

SENATE TAXATION COMMITTEE
MEETING OF MARCH 22, 1977

The meeting was called to order at 2 p.m. by Chairman Bryan. The following members were present:

Senators Norman Ty Hilbrecht, Gary Sheerin, Carl Dodge, Floyd Lamb and Richard Bryan.

Senator Glaser was excused.

The following items were discussed and action taken:

SB 240 Provides property tax exemption for Nevada Outdoor Recreation Association, Inc.

Sonia DeHart, representing the Nevada Outdoor Recreation Association, stated that since the organization was founded in 1958, NORA has attempted to discover and preserve historical, archeological, scenic and recreational areas in the State of Nevada and the Great Basin. All members are unpaid. NORA receives a few small grants and has been given 10 acres of land in Elko. NORA intends to donate the Elko property to the State Parks Association in the future.

Senator Bryan asked what is the size of NORA's membership, and how many are state residents. Mrs. DeHart replied of the 400 members, 150-200 are residents.

Senator Bryan asked what property of NORA's would this bill apply to. Mrs. DeHart answered it would apply to an property given to NORA and the Elko property.

Senator Bryan asked if there were improvements on the land in Elko. Mrs. DeHart replied there wasn't.

Senator Dodge asked if NORA was incorporated in the state of Nevada. Mrs. DeHart replied in the affirmative, adding NORA has federal tax exemption status.

Senator Dodge asked if NORA's articles of corporation or by-laws prevent anyone from gaining personally from any of NORA's activities or ownerships. Mrs. DeHart could not answer the question. Senator Hilbrecht indicated the answers could be found by reading a copy of NORA's articles of corporation.

Senator Lamb asked Mr. Homer Rodriguez, Carson City Assessor, if this bill could be carried to the point where it could hurt the county. Mr. Rodriguez replied that NORA's one parcel of land in Elko, which is vacant, applies the same as churches or any other exempt property. That being, if the land is vacant, it is not exempt until a building is constructed on it.

Senator Bryan explained to Mrs. DeHart that because there are no improvements on NORA's property in Elko, the tax exempt status would not apply under the state's law on a vacant lot. Even if this bill was passed, it would not in any way benefit NORA.

Mrs. DeHart asked if purchasing a vehicle would be considered an improvement.

Senator Bryan answered it would not because the bill refers to buildings, furniture, and equipment and lots of land on which they stand. It would not apply to personal property such as a vehicle. Therefore, SB 240 would not be of benefit to NORA at this time.

Senator Bryan asked Mr. Jim Lien, Deputy Director of the Department of Taxation, his department's analysis of the fiscal impact of this bill.

Mr. Lien answered that the Department of Taxation has learned that NORA owns property in Elko county in the Gamble Ranch district. There are no improvements on the property, and because the area in which the property is located is declining, it is safe to assume there will be no appreciation in value in the future. Consequently, the property is now valued at \$240 and the tax bill is \$7.33.

Mr. M. Douglas Miller, lobbyist for the Property Owners and Taxation, testified that his organization opposes SB 240 because there are many other organizations which are just as lively and in need of tax exemption as NORA.

Senator Dodge moved to postpone SB 240. Senator Hilbrecht seconded the motion and it passed unanimously. Senators Glaser and Lamb were absent.

SB 316 Provides for gradual application of certain property tax increases.

Mr. Rodriguez, representing the Nevada Assessors, testified this bill would give property owners a 10-year exemption on their taxes because property is being appraised at least once every five years. By the time these increases are prorated at the end of every five years, and if the assessors prorate for another five years on top of that, they will not be doing their job in bringing up properties equal to others. Also, this bill calls for on the land only and not for improvements. It is not right to make this apply to one area and not the other.

Senator Hilbrecht doubted the constitutionality of the bill. He moved to postpone SB 316. Senator Lamb seconded the motion. The vote was unanimous with Senators Dodge and Glaser absent.

SB 330 Clarifies provision concerning payment of property tax by purchaser of mobile home or slide-in camper.

Mr. Lien testified he agreed with the concept of the bill but felt there was a problem with the language. It is inconsistent with other provisions of the statute. He passed out two other provisions, entitled Levy of Tax, which illustrate the inconsistency of the language. Copies are attached.

