

MINUTES

## ASSEMBLY TAXATION

April 22, 1975

9:30

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

Members Absent: Mr. Mann

Guests Present: See attached list

Chairman May called the meeting to order at 9:40. He explained that this meeting was to discuss the so called "Green Belt bills".

SENATE BILL 167 and ASSEMBLY BILL 544

Mr. Gene Milligan of the Nevada Association of Realtors spoke in favor of S. B. 167. He said that the only difficulty the Realtors Assoc. has with the bill in its amended form is the 6% interest requirement on the retroactive taxes. He felt that the interest rate was excessive.

Mr. John Marvel, Mr. Louis Bergiven, and Mr. Bob Bright of the Cattlemens' Association then testified in favor of S. B. 167 except the 6% interest rate clause. They felt the retroactive taxes would be sufficient to deter land developers.

Mrs. Ford asked the gentlemen if they felt the section regarding open space and having each set of county commissioners make their own definition of open space. She was answered that they did not feel it would be bad because there are so many different types of land in Nevada that those people closest would be best apt to judge correctly.

Mr. Ernest Newton from the Nevada taxpayers Association also spoke in favor of the bill. He said that he loved the language in A. B. 544 but would be agreeable to the language in S. B. 167 because of the extensive work put in by the Senate. He said that he did not like the 6% clause either but that he could live with it until the next session when they could amend it out. He said that this might be a better route to take instead of having to have conference committees with the Senate. Mr. Young asked Mr. Newton if he knew how many states had interest rates for the retroactive tax. He was answered that 33 did and that 7 years is higher than average for the retroactive tax.

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Page Two

Mr. William Goni then spoke in opposition to the concept. His statement is attached. (ATTACHMENT 1)

Mr. Mario Belli from Reno spoke in opposition to the bill because of some questions that he had. With the help of the committee most of the issues were cleared up.

Mr. Jim Lien from the Nevada Tax Commission gave a brief statement regarding the reason for the need of a bill such as these. He said that since 1921 the agricultural industry has been getting preferential tax treatment by the Tax Commission to help them continue in their food producing industry. This practice was unconstitutional because the Nevada constitution in Article 10 says that all land shall be tax equitably. Giving the agricultural industry a tax break is not tax equity. So the people on the 1973 ballot had to decide whether to change the constitution to allow the legislature to decide whether or not to continue to give agricultural land a lower tax rate. The people voted that the legislature should have the right to change the constitution so that agricultural land could be taxed on a use value instead of fair market value, but the people added that if the agricultural land was taxed on use value instead of fair market value when the land changed from agricultural zoning to some other kind that would not be used for agricultural purposes, a retroactive tax would apply for the difference between the fair market value that the farmer was not paying and the use value that he was paying. The retroactive tax would be the difference in the taxes that would have been paid for seven years. He concluded by saying that as long as the farmers keep their land for agricultural use their taxes will be the same as they have been before. The change comes when the farmer decides to sell his property to someone who will not use the land for agricultural purposes. This applies even after the death of the original owner dies. The tax stays at a low rate until the land is used for a different purpose.

Mr. Lee Smith asked the committee if they could wait for a couple years to let the people see if they really want it this way. He was told that if the legislature waited in making this decision, the farmer would have to pay a great deal more for taxes than he was already paying.

There being no further business, the meeting was adjourned at 10:33.

Respectfully submitted,

*Kim Morgan*

Kim Morgan, Committee Secretary

Chairman May, Members of the Taxation Committee:

I am William Goni, Carson City. I was in the ranching business from 1935 until 1965. From 1952 until 1966 I was a member of the Ormsby County Commissioners. In 1965 I sold my livestock and ran and was elected Clerk of Ormsby County and Carson City. I retired in 1970. I definitely feel that agriculture land is being penalized and very unfairly by the bills that are before this committee. I would like to point out that agriculture and mining were the backbone of our taxes from the 1800s until 1950 when we became more urbanized. Agricultural lands create no expense to our communities. It is only after they are subdivided that problems arise. Under present day ordinances developers have to expend many dollars before they realize a return on their investment. Roads, water and sewer lines have to be extended before any lots can be sold. During the Senate's hearing on S. B. 167 someone pointed out the Spring Creek Ranch development in Elko County by McCulloch Oil Co. The land was purchased at agriculture prices and now was being sold at a huge profit. Before McCulloch could sell one lot they had to put in roads to County standards, engineer all lots and drainage, put in horse arenas and a golf course at a considerable investment, which could take 100 years to retrieve. Yet this development makes every ranch and valley in Nevada a potential site for development. This committee knows this will not happen in our time. If assessing were based on an agricultural use instead of potential use there can never be much disagreement because the use will provide the means to pay. Potential use is very hard to determine because it is somebody's guess on what might happen in the future.

