

SENATE TAXATION COMMITTEE

APRIL 8, 1975

The regular meeting of the Senate Taxation Committee was called to order at 3:00 pm, with Senator Brown presiding.

PRESENT: Senators Mahlon Brown, Eugene Echols, Mel Close, Norman Hilbrecht and Wm. Raggio

GUESTS: Mat Benson, Heritage Ranch
Matt Bernard, Douglas County Clerk/Treasurer
Micki Blomdal, Nevada Tax Commission
Jim Lien, Nevada Tax Commission, Assistant Secretary
James Salo, Nevada Tax Commission, Dep. Attorney General

ASSEMBLY BILL 341: Amends provisions governing distribution of motor vehicle privilege tax.

Mr. Jim Lien, Nevada Tax Commission, submitted charts on old and new privilege tax formula (attached) for discussion. He explained what they are trying to do is to clean up the formula by tying the allocation directly to the assessed valuation and tax rate ratios, so that anyone can tell what the next year's allocation is going to be. He said that it was very difficult to make the allocation as far as personal property taxes were concerned because they fluctuate.

Senator Hilbrecht asked if what they were doing was going to the real property base and was advised by Mr. Lien that what they are doing is going to the total gross base and tax rate.

Senator Hilbrecht said it is no longer the proportion in which the personal property tax is paid, but in which taxes are collected to gross taxes. He asked what the effect would be. Mr. Lien stated that they are quite comparable as far as adjustments are concerned.

The deviations were discussed with the following example cited: Carson City School District under the present system is collecting for its debt service, which in turn is given back to the County because the County is responsible for the debt service. Under the new formula the debt service for the school districts goes directly to the counties, as it does in most cases already. It is not a problem in the Carson City School District, it just means they are now passing the money through their books. It will go directly to Carson City - the indicated loss does not affect the District's operation.

Senator Hilbrecht asked if the same thing applied to the \$40,000 in Clark County. He questioned the \$50,000 difference for cities in Clark County as shown on the chart. Mr. Lien explained the computation. He also stated a copy of the explanation of the new formula and language has been sent to the Clark County School District, Mr. Warren of the Nevada League of Cities, and the Washoe County School District so they could determine whether they agreed with how the Agency interpreted the new language.

When the Agency appeared before the Assembly Government Affairs Committee, they were basically in agreement and there was no adverse

comments from the entities. Also included is clarification of the fact that the Motor Vehicle Department will continue distributing warrants to the three types of entities (counties, cities and school districts) and reallocation of that which goes to any other local government within the counties would be redistributed by the county concerned.

Distributions of less than 1/2 of 1% will not be made. It would not effect any major entity as the language protects them, but is geared for small districts. He said they have allocations down to as small as \$3.00 and \$4.00 to a district. Senator Raggio questioned how it changes the present distribution. Mr. Lien explained that under the present system the allocation is based on the personal property tax that is collected the prior year. The new system ties it to the gross assessed valuation of the entities and the tax rate.

Senator Hilbrecht asked how the tax rate computes into the formula. Mr. Lien explained that ratio is based on taxes that are levied-tax rate times the valuation; the ratio is the product of the two. Discussion followed with Senator Hilbrecht regarding counties with low tax rates.

Mr. Lien said that they certify the tax rates out and certify the assessed valuation in May. The formula at that time can be determined and utilized the following July for new distribution.

Senator Raggio questioned whether Reno and Sparks would lost their share under the new formula. Mr. Lien said that while the bill was being drafted for introduction in the last session, Mr. Heidrich and Mr. Chavez represented the entities. Actually, the cities should not have been receiving as much as they had been in the past and more should have been going to the county.

At the conclusion of the discussion, a motion was introduced by Senator Raggio to recommend 'do pass'; Senator Brown seconded the motion and motion carried unanimously.

ASSEMBLY BILL 64: Provides for dismissal of actions against Nevada Tax Commission under certain circumstances.