Senator Bryan asked Mr. Lien to explain the present law and procedure, to tell what he thinks the bill does and where the problem arises.

Mr. Lien said the present law states that if a purchaser of a mobile home or slide-in camper does not pay the personal property tax within 30 days of taking possession, the county assessor can take some type of action. He pointed out that mobile homes are like any other property in the state of Nevada. According to 361.450 of the attached material, any taxes or levy is a perpetual lien. In the second paragraph, it says when the lien attaches, it either attaches on the first Monday of September or when the property moves into the county or the state.

He said the problem with the language is in the phrase "for the current fiscal year." There can be situations where there is tax still owing. This needs to be conformed.

Mr. Lien said the purpose behind this bill is to make sure personal property taxes are paid. The term "for the current fiscal year" should be removed from 361.563 because, the way this reads, someone can owe taxes dating back more than a year, but taxes could be collected only for the current fiscal year. There must be assurance that delinquent taxes are paid, and not just for the current fiscal year. The wording tends to defer anything prior to the current year.

Senator Bryan commented that this committee made some value judgements on SB 140, a bill introduced by Senator Raggio, which Mr. Lien should be aware of and may want to comment on the affect of the changes when it becomes law.

Senator Bryan said the purpose of SB 140 was to enhance the concept of negotiability of title. The title is passed on mobile homes much the same as automobile titles. On its face, many people believe

that when they buy an automobile or a mobile home, the transfer of that title constitutes a perfect title to them. This committee voted to eliminate the tax lien with respect to mobile homes to the county in which the mobile home is situate at the time of sale. In this way, a clear title on that mobile home would pass by virtue of a seller endorsing off the title and the assessor endorsing off for his county, and his county alone, that there are no taxes or encumbrances on the property.

He added, it is reconized that, in so doing, it would be possible for a mobile home to be moved out of the county to be sold. But we tried to make some value judgements that a purchaser has no way of independently ascertaining without calling all 16 counties to verify if there is an unpaid tax on the mobile home. We intend to attach on the title itself a warning that the title does not pass until endorsed by the assessor.

Mr. Lien asked if a delinquent tax becomes a debt against the individual. Senator Bryan stated that is correct.

Senator Dodge asked how much tax loss would there be in Nevada under this bill.

Mr. Lien stated he assumed there would be less than prior to the last session when legislation was passed for a moving permit to be issued by the county assessor and put on the mobile home when it was moved. This was designed for trying to get the tax paid, as well.

Mr. Lien stated he did not think SB 330 was in conflict with SB 140. He reiterated that the phrase "current fiscal year" should be eliminated from SB 330. He also suggested that 361.563 be added to the bill but delete the language "for the current fiscal year."

Senator Hilbrecht suggested deleting the bill. He questioned whether the bill was needed.

Mr. Lien responded SB 330 could be eliminated if 361.563 was amended so that .562 and .563 would be consistent. .562 does not use the term "current fiscal year," but .563 does use the phrase. If "for the current fiscal year" on page three, line seven was deleted in SB 140, then SB 330 could be eliminated.

Senator Lamb moved to amend SB 140 accordingly. The motion was seconded by Senator Hilbrecht and passed unanimously.

Senator Lamb moved to postpone SB 330. The motion was seconded by Senator Hilbrecht and passed unanimously. The motion was based on the assumption that if SB 140 is not amended, SB 330 can be reconsidered.

Senator Bryan asked Mr. Lien to look at the additional amendment to SB 140 to see if it poses any problems.

SB 327 Broadens property tax exemption for visual and performing arts.

Mr. James Deere, from the State Council on the Arts, stated the council endorsed SB 327, but recommended substitution of "not-for-profit" in place of "non-professional" in the language of the bill. "Not-for-profit" would be an easier term with which to deal. Professionalism is hard to define while "not-for-profit" is simple, whether the Internal Revenue Service standard or state corporation rules are used. A copy of Mr. Deere's complete statement is attached.

Senator Hilbrecht said he also was troubled by the language. He stated he would feel much more comfortable if the bill read, "...buildings, furniture and equipment used or owned for the exclusive purpose of conducting classes in the visual and performing arts and the production of related events on a not-for-profit basis, owned and operated by non-profit educational corporations are exempt from taxation." He added that the present language does not exclude proprietary property.