A case in point is the land along Hiway 395 North of Carson City. 302  
In 1958 land along the hiway was zoned commercial to a depth of  
300 feet. The taxes were assessed at a commercial rate. ~~xxxx~~ The  
owner protested to all boards but of course it was denied. Today  
Carson City is updating its Master Plan. At one work session the  
present planner said that recent hearings showed the general  
public favored widening the commercial areas downtown and reducing  
the long strip commercial that now existed on all hiways into  
Carson. After pointing out that many taxpayers have been paying  
on the commercial rate since 1958 I am sure the zoning will remain  
or the County will be liable for paying some back taxes. This is  
just one example what can happen to potential use on property  
and there are many other examples. I dont know of any commodity  
that is penalized with a tax for seven years. No other segment  
of industry would allow this legislature to impose a tax of this  
sort. The only reason this type of tax can be levied is because  
agriculture is now such a minority. The people of Nevada recognize  
the importance of  
the agriculture industry. This legislature should direct the  
Nevada Tax Commission to assess agriculture land on its present  
use. The industry is presently going through very difficult times  
and some members feel they have to accept this tax, but I think  
that would be wrong. It would remain on our statutes for many  
many years. High taxes force development, development forces  
increased taxes, a very vicious circle. The world is going to  
need more production in the very near future, decisions you make  
in this session will help determine this. We ask this committee  
to help an industry that is in a very serious financial crisis  
right at this time.

PAUL W. MAY  
ASSEMBLYMAN  
DISTRICT No. 19, CLARK COUNTY  
3309 WRIGHT AVE.  
NORTH LAS VEGAS, NEVADA 89030



COMMITTEE 303  
CHAIRMAN  
TAXATION  
MEMBER  
GOVERNMENT AFFAIRS  
TRANSPORTATION

# Nevada Legislature

FIFTY-EIGHTH SESSION

April 21, 1975

TO: THE MEMBERS OF THE ASSEMBLY TAXATION COMMITTEE  
FROM: PAUL W. MAY, CHAIRMAN  
RE: BDR 45-1855

Attached please find a copy of BDR 45-1855. Please signify on the chart below whether it is agreeable with you to have this bill introduced under the name of the Committee on Taxation. After reviewing this, please pass it on to another member of the committee who has not seen it. The bill will be referred to Environment and Public Resources.  
Thank you.

|                 | Yes                                 | No |
|-----------------|-------------------------------------|----|
| Chairman May    | <input checked="" type="checkbox"/> |    |
| Mr. Mann        | <input checked="" type="checkbox"/> |    |
| Mr. Bennett     | <input checked="" type="checkbox"/> |    |
| Mr. Christensen | <input checked="" type="checkbox"/> |    |
| Mr. Demers      | <input checked="" type="checkbox"/> |    |
| Mr. Harmon      | <input checked="" type="checkbox"/> |    |
| Mr. Murphy      |                                     |    |
| Mrs. Ford       |                                     |    |
| Mr. Young       |                                     |    |

PAUL W. MAY  
ASSEMBLYMAN  
DISTRICT NO. 19, CLARK COUNTY  
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COMMITTEES  
CHAIRMAN 304  
TAXATION  
MEMBER  
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# Nevada Legislature

FIFTY-EIGHTH SESSION

April 21, 1975

TO: MEMBERS OF THE ASSEMBLY TAXATION COMMITTEE  
FROM: PAUL W. MAY, CHAIRMAN  
RE: BDR 34-1856

Attached please find a copy of BDR 34-1856. Please signify on the chart below whether it is agreeable with you to have this bill introduced under the name of the committee on Taxation. The bill will have a concurrent referral to Education and Ways and Means. After reviewing this, please pass it on to another member of the committee who has not seen it.

Thank you.

|                 | Yes | No |
|-----------------|-----|----|
| Chairman May    | X   |    |
| Mr. Mann        |     |    |
| Mr. Bennett     | X   |    |
| Mr. Christensen | X   |    |
| Mr. Demers      | X   |    |
| Mr. Harmon      | X   |    |
| Mr. Murphy      |     |    |
| Mrs. Ford       |     | X  |
| Mr. Young       |     |    |

Guests

April 22

|                         |                           |
|-------------------------|---------------------------|
| E. L. Newton            | NTA                       |
| John Marvel             | Nev. Cottlemen's Assoc.   |
| John McCartney          | New Cottlemen's Assoc.    |
| Darrell Abel            | " " "                     |
| Loni Bergman            | - - -                     |
| Mr. and Mrs. Bob Wright | - - -                     |
| Teri Weaver             | Senator Raggio            |
| Agnes Johnson           | Reno                      |
| Bob Johnson             | Reno                      |
| Mike Schappesser        | Reno                      |
| Alma S. Stenzel         | Reno                      |
| John Christensen        | Storey Co.                |
| Mr. Blomquist           | NV. Tax Comm.             |
| Jim Hill                | NV Tax Comm.              |
| James Evans             | Ranch owner Washoe Valley |
| Caesar Gaspar           | Reno Nev                  |
| Eva Lampu               | Carran City, Nev.         |
| Mario Belli             | Reno                      |
| Lee Smith               | Reno,                     |
| Chuck White             | Sparks                    |
| Bob Giulini             | Reno.                     |