

SENATE TAXATION COMMITTEE
MEETING OF MARCH 29, 1977

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

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

The following items were considered and action taken:

AB 348 Provides standard for determining assessed value of improvements under construction and clarifies which standards may be used in assessing agricultural land.

Senator Bryan asked Mr. Jim Lien, Deputy Director of the Taxation Department, if this was a department recommendation.

Mr. Lien stated that it was. The bill adds sub-section three, which states that an improvement when under construction will have a value established in whatever stage of construction it is now in. The basic reason for this amendment is the inconsistency in which this is now done throughout the state. Most assessors take some recognition of percentage of completion. However, it depends to the degree. If it's a quarter finished, one assessor will say he will pick it up next year and the next county will put it on the rolls as a quarter finished. While one could argue that this could be taken care of by regulation, the department feels it would be stronger if it were placed in the legislation itself.

Senator Hilbrecht stated he understood that the theory upon which the advalorem tax is based is the value of an asset. He was curious whether a half-finished house has a real value. There has been a practice in many jurisdictions to defer taxation as long as the building wasn't completed.

Mr. Lien responded by giving an example. The Park Tahoe Hotel at Stateline has been sitting with \$2 million worth of steel framing for more than a year. It has a definite value even if it is only the salvage value to the steel that is there.

Senator Hilbrecht stated that suppose a person is in the process of building a house and the assessor is doing his rounds. Based on the person's building permit, the assessor discusses with the builder when he is going to have the house finished. If he is going to have it finished within the next year, the assessor considers it appropriate to put it on not at half value as this would seem to indicate simply because he only has it half-framed, but at full value.

Mr. Lien stated he would agree that this is fine in the sophisticated counties. He said the assessor would be expected to put it on the rolls if he thought it was going to be completed before the end of the assessment period as a whole improvement.

Senator Hilbrecht stated he wouldn't with this statute.

Mr. Lien replied at December 15th at the closing of the roll, it will be put on at some percentage if it's only 50 per cent complete.

Senator Bryan asked when the roll is closed on December 15th, wouldn't this required the assessor to assess the value of the improvement.

Mr. Lien replied in the affirmative.

Senator Bryan said this would include swimming pools, for example.

Mr. Lien replied he had heard those arguments and that's why the department would listen to an amendment.

Senator Hilbrecht stated that the difficulty is there's cases where litigation gets involved in construction. He said he felt the reason assessors are elected is to place a little slippage in the system.

Mr. Lien replied but not 17 slippages.

Senator Hilbrecht stated he was not so sure that there wasn't because 17 county assessors are elected.

Mr. Lien said then the process and equalized values should probably be done away with.

Senator Hilbrecht replied that there is uniform and equalized values in the eyes of 17 county assessors. He suggested that, to some extent, what is being decried is inevitable in the system.

Mr. Lien stated that the department recognizes there is going to be some of that occurring. But it is property escaping taxation to not put a building on the rolls when it is completed because when the assessor saw it he didn't think it would be completed and didn't bother to find out when it would be finished. Anytime there is even a partial improvement, there is value. The statute still says if a property has value, it is to be valued.

Senator Dodge stated he could not support that at all. He felt, in fairness to people making investments in homes or commercial properties, there is a heavy enough financial burden to go

ahead and get the thing completed at which time it's going to be to the benefit of the county for tax purposes. The very least that can be done is to wait until the person has the chance to get the doors open and get some money in or at least have the enjoyment of living in his own home before he has to be hit with the taxes. He said he couldn't buy the argument that it simply defeats uniformity and equal taxation if in fact it's treated equally in all counties by not putting a percentage value on and only putting it on the roll when it is completed.

Mr. Lien said that was not the case. There are varying approaches. Percentages are being placed on the roll but there is no consistency as to how percentages are applied.

Senator Dodge stated if it wasn't put on the rolls until it was completed, that would be uniform.

Mr. Lien said if it isn't put on until it's completed, then the individual may actually be given up to 18 months free passage.

Senator Dodge said it is recognized that there is a lag in the property tax system. The question is still equity to the taxpayer.