Mr. Lien, as President of the Carson City Arts Alliance, stated that SB 327 should apply to the full arts area. This particular provision does not exempt the entity from paying taxes on the land; it only exempts from paying taxes on its improvements, equipment, etc. At the present time, we can find no one this broadening of the tax base directly applies to. If this were in effect, the Carson City Arts Alliance would pay a \$400 tax bill rather than a \$1700 bill. There is no reason to object to the amendment proposed by Senator Hilbrecht.

Senator Sheerin asked where the Carson City Arts Alliance stood with its application to the federal government.

Mr. Lien replied the Arts Alliance is waiting for the next round of the public works bill. If the application is accepted, title of the property will pass automatically to the city as a condition of accepting a grant from the federal government. It will be another 120 days before there will be any information from the government.

Senator Bryan stated he thought the amendment suggested would be a good one.

Senator Dodge said he didn't want to process any of these bills. He said a study was conducted during the interim two years ago. The study showed there was no particular reasons for exemptions granted in the past. We keep, by attrition, whacking away on these exemptions to a point where it is hard to ever draw a line in the future for a property tax base. If the committee doesn't take a firm view on these things as a matter of policy, it is going to be inundated with these requests. He indicated he would give the committee the study to read.

Senator Bryan stated the committee will hold SB 327 until it has a chance to read the study.

SB 288 Proposes to amend Sales and Use Tax Act of 1955 to provide credit for exchanges on certain products.

Senator Sheerin moved to postpone SB 288. Senator Dodge seconded the motion and it passed unanimously with Senators Glaser and Lamb absent.

Senator Bryan added that, as an accomodation to Senator Glaser, the committee will allow him to submit additional material to supplement the record.

SB 16 Provides for submission at the next general election of question proposing certain changes in Sales and Use Tax law, and

SB 243 Provides rebate of sales tax on food to persons of limited income.

Senator Hilbrecht wanted to know what was going to be done with these two bills. It was indicated that the committee was waiting for Senator Glaser's return.

Senator Bryan stated if either bill was to have any chance, they have to be reported out of committee shortly.

Senator Hilbrecht said he felt philosophically there is a serious danger in SB 16. He is in accord with its objective, but is fearful unless something is done this session that bills like SB 16 will be haunting session after session. For this reason, he is not ready to abandon SB 243.

Senator Dodge agreed. He said it is conceivable that food prices might sky-rocket in the next few years and the set of figures will be much different than those being projected now.

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He questioned the wisdom of planning to narrow the tax base, saying the state is going to face increasing competition in gaming in America. There is a proposal in the California Legislature to put on the ballot a 20-mile strip and that might be passed. If it does pass, where will that put the tax structure in Nevada? The state will be thankful to have whatever it has upon which to base its revenue structure. It is not a wise time to be making this kind of move.

On the other hand, Senator Dodge said he recognized the regressivity about the sales tax on food, particularly with a breadwinner who has to support a family of five on a low income. This is a tough tax. He has no alternative but to buy food. Therefore, Senator Dodge indicated he would support SB 243 and felt it should be reverted to the Finance Committee because it has an impact which the committee has to take a look at.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Colleen Crum

Colleen Crum, Secretary

APPROVED:

Richard H. Bryan

Senator Richard Bryan, Chairman

SENATE

TAXATION COMMITTEE

DATE March 22, 1977

PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT

TESTIFYING? NAME ORGANIZATION ADDRESS PHONE

Sonia De Hart

yes M. Douglas Miller

Nevada
outdoor
Recreation
Assoc
property owners association

Box 71 Lasoo
4249 King Canyon Rd.

782-201
881-353

in some of the counties concerning the assessment of property, consolidate any or all of the suits in one action in any court of competent jurisdiction in Carson City,

[17:344:1953, 576]—(NRS A 1969, 287)

of NRS 361.375 to 361.435; penalties.

1. Sections 361.375 to 361.435, inclusive, with respect to county commissioners, county auditors and assessors in connection with the preparation of the assessment rolls.

2. Any such county commissioner, auditor or assessor who refuses to comply with such mandates is, in addition to the penalties provided for a gross misdemeanor, and for persistence therein, guilty of a gross misdemeanor. Any person who swears falsely and is punished for perjury.

