett
 Mr. Christensen
 Mr. Demers
 Mr. Murphy
 Mrs. Ford
 Mr. Young

Members Excused: Mr. Harmon

Guests Present: See attached list

The meeting was called to order at 9:36 by Chairman May. He explained to the guests present that the next four meetings (at least four) would be to discuss A. B. 317. He also explained that A. B. 317 was entirely the recommendations of the Governor's Tax Equity Study that has been working over the past two years.

Senator Carl Dodge was the first speaker. He presented a proposed amendment (Attachment 1) to section 4 page 2 of the bill. He said that the language of the present bill was too broad and that specification of expertise areas needed to be included. He also stated that there should not be consumer representation on the commission unless those people are well versed in taxation problems and land value.

When asked by Mr. Mann, if he would be agreeable to an additional section (e) to add to his amendment that read: "one shall be a tax payer of the state, who shall represent the public at large, he shall not be engaged in or affiliated with any of the businesses or industries specified in sections (a), (b), (c), or (d), Senator Dodge answered that he had no objections if the consumer advocate is also someone who could represent a group of taxpayers, even home owners, that person could qualify. He stated that if other language was proposed that would ensure the experience of the member of the commission then it would be fine with him, just as long as each person on the tax commission could make a contribution and bring individual judgement to the considerations of the committee. Mr. Mann then suggested to the Senator that his language in this amendment was completely opposite from the language of the bill in line 37 that states that " the commissioners shall not be chosen to represent the interest of any particular economic group in the state". Mr. Mann wanted to know what was the feeling of the Tax Equity Study about this. Senator Dodge told him that he did not feel that his language is ~~not~~ different. He said that the bill language meant that

ASSEMBLY TAXATION
March 11, 1975
Page Two

you are not choosing consumers or representatives of a labor group, or senior citizens or something like that. Mr. Mann then asked if the Senator considered the mining or gaming industries as an "economic group". The Senator said that he did not think that when the bill talked about economic groups it was talking about businesses. Senator Dodge also added that he had a question as to page 4 line 4 of the bill regarding the addition of language that indicated that the executive director of the tax department could moonlight. He said that he did not think that that was the intent of the Equity Study committee members.

Chairman May then asked if Mr. Jack Sheehan of the Tax Commission would give the committee a general background as to the duties and organization of the Tax Commission (the State agency).

Mr. Sheehan gave this summary:

The Tax Commission was established in 1913 by the legislature. It has had various minor changes as far as make up and responsibilities are concerned. It is the chief revenue gathering agency for the state and collects several million dollars each year and half of that goes back to the local governments themselves. Last year we collected somewhere in the area of \$145 million dollars at a cost of 2.2 million dollars. We have, at the present time, 123 employees with offices in Elko, Reno, Las Vegas, Carson City, Los Angeles and San Francisco. There are the nine members of the commission itself, appointed by the governor for staggered four year terms. The Division of Assessment Standards is where the property appraisers and the draftsmen and those people who are responsible for property taxes find their employment. That is headed by the chief of assessment standards and he has 19 appraisers and draftsmen who are responsible for working with and aiding the county assessors and at the same time act as a watch dog over them, by doing a ratio study of the counties to make sure that all property is assessed at 35% of the fair market value. We also have the original jurisdiction to establish the value for assessment purposes of centrally assessed property. That is property that is of an interstate or an intercounty nature. It would not be fair for each county assessor to devise a system to assess that part of, say the Sierra Pacific Power Co., that falls in his county. Therefore one central assessment agency holds that responsibility.

ASSEMBLY TAXATION

March 11, 1975

Page Three

178

We are involved in establishing the value for mobile homes, agricultural land and livestock. That information is then sent back to the county assessors who then assess the property. The Tax Commission then puts on a second hat and acts as the State Board of Equalization. This meets in February. The purpose of the State Board of Equalization is twofold. First, to hear appeals from the county boards of equalization from any grieving taxpayer. We sit and hear the taxpayer and the county assessor and review the transcript of the county equalization board and make judgement as to the validity of the county assessor's assessment. The reason the State Board of Equalization does this is because it has a better overview of the worth of land all over the state and an assessor, by virtue of his job, is probably more geared to what is going on in his county and equalization is a statewide matter so the State Board of Equalization has the final say. Secondly, the State Board of Equalization reviews and hears appeals regarding centrally assessed property. This is the two hat problem that upsets some people, and probably justifiably so. The Tax Commission in October says utility company "X" is worth \$100 million and then if that company appeals or some other person appeals, the same nine members put on their Board of Equalization hats in February and review whether the decision they made in October (\$100 million) is correct. They have been criticized, in many cases, as being both the judge and the jury.

Mr. Sheehan then clarified himself by saying that the Tax Commission assesses centrally assessed property and the county assessor assesses personal and real property at the fair market value.