Mr. Lien responded that where the problems about equity arise is when the assessor says the building is not complete, say in November, but it will be complete before the owner has to pay a tax bill next July. He'll be living in that home before that time. In essence on December 15th when the roll was closed, the home may have been only 50 per cent complete. Now he has gone ahead and assessed him for 100 per cent value even though it was not completed at the time of closing of the roll. That's not equitable either.

Senator Hilbrecht stated that that is trying to rush it on the rolls. He questioned whether that ought to be done. Maybe it should go in the other direction.

Senator Bryan stated that of all the burdens put on property owners, this might be a way to provide some relief to the taxpayer if a legislative policy was developed in which the assessment shall not go into effect until such time as the property or improvements are completed.

Mr. Lien said it would develop uniformity but, in the process, remember that the other taxpayers will be picking up the slack until the taxpayer who is building finishes construction.

Senator Sheerin corrected Mr. Lien that his 18-month property escaping taxation figure was inaccurate. He said actually 6 1/2 months is the only tax free time. That is from December 16th to July 1st.

Mr. Lien said from a taxpayers point of view, no. Because he counts it from the time he has to lay out dollars out of his

pocket. He said technically Senator Sheerin was correct.

Senator Dodge said let's estimate the projected cost of the MGM Hotel in Reno at \$100 million. Here's MGM spending \$100 million for a complex to go on the tax roll at 35 per cent. That's \$35 million. It's going to be a couple of years in construction. In the meantime, the building is moving rapidly and adding value every day. So the owner borrows the money for 10 per cent. He gets in the first year \$50 million of that and has to pay 10 per cent interest on that money, which is \$5 million, and then he finally has to pay on that other \$50 million before he gets the doors open \$5 million on just interim financing costs. On top of all those things, if 35 per cent of full value of assessment is calculated against him, and he has to pay that too, as a matter of policy that's not the way to go.

Senator Bryan asked Mr. Lien to outline the various options or alternatives presently imposed with respect to this problem.

Mr. Lien answered that there is everything from the situation of if the property is not going to be completed by the close of the roll, it doesn't go on. Then there's various stages of degree of whether the assessor feels it is going to be completed by June 30th, up to the point of automatically being taxed fully.

Senator Bryan stated apparently there is no statutory criteria at the present time.

Mr. Lien said no, the department doesn't think so.

Senator Sheerin stated it seems that what the department is looking for is the equalization in that every county treats it the same. Is there any objection if a policy was established that, in order to give the person under construction a break, all 17 counties will not tax until a notice of completion is filed after December 15th. If that was enacted there would be uniformity.

Mr. Lien responded that he objected more from a taxpayer's point of view than an administrator's point of view. As a homeowner, if he saw a new shopping center being built and it is going to be completed in January after the close of the roll, it is going to be operating for those six months with no tax dollar being paid on that for another 14 months. He would be concerned, as a homeowner, that the complex is not paying taxes.

Senator Sheerin said he appreciated that but that is still a policy. He asked what if the date of completion was used as the time to start the taxes instead of relating it back to the next December 15th.

Mr. Lien said the problem is that the rolls are closed for a whole year after December 15th.

Senator Sheerin said the building could still be taxed from January to July 1.

Mr. Lien said, if that was the case, it would be put on the unsecured roll and collected as property escaping taxation.

Senator Glaser said he shared the same concern as the rest of the committee. This is another tax on capital and unduly penalizes the private sector. If there is concern about uniformity, he contended there are some other cases right now in the assessment practices in the area of assessed household furniture which are left up to the assessor.

Senator Dodge asked if there is any constitutional reason or any other reason why the legislature could not provide for a supplemental half-year roll.

Mr. Lien said he didn't feel there was a constitutional problem. That would be picking up what basically is considered property escaping taxation. The time-framing is a legislative decision. That could be done without a problem and still stay within the scope of uniform taxation.

Senator Bryan asked if it is possible to evolve a concept of an on-going supplemental role that as a property is completed, it will be assessed and, at that point, prorated for the balance of the fiscal year. He said he had a problem with imposing tax on property which is in progress of completion before any gain is realized. What kind of problem would that involve?

Mr. Lien answered that the problem would be a revenue-adjustment problem. From an equitable point of view, that's the more equitable approach. He said he foresaw the assessor having additional administrative bookkeeping problems.

Senator Lamb asked what prompted this bill. Is there a great loss? If so, what is the figure?

