

ASSEMBLY TAXATION  
March 4, 1975  
9:30

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

Guests Present: C. Richard Capurro, U.S. Dept. of Agriculture  
Ira H. Kent, Nevada Cattlemen's Association  
Thomas R. Harris, U. S. D. A.  
Jim Lien, Nevada Tax Commission  
John J. Sheehan, Nevada Tax Commission  
W. L. Eckert  
Jake Gomes  
Gary Cook

The meeting was called to order at 9:50 by Chairman May. Chairman May explained that this meeting was for discussion on A. B. 261 and A. B. 283. He then turned the chair over to Mr. Mann.

ASSEMBLY BILL 283

Mr. May testified in favor of this bill. He told the committee that last session the legislature passed into law a provision that allowed tax exemption for pollution devices. He explained that this provision was interpreted more broadly than had been expected and that more tax money was being lost than had been expected. He said that this bill simply requires that the assessment of the property in question take place and then that a specific dollar loss be reported so that future legislatures may have a fact sheet before them to see what the actual tax loss is. It first requires assessment and then exemption. Mr. Demers commented that the people in the Las Vegas area were now paying an "Environmental Surcharge" on their power bill each month. He said that if the people are paying the power companies extra money for antipollution efforts, why should the companies be given a tax exemption for the same thing.

Mr. May then returned to the chair.

ASSEMBLY BILL 261

Mr. C. Richard Capurro spoke in favor of A. B. 261. His statement is attached as Attachment 1. After his testimony, Mr. Christensen asked Mr. Capurro how much water was going to be conserved if concrete lined ditches and other conservation steps are used. He was told that the engineers say that at least 25%, probably 50%, and possibly as much as 80% could be saved. Upon discussing the possible amendment presented to the committee by Mr. Capurro, Mr. May brought up the point that the amendment might run into some constitutionality problems as far as the extensive exemptions go.

Mr. Jack Sheehan of the Nevada Tax Commission then presented some background information on this bill and stated that the intent of the bill was to help those people who strive for conservation of water in the agricultural areas. He stated that as the bill presently read, other than agricultural interests could be exempted and that was not the intent of the bill. He presented a possible amendment to the language for consideration by the committee. Attachment 2.

Mr. Ira H. Kent, representing himself and the Nevada Cattlemen's Association, stated that his organization fully endorsed the concept of A. B. 261.

SENATE AMENDMENTS TO A. B. 61

Mr. Jack Sheehan testified that the Tax Commission had no objections to the amendments.

SENATE AMENDMENT TO A. B. 63

Mr. Sheehan also stated that the Tax Commission had no objections to the amendments.

There being no further testimony, Chairman May excused the witnesses after thanking them for their contributions to the meetings.

COMMITTEE ACTION

Assembly Bill 261: Chairman May appointed a subcommittee of Mr. Harmon and Mr. Young to investigate the matter further.

Assembly Bill 283: A DO PASS recommendation was motioned by Mr. Demers, seconded by Mr. Harmon, passed unanimously.

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Senate Amendments to A. B. 61: Mr. Bennett motioned for committee to concur with proposed amendments, Mrs. Ford seconded the motion, it passed unanimously.

Senate Amendments to A. B. 63: Mr. Bennett motioned for committee to concur with proposed amendments, Mrs. Ford seconded the motion, it passed unanimously.

Mr. May then passed out BDR 32-797 and asked if the committee would consider sponsoring it. The committee voted unanimously to sponsor the bill.

There being no further business, the meeting was adjourned at 10:31.

Respectfully submitted,



Kim Morgan, Secretary

AGENDA FOR COMMITTEE ON TAXATION

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Date: March 4, 1975 Time: 9:30 Room: 316

Bills or Resolutions to be considered

Subject

Counsel requested\*

A. B. 261 Provides property tax exemption for water distribution systems of concrete lined ditches and headgates.

A. B. 283 Requires report of tax dollar loss from exemption granted to certain properties used for air or water pollution control.

AB 61

AB 63

\*Please do not ask for counsel unless necessary.