Mr. May then told the committee about the main problem that had arisen in regards to the Tax Commission (the nine member board). He mentioned that people had claimed that those properties assessed by the county assessor were being assessed at the proper rate of 35% of the fair market value but that the centrally assessed properties, the larger railroads, and utilities, etc. were not being taxed at the fair market value because the nine member board, who set the rates, was made up of the (and he quoted the term) "9 primary vested interests" in the state, and therefore were not paying their fair share of the taxes.

Mr. Murphy asked Mr. Sheehan about the Nevada Tax Commission having offices in San Francisco and Los Angeles. He was told that those offices held an audit staff because there are approximately 4,000 accounts outside of Nevada and for sales

ASSEMBLY TAXATION
March 11, 1975
Page Four

and use tax purposes, we have found it profitable to do audits on these companies sometimes. We have one man in San Francisco and two in Los Angeles.

Mr. Mann then asked Mr. Sheehan if he had had any problems with the member of the nine member board that is designated as a representative of the public at large. Mr. Sheehan said that he believed that any person who was going to be on the commission had to have some expertise, but as far as the general public person is concerned, they can have as much intelligence as a banker, he said that it just depends on the Governor, and he thinks that the appointments that he has known for seven years have not been bad. He added that the problem was that in the statutes, after setting forth the qualifications for the commissioners (NRS 360.020) it then states that "Each of the commissioners at the time of his appointment, shall be actively engaged in the type of interest in categories which he is chosen to represent on the commission." And the commissioners, Mr. Sheehan continued, do not want to have the image that they represent something specific, because they continually say that they are homeowners also. He said that he had no quarrel working with members of the general public on the board and that he would have no quarrel working with three or four members of the general public on the board, as long as the Governor appoints people who are knowledgeable about the economy of the state or at least the sources of revenue.

Mr. May then asked Mr. Sheehan to briefly explain the current process of appeal to the Tax Commission and then the proposed process that is included in A. B. 317, for first, a private home owner and then a utility company.

Mr. Sheehan told the committee the following.

A private home owner would follow these steps presently if he wanted to appeal the county assessors assessment of his property.

1. Home owner gets his tax assessment.
2. Goes down to the county court house and files an application for a review of his assessment.
3. The county board of equalization will then make a ruling on the validity of the assessor's assessment.
4. If the county board decides in favor of the assessor's assessment, the taxpayer can then go to the State Board of Equalization in February. (This is where the Tax Commissioners wear their other hat)
5. They hear the assessor and the taxpayer and review the transcript of the county board hearing and usually ask that an appraiser be sent out and report to the commission.
6. The decision is then made.

ASSEMBLY TAXATION
March 11, 1975
Page Five

7. The only other course left to appeal the decision is to take it to the courts.

The only change, if A. B. 317 goes through, would be that the State Board of Equalization would consist of only 3 members and these 3 members would be different people than those who make up the Tax Commission. There would be no judge and jury problem.

A utility company would follow these steps presently if it wanted to appeal the assessment of the Tax Commission of its property.

1. Technical indicators of value of property go to the nine member Tax Commission from its staff in October.
2. They then fix a price of valuation. This price does not have to agree with the figure that the staff appraisers recommend.
3. They then certify their decision and send it to the companies. This is the companies' tax bill.
4. In February, the utility company that wants to appeal the assessed valuation of its property would come before the 9member Tax Commission that would inturn put on their State Board of Equalization hats.
5. The State Board would then decide if the assessment valuation figure they decided on in October still is correct in February (four months later).
6. If the company disagrees with the decision made by the State Board, it may then go to the courts.

The only change, if A. B. 317 goes through, would be that the State Board of Equalization would consist of only 3 members and these 3 members would be different people than those who make up the Tax Commission. There would be no judge and jury problem.

Mr. John Moschetti, Elko County Assessor, was the final speaker of the meeting. He felt that this bill affected the county assessors greatly and that he had some suggestions for some changes.

His first comment was that they were extremely in favor of the separation of the Tax Commission and the State Board of Equalization because they had had difficulty with the "rubber stamp" approach to the Tax Commission's previous decision by the State Board of Equalization.

Secondly, he had objections to Section 44, on page 11 of the bill that dealt with certification of assessors. He said that many assessors who had been on the job for 10 years or so it would be a lot of trouble to find a class to teach them because they already know their field extremely well.