Don Dunn, assistant assessor for Clark County, said that there hasn't been a great loss. He said the position his county has been taking on per cent complete is when one of the appraisers go out, he asks when construction will be completed. If it's going to be ready before the roll closes, he will check back. If it looks like it's going to be after the roll closed date, he'll request a check back so that someone can come back just prior to roll close to establish a percentage complete. With the volume of construction, that doesn't mean that the assessors get back around to all of those constructions. The major ones are approached first. With the supplemental roll, what Clark County would do would be to take out the appeal time for any one with new construction. It would be placed on the roll at a value but the owner would be billed in July

before the appeal time comes up, so he would have to pay under protest.

Mr. Lien stated that would be a simple change. The State Board of Equalization would just have to set up another appeal date time for them to file.

Mr. Dunn asked if then the people would not come to the county board but would go to the state.

Mr. Lien replied they would have to go to the state board.

Senator Dodge asked whether there were many appeals of that sort if procedures are fairly valid on new construction.

Mr. Dunn said generally not. He said, concerning putting it on at time of completion, in the cases of homes and major construction, notices of completion aren't always received from the building department. The assessor receives building permits. The end of major construction can be pinpointed fairly well. Many single-family homes can't be and the assessors aren't aware they're there until the appraiser is in the area.

He was questioned about the difficulty in getting the permits and notices of completion.

Senator Dodge said the key is knowing about the building permit. It seems that there's a way of checking those things out.

Mr. Dunn replied that last year Clark County had 12,000 building permits. That was for major construction only.

Senator Lamb asked again what was the cost.

Mr. Dunn said the loss is not much. Where money is lost is with some single family homes, pools and patios, etc.

Senator Bryan asked if the appeal hearing at the county level is in January and for the state level is February through October.

Senator Dodge stated that would have to be extended. The person can pay under protest and the State Board of Equalization will go on until later in the year. They are not under the constraints of that time schedule.

Senator Hilbrecht said he could not understand the problem with notice of completion. It is known that the permit lasts one year. He said if he was running the office, he would put all those permits in a tickler file. Then after that he'd go out. It may true be that it had been completed for six months, but at least the longest he would be behind is one year. He said he is talking about the little construction where a notice is not going to be field. Isn't that feasible?

Mr. Dunn replied that his office files the permits when they are received ahead of time. His office has its own timetable.

Senator Bryan asked if there was any kind of administrative problem with regard to the supplemental roll in using the date of completion or notice of completion, whichever occurs first, and using that as the period of time to place property on the assessment rolls.

Mr. Dunn said he didn't think there would be trouble with the supplemental roll as long as there would be sufficient time to appeal to the state board.

Senator Bryan asked what kind of revenue loss, if any, would this change of procedure cause Clark County to sustain.

Mr. Dunn answered there would be a sizeable loss. The construction of hotels and motels are now being picked up at the per cent complete. He estimated the loss in terms of assessed dollars would be \$3 million.

Senator Dodge said he was not sure of that figure. If there is a building put on the roll at 50 per cent complete and it becomes 100 per cent complete four months into the tax year, it seems that this would be a credit. It used to be the feeling that the supplemental basis would make the property tax a lot more responsive on new properties coming on to the roll. Particularly counties that aren't assessing on a percentage basis are bound to pick up.

Mr. Dunn corrected himself, saying there may not be a dollar loss because if what is being talked about is a percentage up to December 15th, taxes would not be picked up on anything completed after that. By extending it through a full year, it should pretty much balance out.

Senator Dodge said the supplemental roll where the tax can be prorated from the time construction is completed may not be as feasible as a half-year supplemental roll.

Mr. Dunn said the easier way, in his opinion, would be the half-year supplemental roll. That eliminates the timetable of having appraiser constantly check up on a permit to see when that building is going to be completed.

Don Peckham, Washoe County Assessor, said he gathered two thoughts from hearing testimony on the purpose of this bill. One, maybe tax is being put on before it should be and two, now tax is not being put on fast enough.

Senator Dodge said both assessments are correct. A policy is being discussed on whether the tax burden should be put on a man before he has some commercial return on his property or the

enjoyment of his home. A supplemental roll would reduce the lag.