Statement of C. Richard Capurro  
State Executive Director  
Agricultural Stabilization & Conservation Service, USDA  
for Hearings on Assembly Bill 261  
before the  
Assembly Tax Committee  
March 4, 1975

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The Nevada State Agricultural Stabilization and Conservation (ASC) Committee has asked me to appear before this Assembly Committee on Taxation to support the intent of AB 261. They further asked me to request your reconsideration in clarifying the language of the bill.

The Nevada State ASC Committee feels that AB 261 is a step in the right direction for Nevada to encourage the installation of agricultural water conservation measures. For more than 35 years the Agricultural Stabilization and Conservation Service (ASCS), an agency of the U. S. Department of Agriculture, has administered various conservation cost-sharing programs in Nevada. The purpose of these programs is to encourage farmers and ranchers to carry out needed conservation measures on their land to provide future generations with a productive agricultural industry and a clean environment. Encouragement is provided to farmers and ranchers by sharing the cost of installing permanent conservation practices. Generally the Federal cost-sharing amounts to about 50 percent of the cost with the farmer and rancher paying the other 50 percent.

The conservation cost-sharing programs have provided assistance for many different types of conservation practices. As you are all aware, water conservation is of vital importance in Nevada because of our limited supplies and ever increasing demands. During the past 5 years ASCS has provided over \$2 million in cost-sharing to encourage what we consider to be irrigation water conservation measures. An additional \$112,000 was cost-shared on livestock watering projects. In other words, 75 percent of nearly \$3 million allocated to Nevada over those 5 years was directed toward permanent agricultural water distribution systems.

There are many different types of water conservation practices, some of which include:

Installing new ditches to the proper size and grade.

Lining ditches with concrete or other materials to prevent seepage or erosion.

Installing water control structures of the proper size to efficiently manage water and control erosion.

Land leveling to efficiently utilize water and prevent erosion and drainage problems.

Pipelines to conserve water and prevent erosion.

Livestock water facilities to provide water for better distribution of livestock to prevent overgrazing and for wildlife use.

Notwithstanding our involvement, I would like to comment briefly on the method presently used in taxing agricultural land and irrigation systems. Over the past years agricultural water systems as they are improved, have become a portion of the value of the real property. That real property is what is being taxed and to tax the improved irrigation system separately would appear to be double taxation. Agricultural land in Nevada yields valuable cropland only when it has water and a system to distribute that water. To carry this a step further, water conservation measures have a limited lifespan. Agricultural engineers design for 10 to 15 years use. To keep track of which ditch was installed in what year would appear to be a tax assessor's nightmare. We further must remember that there is extensive maintenance required by most irrigation measures almost continually after the first season's use.

It concerns me that my agency has been encouraging conservation, environmental improvement, good water and land use through cost-sharing only to have the State law allow local tax assessors to discourage proper use because he has been provided with a convenient unit of measurement and assessment.

Assembly Bill 261 refers to water distribution systems of concrete lined ditches and headgates. This type of water conservation practice represents a relatively small portion of on-farm permanent agricultural water systems. May I suggest this committee consider changing Section 1 starting with Line 8 to read:

- (b) part of a permanent irrigation or livestock water distribution system to conserve and increase efficiency in the use of agricultural water.

Attached is information concerning action taken to date by the Nevada State ASC Committee.

I appreciate your consideration.

Nev. Form - 344  
(3-8-63)

NEWSPAPER CLIPPING

A-4-9 156

Name of paper	Nevada State Journal
Where published	Reno, Nevada
Date of issue	August 28, 1974
Sent by	Nevada State ASCS Office
Office address	P. O. Box 360, Reno, NV 89504

(Attach clipping and enter comments)

## Governor Proposes Change In Ditch Lining Status

CARSON CITY (UPI) — Gov. Mike O'Callaghan said Tuesday he would ask the 1975 legislature to recognize the concrete lining of irrigation ditches as an environmental improvement instead of a capital improvement.

He said that as an en-

vironmental improvement, which would allow more efficient use of water, it should not be subject to high tax valuations.