[Part 14:177:1917; 1919 RL p. 355; 1959]

LEVY OF TAX

361.445 Basis for property taxation. The assessment made by the county assessor and by the department, as equalized according to law, shall be the only basis for property taxation by any city, town, district, road district or other district in that county.

[17:344:1953; A 1954, 29]—(NRS A 1975, 1670)

361.450 Effect of tax: Lien on property assessed; time of attachment of lien.

1. Every tax levied under the provisions of or authority of this chapter shall be a perpetual lien against the property assessed until such taxes and any penalty charges and interest which may accrue thereon shall be paid.

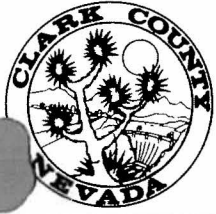
2. The lien shall attach on the 1st Monday in September prior to the date on which the taxes are levied, and shall be upon all property then within the county. The lien shall attach upon all other property on the day it is moved into the county. If real and personal property are assessed against the same owner, a lien shall attach upon such real property also for the tax levied upon the personal property within the county; and a lien for taxes on personal property shall also attach upon real property assessed against the same owner in any other county of the state from the date on which a certified copy of any unpaid property assessment is filed for record with the county recorder in the county in which the real property is situated.

3. The county assessor shall collect the tax required to be paid by subsection 2, in the manner prescribed by law for the collection of other personal property taxes.

(Added to NRS by 1965, 530; A 1969, 1165; 1971, 176; 1973, 232; 1975, 332, 1087)

361.563 Payment of tax by person who brings mobile home, camper into state or purchases from other than a dealer. Every person who brings into the State of Nevada or purchases from a person other than a dealer any mobile home or slide-in camper on which the personal property tax has not been paid in this state for the current fiscal year shall within 30 days from the date of entry or purchase comply with the provisions of paragraph (a) or (b) of subsection 2 of NRS 361.562.

(Added to NRS by 1965, 531; A 1969, 1165; 1973, 232)



clark county assessor's office

CLARK COUNTY COURTHOUSE
200 EAST CARSON AVENUE • LAS VEGAS, NEVADA 89155
(702) 386-4011



JEAN E. DUTTON, *County Assessor*

K. DON DUNN, CAE, *Assistant County Assessor*

March 11, 1977

The Honorable Richard Bryan
Nevada State Senate
Legislative Building
Capitol Complex
Carson City, Nevada 89710

Dear Senator Bryan:

It is doubtful that a representative of our office will be able to appear at the Senate Taxation Committee hearing on March 17, 1977. Will you please have the enclosed comments on S. B. 316 read into the minutes of the meeting.

Thank you for your assistance.

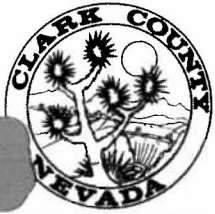
Sincerely yours,

A handwritten signature in cursive script that reads "J. E. Dutton".

J. E. Dutton
Clark County Assessor

JED/ksa

Enclosure



clark county assessor's office

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JEAN E. DUTTON, *County Assessor*

K. DON DUNN, CAE, *Assistant County Assessor*

March 11, 1977

REPORT TO SENATE TAXATION COMMITTEE

ON S. B. 316

This office is not opposed to the concept of this bill. It has been the contention of this office that governmental entities should not eat up 30% to 40% increases resulting from revaluation in one year but should absorb the large increase upon revaluation over the period between revaluations.

However, the administration of this bill would result in a voluminous increase in work for this office. Clark County, at the present time, has approximately 140,000 parcels. This count increases substantially each year with all the new subdivisions and acreage splits. Almost all land goes up in Clark County more than 20 percent on revaluation. This would mean at the end of a five-year period almost every parcel in the county would have to have an assessed value change made on it. We can effect extensive computer program changes to handle the yearly increases. However, this would mean a notice of revaluation card would have to be mailed on every parcel in the county. At the present time approximately 20 percent of the county gets revaluation cards now; and in late November, December and January our office work comes almost to a standstill to answer questions on the notices mailed out. You can see the implication of work time which will be consumed with most of the county getting revaluation cards, not to mention the additional printing and mailing expenses being increased approximately five times.