Senator Bryan asked Mr. Peckham if he had any problem with the idea of a supplemental roll.

Mr. Peckham told about the MGM Hotel. His office didn't get the building picked up this year. So the Board of Equalization and the outside auditors asked why it isn't being assessed. They immediately added to the roll \$100,000 for the assessed valuation of the MGM. If the supplemental roll is made law that's constitutional, that would be fine. But, under the present situation, his office is on the hook because the law says 35 per cent of full cash value after diligent inquiry and examination of all real and personal property. Unless there would be some situation that would alleviate that, it seems that his office would be on the hook all year round. He said the need for a supplemental roll confused him.

Senator Bryan stated the approach of the committee is basic equity in terms of taxation. The committee isn't trying to quarrel with what the assessors are doing but he said he felt it was unfair to impose this burden when the project is not completed. By the same token, it is fair once the project is completed to place it on the rolls.

Mr. Peckham said there are many projects that won't file a notice of completion for a long time. There's many homeowners who don't file notices of completion.

Senator Hilbrecht stated that there is a good inducement for filing those notices of completion because the lien law never starts running until a notice is filed.

Senator Sheerin asked if there was any difference in the way that Mr. Dunn and Mr. Peckham treated the taxpayer.

Mr. Dunn, Mr. Peckham and Mr. Homer Rodriguez, Carson City Assessor, said there was not. Mr. Rodriguez said his office gets to the point where if it can classify the building, it will be assessed at a certain percentage completed. If not, the office can't classify it until it has certain information and it is let go until the following year.

Senator Sheerin asked Mr. Lien what counties do it differently.

Mr. Lien replied the major sophisticated counties--Clark, Washoe, Elko, Carson City and Churchill--are all moving in a nice direction. There are problems in Eureka and Lincoln Counties and he sees a problem arising in Nye County. He said he is requesting what the major counties are doing correctly--to have the law so that the department can make sure the other counties do the same. The revenue loss is not the department's concern. It is concerned that all 17 counties approach the matter in the same way.

Senator Bryan stated there would not be any problem in taking care of the consistency.

Mr. Lien said that was all he was really requesting. If it pleases the assessors to use the term "major" construction on line 13 instead of just construction, he had no qualms with that.

Senator Hilbrecht stated he wanted to delete line 13 and substitute some other language so that the tax doesn't go on until the construction is completed.

Senator Dodge asked Mr. Russ McDonald, Washoe County Manager, if there was any mechanical reason why a supplemental roll could not be set up.

Mr. McDonald answered there wasn't mechanically. There might be some financial impact.

Mr. Dunn stated that the roll would not offset the loss accrued in not picking up the percentage. The loss in not picking up the percentage is not great enough to mandate having the supplemental roll.

Senator Dodge said that isn't the primary reason for the supplemental roll. The reason is to reduce the lag.

Senator Glaser asked isn't there some point in time that a building which goes on the assessment roll burns down or is torn down, then the time lag goes ahead another 12 months so as to catch up eventually.

Mr. Peckham replied that there is the first Monday in September which is a lien date. It would depend on when it happened. If it happened after the first Monday in September, there would be that lag. To make uniform is fine. But there will be lag. Granted there's some revenue not being received but he didn't know how to overcome it. He felt another roll would be more costly.

Senator Bryan asked if the supplemental roll would give the counties, depending on their aggressiveness, an opportunity to recapture some of that lost revenue.

Mr. Peckham said the supplemental roll would be a burden on the office's work load because it is before the Board of Equalization then and there has to be some time to listen to protests.

Senator Dodge said the supplemental roll will help the work load because the office would not be jammed up trying to take care of all that property at a later time. The work load could be spread out.

Senator Sheerin asked Mr. Dunn to clarify his statement that the cost of creating a supplemental roll will offset the

revenue generated by it.

Mr. Dunn explained his problem is that the county is on the computerized roll. The big expense would be in carrying two rolls. In fact, three rolls would be carried at one point because the new roll is opened prior to closing the old one. He suspected the expense would approach the revenue which would probably be picked up in that last six months.

Mr. Rodriguez said that would apply for his area.

Senator Sheerin asked Mr. Lien if there is any way to get this done administratively.

Senator Hilbrecht said he wasn't sure the committee would want to get it done that way.