Mr. James Salo stated the bill was originally introduced as a request by the Tax Commission. The Secretary of State is served; a default was previously entered against the Tax Commission when the Secretary of State failed to forward a complaint to the Tax Commission or Attorney General.

Senator Hilbrecht asked, "how does not enter a default?" Can a default be entered against the State without a hearing? A default is entered by the County clerk. A default judgment is entered by the court after a hearing, replied Mr. Salo. He stated they had to go to some trouble to have one default set aside. A.B. 64 was rewritten before Assembly action in the House. It was the original request of the Tax Commission that each state agency be served directly. Language was added at the request of the Attorney Generals office in the Assembly.

Mr. Salo explained the wording was to make it clear. The section only applies to "courts within the state". They then discussed statutory waiver of immunity. The TRPA litigation situation was used as an example of unsuccessful attempts to name the State of Nevada as a party in foreign law suits.

In referring to lines 16 and 17, the word "complaint" was added to conform to present practice.

Senator Raggio questioned what the bill was doing in this committee. Senator Hilbrecht said he was having difficult with AB 64 in its present form; he asked what procedure was used to sue the Tax Commission.

A better procedure has been created to issue prompt delivery of complaints to Attorney General. Brief discussion followed.

Senator Hilbrecht suggested that complaints be delivered with two copies available which should solve the problem of 'who' to solve.

A motion was introduced by Senator Raggio, and seconded by Senator Close that they recommend 'do pass' on this measure. Motion carried unanimously.

ASSEMBLY BILL 358: Increases penalties for property tax delinquencies.

Mr. Matt Bernard, Douglas County Clerk/Treasurer was present and presented a copy of his letter and list on delinquent taxes. (copies attached)

A discussion followed on the Sierra Charter& Tahoe Land Company the two largest offenders. There are 2,785 delinquencies, the total which is \$332,000. The delinquencies are 10% of the entire county. The Tax Commission indicated the support of the bill as a means to improve timely payments.

Senator Hilbrecht referred to subsection 3(a) questioning the high interest rate for the 1st quarter. He said he thought it was unfair because of an incident in which he was late because of someone else's inefficiency; also, it was unfair because there was no intention to avoid or delay payment. He felt that there should be a grace period.

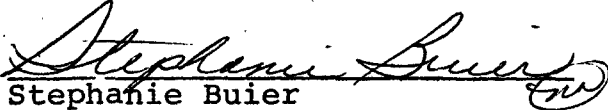
A ten day grace period was decided upon. This would save the publication of a delinquent tax list in the paper. It costs \$14,000 to publish this list and a grace period would stop this. This was a serious problem for smaller counties. Discussion followed on cost and publishing delinquent lists.

Matt Benson of Heritage Ranch testified that it was unfair for the large land companies to utilize the low penalty rate to make money by investing the taxes that were due at a higher rate. It was felt that a penalty ought to be, in fact, a penalty. He agreed that the grace period was good and concurred with the concept of the bill.

A motion was made by amend the bill to include a ten day grace period and that the bill be given a 'do pass' recommendation; seconded by Senator Hilbrecht and carried unanimously.

Respectfully submitted,

APPROVED:


Stephanie Buier


B. Mahlon Brown, Chairman

SENATE

203

AGENDA FOR COMMITTEE ON TAXATION

TUESDAY Date APRIL 8, 1975 Time pm Adj. Room 231

Bills or Resolutions to be considered	Subject	Counsel requested*
AB 64	Provides for dismissal of actions against Nevada Tax Commission under certain circumstances.	
AB 341	Amends provisions governing distribution of motor vehicle privilege tax.	
AB 358	Increases penalties for property tax delinquencies.	

*Please do not ask for counsel unless necessary.