The administrative problems mentioned above are based upon the assumption that no special problems will result from the annual percentage increase. Reading through the bill, however, we can see many problems which should be worked out prior to adoption of the bill. Listed below are a few of these problems.

1. After revaluing an area we have to make the determination at that time when we are going to be getting back to that area for revaluation. Normally we run on the five-year cycle in Clark County, however, instances arise in some areas where we revalue more often than every five years. An example of this instance is when the Board of Equalization might direct us to revalue an area because of a low ratio study. The point we are trying to make is that it is difficult to project when an area is going to need a revaluation at a point as much as five years in the future.
2. Another problem is on agricultural and open space properties which require establishing a potential value and a use value and require taxing for the differential upon cessation of use. The potential use values fall into the five-year cycle and a percentage application of the potential value each year complicates the determination of the differential amount. Also the use values change each year by Department of Taxation directive. Some of these use values change more than 20 percent which would mean a carry-over on the tax bill for the next year. What happens if next year's value also increases by more than 20 percent?
3. Under this bill, how would you handle a large acreage parcel which underwent a revaluation increase resulting in a percentage assessment and a small piece of this parcel sells the next year? A one acre parcel is more valuable per acre than a 40 acre parcel is per acre. Therefore, you can not break out future percentage assessments relative to the revaluation value per acre.
4. How would you handle a residentially zoned property which has gone through revaluation resulting in a percentage assessment based upon a five-year cycle, and the next year that parcel becomes commercially zoned and requires a higher value again at the time of rezoning?
5. How do you handle a parcel that is not in the area for revaluation but has had a major improvement built upon it, and the construction of that improvement results in modifications to the land which causes the land value to raise more than 20 percent?
6. Since the bill applies to land only, we think you should consider urban areas where the land constitutes a small percentage of the total bill.

The land will go up in excess of 20 percent and would require us to prepare a percentage value and will only result in a small savings to the taxpayer with respect to the total bill. The normal ratio of land to improvements for residential property is 20% to 25% and in large commercial properties such as our hotel complexes, the land ratio will be much lower.

7. Under this bill, how would you handle a parcel which has gone through a revaluation resulting in an assessment to be spread over a five-year period and two years later the owner gives a road deed over to the county for a part of the parcel? This road deed, in many instances, will result in a reduction of value to the parcel.
8. Another problem area is the ratio study done by the Department of Taxation every two years in which they compare their appraisals to our assessed value. By applying only a percentage of revaluation value each year to our tax roll, we very rarely have a parcel on roll with a 35 percent ratio.

These are just a few of the questions which should be answered before adoption of the bill.

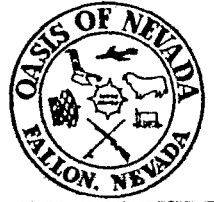
I have to assume the purpose of this bill is to keep the taxpayer from paying all of the increase in assessed value resulting from revaluation at the next billing. I would like to point out the assessed values determined by the assessors is only a tax base. A large increase in the tax base does not have to mean proportional increase in taxes. Legislation should be sought to prohibit the entities from budgeting a sizable increase resulting from revaluation. The entities could adjust their rates upward each year between revaluation years. This would accomplish two things: (1) The increase in taxes for the taxpayer would be spread over a period of five years and (2) would mean the entity would be getting an increase in ad valorem revenue each year more than the small increase which they receive on non-revaluation years.

We are submitting a bill which will have much of the same affect as limiting the tax rates which can be set by an entity following revaluation.

Office of

Churchill County Assessor

10 West Williams Ave., Fallon, Nevada 89406



Phone 423-6584

March 17, 1977

MAR 18 1977

Homer Rodriguez
Carson City Assessor
198 North Carson St.
Carson City, NV 89701

Re: SB316

Dear Homer:

I am sure I won't be telling you anything that you are not aware of if SB316 is adopted, but I will be on record as opposed to its adoption.