ASSEMBLY TAXATION
March 11, 1975
Page Six

He suggested that it should be for the first 3 to 5 years that the education be mandatory and then be optional. He then moved to Section 51 on page 12. He said that he did not think it was practical to require the Tax department to parcel land in counties, especially when some counties have already done this on their own. Mr. Jim Lien suggested that the language "cause to be" be added to line 23 after the word "shall". Mr. Moschetti thought that would be acceptable. He then discussed Section 50 and said that on line 12 the language "only insofar as they contain inventory data" should be deleted. His reason was that if you are going to give assessors subpoena power you should do it and not tie their hands by limiting it to inventory data only. Section 63 deals with ratio studies and he felt that these ratio studies and the watch dog duties of the Tax Commission were not needed as much and that they should spend more time helping the county assessors than watching over them. He reminded the committee that the Tax Equity study decided on a 10% over or underassessment rather than a 5% one as mentioned in the bill. Mr. May then said that Dr. Atkinson had sent him a letter stating that same fact.

Time being a limiting factor, Chairman May told the audience that anyone who wished to contribute to the decisions that would be made on A. B. 317 could submit a written statement if they could not appear before the committee in person and that the written statement would be carefully considered.

There being no further testimony to be heard at this time the Chairman thanked the guests and excused them.

COMMITTEE ACTION

A. B. 235 - Chairman May told the committee that the authors of this bill had requested that it be indefinitely postponed. Mr. Mann so moved and Mr. Demers seconded the motion. Motion passed unanimously.

A. B. 181 - Mr. Mann made a motion to amend and rerefer to committee on Taxation, seconded by Mr. Murphy, passed unanimously.

There being no further business, the meeting was adjourned at 10:54.

Respectfully submitted,

Kim Morgan

Kim Morgan, Secretary

AGENDA FOR COMMITTEE ON TAXATION.....

174

Date March 11, 1975 Time 9:30 Room 316.....

Bills or Resolutions
to be considered

Subject

Counsel
requested*

Bills or Resolutions to be considered	Subject	Counsel requested*
Parts of A. B. 317	Establishes dept. of taxation and modifies composition and functions of the Nevada tax commission and state and county boards of equalization.	
Section 2	Expiration of terms of present commissioners	
Section 4	Qualifications of commissioners	
Sections 11 - 14	Creation of dept. of taxation and position of its executive director	
Sections 44 - 49	Appraisers' certification and training requirements	
Section 50	Limited subpoena power for county assessor	
Section 51	Parceling map system requirements	
Section 63	Ratio study requirements	

plus repealers and effective dates for each section.

Guests March 11

Gay Ferguson	Fallon, Nev	Deputy
Bob Barkley	" "	assessor
Mary Wagner	Hawthorne, Nev.	Assessor
John Moschetti	Elko Nev	Assessor
Johna Rodriguez	Canon City	Assessor
Carol M Lee	5505 Wells Ave Reno Nev 89502 30 STRAWBERRY	trans. of 9000 sq ft to property of Washoe Co properly occupy WASHOE COUNTY
BILL DWYER	RENO NEV PO BOX 2612	TAXPAYER'S ASSOC
Jack Downey	RENO NEV 89505	Investments
John Sheehan	CC	NTC
Jim Rusk	CC	"
Micki Blomdal	CC	"
Chuck White	NEV. FARM BUREAU	
James Anderson	CC	N.T.C.
John Hill		NTC
Carl J. Daag	State Senate	

ASSEMBLY ACTION

SENATE ACTION

ASSEMBLY / SENATE AMENDMENT BLANK

Adopted
 Lost
 Date: _____
 Initial: _____
 Concurred in
 Not concurred in
 Date: _____
 Initial: _____

Adopted
 Lost
 Date: _____
 Initial: _____
 Concurred in
 Not concurred in
 Date: _____
 Initial: _____

Amendments to Assembly / Senate
 Bill / Joint Resolution No. 317 (BDR 153026)
 Proposed by Committee on Taxation

Amendment No 4516

"Replaces amendment No. 3072."

Amend section 4, page 2, by deleting lines 33-38 and inserting:

- "1. Four of the commissioners shall respectively have at least 10 years' experience in the following fields:
- (a) One, in the mining business.
 - (b) One, in the utilities business.
 - (c) One, in the transportation business.
 - (d) One, in the agriculture and livestock business.

(more)

Form 1a (AMENDMENT BLANK)

3044A

Drafted 3-6-75

By JW

To Journal
(3) CFB

2. The remaining commissioners shall be versed in other areas of property taxation and have had sufficient experience in business generally to bring knowledge and judgment to the deliberations of the Nevada tax commission."