Office of CLERK and TREASURER

COURT HOUSE, MINDEN, NEVADA 89423

PHONE (702) 782-5176

MATT BERNARD
COUNTY CLERK & TREASURERLOIS M. BROOKS
Chief Deputy Clerk & TreasurerBARBARA IDIART
Deputy Court ClerkJACQUELINE NORRIS
DeputyVICKY MIHELIC
Deputy Court ClerkDARLENE KINCADE
Deputy

March 31, 1975

Mr. Brown, Chairman
Senate Committee on Taxation
Legislative Building
Carson City, Nevada 89701

Re: A.B. 358

Gentlemen:

In response to the request of the Assembly Committee on Taxation, I am submitting a written statement concerning the 1973-1974 delinquent taxes in Douglas County.

It may be of interest to the Senate Committee on Taxation to know that the 2,785 delinquencies account for a total of \$332,346.87, nearly 10 percent of the total taxes on the roll (\$3,278,945.52).

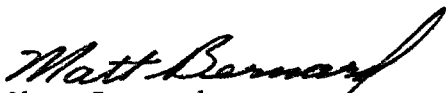
In the essence of time, I am enclosing an editorial published in the Gardnerville Record Courier on March 27th, 1975. The editorial was written by Mr. Frank Griffin who took the time to compile the type of information your committee may want to consider.

Perhaps the real point of concern in this matter is the trend that is being established. Each year more and more taxpayers are letting their taxes go delinquent in order to take advantage of the low interest rate charged as a penalty. In reality this is a good business practice, but the use of such a practice has a crippling effect on the economics of county government. To document the trend we note that the delinquent list the previous year (1972-1973) was slightly less than 1800 delinquencies for approximately \$272,771.09 compared to 2,785 delinquencies for \$332,346.87 for 1973-1974.

Another point of concern is the fact that several prominent ranchers of Douglas County have stated, "If the land developers don't start paying their taxes, then the ranchers aren't going to pay either."

If I can be of further assistance in this important matter, please call my office, 782-5176 - Ext. 225.

Sincerely,

Matt Bernard
Douglas County Clerk & Treasurer

Encl:

cc: Senators Echols, Close, Herr, Hilbrecht, Wilson and Raggio

Publisher
Donald L. Woodward

Editor
Tom Wixon

The Record-Courier dates back to 1831 and is the legal newspaper for Douglas County. The weekly is published Thursday mornings by the Carson Valley Publishing Co. at 130 Eddy St. in Gardnerville. The paper is mailed with second class postage paid at the post office in Gardnerville, NV 89410.

The one-year subscription rate is \$5 in Douglas, Alpine, Mono, Lyon and Carson City counties and \$5.50 elsewhere. The mailing address is Box 153, Gardnerville, NV 89410.

up?" The best time is about 11 a.m. when official operations start. We would caution visitors to stay off active runways and taxiways. Come to the sailplane area via the dirt road along the southern boundary.

Sincerely,
Enil Kissel
President, PASCO

This week
1991
CARSON V

The view from here

Delinquent tax list shows majority carries a few

by FRANK GRIFFIN

We have reached that time of year when the county makes a public record of those who are delinquent in their property taxes. The list, as usual, is a long one. It contains approximately 3,000 properties for which taxes are overdue, for total taxes and penalties close to \$300,000.

To deal with good news first, the list makes it readily apparent that the average resident of Douglas County pays his taxes promptly, whatever his economic circumstances. And being a solid citizen, he is entitled to inquire concerning the failure of others to meet their share of county taxes when due.

We have prepared a number of summaries from the published list which may help explain what is happening. For example, almost half of the listings are on behalf of persons or organizations having five or more properties on which taxes are delinquent. In other words, half of the list represents properties ostensibly held for investment, speculation or development.

Many of the ventures represented in this group are thus either underfinanced or simply taking advantage of the county by using it as "banker" for additional working capital. They find this profitable because the tax penalties are lower than bank interest charges on borrowed money.