"We cannot urge and insist that our ranchers and farmers improve their water distribution system by lining ditches with concrete and then turn around and demand higher taxes from the same rancher for making this improvement.

"In Nevada water is a precious commodity. We must do everything we can to encourage farmers and ranchers to use the water available for maximum benefit. Water which soaks into the ground from unlined ditches is often wasted."

He said exempting lined ditches from taxation as improvement to the farm or ranch will help interest more Nevada operators to upgrade their irrigation system through ditch lining.

The subject was discussed at a meeting two weeks ago of the Nevada Tax Commission whether concrete lined ditches should be considered an improvement to the property and taxed accordingly.



Telex received from Reg. Director, Western Region, ASCS, Washington

[57203 WLRAV

FM WASH DC  
TO CHMN NEV.  
0801 8-15-74

IN SUPPORT OF THE NEVADA STATE ASC COMMITTEE'S POSITION THAT THE REORGANIZATION OF IRRIGATION SYSTEMS, INCLUDING CONCRETE DITCH LINING, ARE ECOLOGY ORIENTED PRACTICES, WE PROVIDE THE FOLLOWING: USDA RECOGNIZES THAT ALL CONSERVATION PRACTICES WHICH ARE OR HAVE BEEN ELIGIBLE FOR COST-SHARING UNDER CURRENT AND PREDECESSOR CONSERVATION PROGRAMS (ACPM REAP, RECP) ARE CONSIDERED ENVIRONMENTAL IMPROVEMENT MEASURES. THE LEGISLATIVE JUSTIFICATION FOR THE RURAL ENVIRONMENTAL CONSERVATION PROGRAM IS TO ENCOURAGE THE CONSERVATION OF SOIL AND WATER BY SHARING WITH FARMERS AND RANCHERS THE COST OF MEASURES WHICH HAVE WIDESPREAD PUBLIC BENEFITS. IT IS NOT INTENDED TO COST-SHARE PRACTICES WHICH PRIMARILY CONTRIBUTE TO AN INCREASE IN PRODUCTION OR WHICH PROVIDE A CONVENIENCE TO THE FARMER. SOME PRACTICES WHICH ARE COST-SHARED UNDER THIS LEGISLATION ARE DIRECTED TOWARD THE REORGANIZATION OF IRRIGATION SYSTEMS. EXAMPLES OF PRACTICES WHICH FALL IN THIS CATEGORY ARE LAND LEVELING, WATER CONTROL STRUCTURES AND CONCRETE DITCH LINING. THE ECOLOGY VALUE OF ON-THE-FARM CONSERVATION IS ATTESTED TO BY THE ENVIRONMENTAL IMPACT STATEMENT DEVELOPED FOR THIS PROGRAM

W R CHURCH

429P

NNNN

[57203 WLRAV

Nevada State ASCS Office  
P. O. Box 360  
Reno, Nevada 89504

August 15, 1974

Mr. Jack Hunter, Chairman  
Nevada Tax Commission  
1100 East Williams  
Capital Plaza Building  
Carson City, NV 89701

Dear Mr. Hunter:

It is our understanding that the Nevada Tax Commission is considering the taxing of on-farm conservation measures, specifically concrete lined ditches. This concerns us greatly as this agency has been sharing the costs of these environmental measures for twenty years. An incentive of approximately 50 percent has been necessary to encourage this type of water conservation and erosion control practice.

The Nevada State ASC Committee wishes to point out that water conservation is Nevada's major concern in relation to natural resources. We feel that taxing concrete ditch lining or any other conservation practices would be a serious deterrent to conserving water.

If you desire, we can provide specific facts on cost, life span, maintenance requirements, and water savings to assist you in your deliberations.

Sincerely,

C. Richard Capurro  
State Executive Director

CRCapurro:emb

Amendment to  
Assembly Bill No. 261

8. (b) Part of an irrigation system of concrete-lined ditches [or pipes] and headgates to increase efficiency and conservation in the use of water when such water is to be used for irrigation and agricultural purposes on the land devoted to agricultural purposes by the owner of said concrete lined ditches or pipes.