It appears that the administration of this bill will be very cumbersome and will become more so as the years progress. It is quite conceivable that after the first five year cycle we will be calculating percentage increases on every roll sheet in the office. Without a doubt this will necessitate more employees to handle the additional work load. It will take five years to collect \$100 in increased taxes, whereas with the present method we can collect \$500 in five years. Applying this county wide it will eventually reduce the cash flow to the county substantially. It appears to me that if it is the intent of this bill to reduce the cash flow to the counties, the legislature should enact a bill to reduce the percentage of assessment from 35% to a lower figure, thereby eliminating all the extra work involved in the administration of SB316.

The plan for this office is to be on the computer assisted appraisal system this year, which we are in hopes will allow us to complete our appraisal cycle in less than five years. Although there are provisions for shorter intervals, there is no provisions for conversion to the shorter intervals.

I intend to make the Board of Churchill County Commissioners aware of the effect that this bill will have on this office in hopes that they will give it a thorough review.

Very truly yours,

PAUL E. SCHOLZ
Churchill County Assessor

PES/jr

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Office of COUNTY ASSESSOR

P.O. Box 8

ELKO, NEVADA 89801

March 14, 1977

In Re: S B 316

Hearing Date: 3-17-77

Mr. Richard Bryan, Chairman
Senate Taxation Committee
Legislative Building
Carson City, Nv 89701

MAR 16 1977

Dear Dick:

Homer Rodriguez phoned me this morning regarding your Thursday hearing on the above bill which would give temporary assessment relief to land, when reappraised, basically in increments of 20%.

It is my belief that this bill would be unfair and discriminatory, be extremely difficult and costly to administer and cause considerable inequity in the equalization of property values.

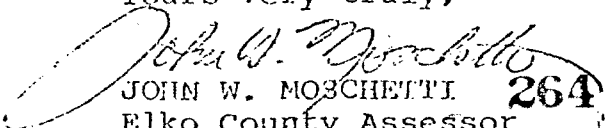
Most jurisdictions at present are having trouble meeting the 5-year interval for reappraisal of all properties and by the time the assessor does his reappraisal the land owner has enjoyed 3 or 4 or more years of lower than market appraisals, so at the time of the reappraisal we are only "catching up".

At the present time the Nevada Tax Commission sets the value of agricultural land annually and this changes every year; the past two years agricultural land values have decreased and the two years prior thereto, the agricultural land values increased. How would you handle this type of land?

In many counties there are large subdivisions of land into many lots with aggressive sales promotions. Sometimes it takes several years to sell off these projects and when this occurs, we use a discount procedure based on average sales per year so the subdivider is not penalized.

Each assessor's office generates numerous changes in his assessment roll each year such as address changes, changes in values of livestock, changes in values of agricultural lands, depreciation on mobile homes and other personal property, changes in assessments and sometimes it appears we will not complete the chore. This bill would add to this work load, increase costs and decrease revenues. I am strongly opposed to it.

Yours very truly,


JOHN W. MOSCHETTI 264
Elko County Assessor

cc- Senator Norman Glaser
Assemblyman Dean Rhoads
Assessor Homer Rodriguez

Statement of James Deere, Nevada State Council on the Arts, to the Senate
Committee on Taxation. March 22, 1977. ^{SB} #327

Mr. Chairman; members of the committee: My Name is Jim Deere. I'm director of the Nevada State Council on the Arts. The council has not had an opportunity to ~~spea~~^{review} to this bill, but I'm quite sure they will support ~~this~~^a housekeeping measure to extend the provisions of C361,145 to all the non-profit performing and visual arts organizations. There is little justification for limiting this exemption to community theatres.

The specific language of the bill refers to "nonprofessional" performing and visual arts organizations. I wonder if the thrust of the bill might not more accurately be directed to "not-for-profit" organizations, perhaps as defined by the IRS under Chapter 501 c(3) of the federal statutes. These are the organizations which qualify for our federal and state grants, and these grants are awarded regardless of the degree of professionalism. In fact, I would say that the arts council has a very definite committment in favor of professionalism as it relates to quality in the arts.

"Not-for-profit" would also be an easier term to deal with in state government. "Professionalism is hard to define, whereas "not-for-profit" is simple, whether the IRS standard or state corporation rules, or both, are used to define the term.

Therefore, gentlemen, I would indicate tentative council endorsement of this bill, while recommending substitution of "not-for-profit" for "nonprofession-al" in the language of the bill.

THANK —

Thank you very much.