One organization accounts for more than 30 per cent of all the delinquent tax properties listed. (Superficially it appears that two companies are involved, but the listings in question under the name of a title company do not indicate anything remiss on that company's part. Rather, it is the development company that has the responsibility for paying these taxes; according to our source).

The organization to which we refer is Sierra Charter Corporation. Its name appears 563 times on the delinquent list, and the additional 338 listings under a certain title

company's name are also imputable to it.

The total tax indebtedness is \$32,357 for these 901 properties (chiefly lots). Apparently the company puts a higher priority on some other use for the money, worth whatever unfavorable publicity may stem from legal publication of delinquent taxpayers.

Another developer, Lake Tahoe Land Company, with 114 delinquent tax properties listed, is the leader in amount of overdue taxes, owing some \$34,594. Two other companies at the Lake also owe in excess of \$10,000, with 35 and nine listings, respectively.

All told, the number of persons or organizations having five or more properties on the delinquent list is 30, by our count. The total listings on behalf of these 30 is 1,428, having overdue taxes of \$120,146. Eight of the thirty appear to be individuals, and the remaining 22 are development companies.

So the problem is to a large extent created by developers who find it attractive to use the county as financier instead of borrowing working capital. And it is a problem because the faithful taxpayers are meanwhile carrying the delinquents.

A bill has recently been introduced in the legislature, by Assemblyman Lawrence Jacobsen, to increase the penalties for tax delinquency to help eradicate the problem. Hope may lie in this direction, once the "bugs" in the proposal are removed with respect to small individual taxpayers who may temporarily have fallen on hard times.

We understand a substantial number of delinquent listings are those of property owners residing outside of Douglas County and often outside the state. This is another important factor in policing the payment of taxes. We are told that when time permits, County Clerk and Treasurer Matt Bernard is planning a more complete statistical analysis to assist in diagnosing the thorny problem of tax delinquencies.

Let's face it

Editor:

All right—Let's face it. We know you are not the reason man is as he is. It is not only in politics we find each person trying to pass the buck to someone else. Look at the reports of building agencies, governors, and the service of groups such as Sierra Charter Corp. Look at its functions, reported from the commissioners in the last Courier!

We used to think a doctor was "passing the buck" when he did not know what to do with his patient and sent him to specialists. A few million things can go wrong, and each one must have a specialist. No one agrees with the other.

Try to get your car repaired or find out what is the matter with it. You will know about as much as you did at first, except for paying the bill. Our politicians are nice at times, but try to get anything out of them concerning the conditions, and you end up knowing about as much as you did about your car or your husband or your home and the services it needs. No, more than that, you pay the bill regularly or go without!

There are enough things getting by with murder—our present problems with social humanity, with mother nature and all her accidents and cruelties. So wouldn't it help immensely if there could be a little more cooperation and promises kept (business and personal)? Fulfillment of bonds of agencies and companies?

How can a section develop if it does not have the services required for human living? People cannot live and progress without food and water at least. Maybe power and phone, electricity and sewage, education for children, stores and roads, fire prevention and a few more dozen things can be called "extra" services. But if we are going to live in this day and age, all have to be within reasonable reach. So why not

- March 18
- March 19
- March 20
- March 21
- March 22
- March 23
- March 24

- KINGS:
- March 18
- March 19
- March 20
- March 21
- March 22
- March 23
- March 24

- GEN:
- March 18
- March 19
- March 20
- March 21
- March 22
- March 23
- March 24



U
LO
AC

At 1400
WAYNE
12th/10-30

TABLE
SUMMARY OF LISTINGS FOR PERSONS OR ORGANIZATIONS HAVING
FIVE OR MORE TAX DELINQUENCIES

LOCATION	No. of Persons or Organizations	No. of Properties Delinquent	OWED AMOUNT
General County:			
Topaz	3	98	\$ 7,097
Vista Grande, etc.	3	65	2,577
Artemesia	2	13	217
Fish Springs	2	15	806

Over ↓