Attachment 1

Office of the County Assessor

JEAN E. DUTTON
County Assessor

CLARK COUNTY COURT HOUSE
LAS VEGAS, NEVADA 89101

WILLIAM B. BYRNE
Assistant County Assessor

PHONE 386-4011

RE: ASSEMBLY BILL NO. 317

1. Reduces the number of members of the Nevada Tax Commission from 9 to 7.
2. Changes the requirement of the present law insofar as practical knowledge and experience of the Commissioners is concerned and declares specifically that they shall not be chosen to represent the interests of any specific group; the Bill changes the former requirements and merely mandates that a Commissioner shall be versed in business generally or versed in the classification and valuation of the types of properties which are valued for assessment purposes by the Commission.
3. The Bill creates the Department of Taxation; it prescribes that the head of the Department of Taxation shall be the Nevada Tax Commission; it further prescribes that the chief administrator or administrative officer of the Department will be appointed by the Governor. His title will be Executive Director.
4. The Bill gives the Executive Director authority to make final decisions on matters coming within the jurisdiction of the Department of Taxation, but subject to appeal to the Tax Commission, which has final authority.
5. Under the present law it is provided that the Nevada tax commission can require its Division of Assessment Standards to assist county assessors in the appraisal of property, consult with county assessors in the development of assessment standards, make ratio studies, carry on a program of in-service training, etc. Under the proposed Bill this would be the responsibility of the Department.
6. Many of the powers, authorities, responsibilities which are referred to in the present law as being those of the Nevada tax commission are delegated under the Bill to the Department. However, the Commission is the statutory head of the Department.
7. One of the completely new provisions in the Bill would mandate that the Department maintain a complete set of maps describing and illustrating all parcels of land in the State. This is in line with the judgment that a complete parcelling system of all land in the State should be accomplished. It's already done in Clark county.

PAGE TWO

8. The Bill will not set requirements for candidacy for the Office of County Assessor, but it will require that to be a candidate for re-election or to be a deputy assessor, the person must possess a valid appraiser's certificate issued by the Department of Taxation. This portion of the Bill would become effective July 1, 1978. It would require examination of the Assessor and deputies by the Department. It may be an invasion of county authority, unacceptable to the counties, that the assessor and his deputies will be subject to examination by the Department, and subject to the decision of the Department as to whether or not they are acceptable. Perhaps the Department could set the standards, but the administration to be by the County.
9. The Bill provides authority to the County Assessor to issue subpoenas to require the production of documents, books, records, etc., insofar as they relate to inventory data needed for assessment purposes.
10. The Bill provides that by 1979 the Department shall complete a parceling system describing all land in the State, the cost of which shall be reimbursed by the county to the State.
11. The Bill sets up more specific formulas for the Department to conduct its annual ratio study.
12. The Bill changes the format of County Boards of Equalization. It provides that County Boards of Equalization will consist of five members in counties having a population of 100,000 or more, only two of which may be elected public officers; in counties having a population of less than 100,000, the county board of equalization would consist of three members, only one of which may be an elected public officer.
13. The present law provides that the Nevada Tax Commission has the power to establish procedures for county boards of equalization. The Bill would change this and provide that the State Board of Equalization shall do this.
14. The present law provides that the State Board of Equalization shall be composed of the Nevada tax commission. The Bill would change this completely. The Bill provides that the State Board of Equalization shall consist of three members, appointed by the Governor; that one shall be a certified public accountant, and two shall be versed in real estate, one of which two shall be versed in real estate values in the north and one versed in real estate values in the south.
15. The Bill provides that the State Board of Equalization must conclude its business by March 4th ONLY on those cases which could have a substantial effect on tax revenues. It provides that on other cases which would not have a substantial effect on tax revenues, the State Board may hear those at additional meetings held at any time or place up until October 1.

PAGE THREE

16. The Bill provides a change in the formula for determining the depreciation of equipment in determining the net proceeds of mines; it also provides specific penalty for filing false statements having to do with proceeds of mining operations, etc.
17. THE BILL ALSO AMENDS OTHER CHAPTERS OF NRS, RANGING FROM NRS 234 THRU 590, which have to do with State and Local Governments; Public Records; Tracts: Sub-divisions, Metro Police Departments; Depositories of Public Funds, etc. However, the amendments to these statutes are almost specifically limited to substituting the words "Department of Taxation" for "Nevada tax commission".

WILLIAM B. BYRNE
Assistant County Assessor

*P. S. With the creation of the Dept. of
Taxation, the present Div. of Assessment
Standards (of the Tax Commission)
would no longer exist.*

WB

(2)

AGENDA FOR COMMITTEE ON TAXATION

188

Date... March 13, 1975... Time... 9:30... Room... 316

Bills or Resolutions
to be considered

Subject

Counsel
requested*

Parts of A. B. 317 Establishes dept. of taxation and modifies composition and functions of the Nevada tax commission and state and county boards of equalization.

Section 64 Composition of county board of equalization
 Section 67 Composition of state board of equalization
 Section 94 Appraisal and assessment of mining, reduction, smelting and milling properties
 Section 96 Depreciation deduction from gross yield of mining net proceeds
 Sections 103 & 104 Penalty provisions relating to appraisal of mines

plus repealers and effective dates for each section.