Mr. Lien said he felt it should be a statutory law.

Mr. Dudley A. Smith, representing the Nevada State Home Builders Association and the State Savings and Loan League, stated the objection the groups have is the fact that they can be taxed back to July 1 on a building which is not completed. If there was any equitable solution no one he represented would object to paying taxes on a 100 per cent completed basis if in effect the building was completed. The problem is that the assessment rolls are open from July 1 until December 15. As a result, buildings, which weren't even started in some instances until July 1, are assessed back to July 1 and assessed as 100 per cent completed property. He said his organizations understood the necessity for including in the law partial assessments. The second sentence of the bill in effect says if an improvement under construction is valued at less than its projected full cash value, upon completion it shall be valued automatically as a completed assessment in subsequent assessment years. This says a partially completed building in 1976-77 would automatically go on the rolls as completed the next year. This would solve the problem of notice of completion as a termination date. He said his company, in a joint venture with First Western Savings, poured the foundation for a tract of 27 houses in late June. The first houses were occupied in November. The final house was finished on December 27. Yet all 27 houses were placed on the roll for 1976-77 as completed property as of July 1, 1977 when in many instances the foundations had not even been poured. That's the objection. Another problem that was created is that as of December 15th, a county assessor may legally amend the tax rolls and say that a building was finished as of July 1. In this particular case, 15 escrows were closed in the latter part of November and the first part of December. They were closed on the basis of incomplete properties because that was the assessment at the time the escrow was closed. They were reassessed on December 15th and his company had to refund to each one of these people the amount of money that represented the time that we held the property as completed properties from July 1 up until the time their escrow closed. This has to be wrong. Mr. Don Brodeen is here repre-

senting the Mortgage Bankers Association. The problems they have been involved in because of this very situation are enormous. He said he understood the problems with respect to the supplemental roll. There's no question it would be a problem. If it could be worked out, the Home Builders Association and the Savings and Loan Association would be willing to accept that kind of a bill.

Senator Hilbrecht stated that Mr. Dudley's proration problem would vanish if the bill would be changed, as the majority of the committee would like it changed, to provide that there should be no placement on the roll for tax purposes until the building is completed. Then the law would go back to the other provision that Mr. Smith indicated that there's automatic provision for partially taxed buildings to go on the roll fully the following year. Of course, that provision wouldn't remain if the policy was made that there would be no assessments except on completed improvements. He asked Mr. Smith if he could think of some way to trigger these assessments.

Mr. Smith answered that he appealed that ruling to the Clark County Board of Equalization and explained that because construction was started at approximately July 1 and completed approximately December 31, a fair assessment for that period of the tax year would be 50 per cent. For the second half of the year, he acknowledged that construction was finished. Therefore, it would be 100 per cent. Consequently, a fair assessment would be 75 per cent. The Clark County Board of Equalization voted in Mr. Smith's favor and reduced the assessment to 75 per cent. However, it was appealed to the State Board of Equalization and it ruled that "the State Board of Equalization finds that there is no provision in law to prorate valuations on improvements."

Senator Hilbrecht stated he was not sure that would be a wise policy.

Senator Bryan said that would open up a Pandora's box of problems.

Senator Hilbrecht asked Mr. Smith if he would oppose the position that the building shouldn't go on to the tax roll until it is completed.

Mr. Smith replied he would not. He said the only opposition his organizations would have is to taking it back to the previous period.

Senator Hilbrecht asked again what ways can be used so the assessors would have some way of knowing when these things should be assessed. Notice of completion is appropriate in some kinds of projects but in other smaller projects, it probably is not.

Mr. Smith replied the building permits are a record. He said he found it hard to believe that even with 12,000 permits, many of which are multiple permits, that the assessors cannot evaluate those two or three times a year without too much trouble. As Senator Dodge said, one man could probably evaluate most of them in a week simply because lots of them are in groups of 50, 60 or 100. The patios and small improvements may be a problem but that is not that important. Major construction is the main focus. He reiterated his groups wouldn't have any objection to paying taxes on the day that construction is completed.

Senator Dodge asked if Mr. Smith would object to some sort of system in which the tax won't go on until the construction is completed and it is prorated on some basis.

Mr. Smith said he would not. It would require a supplemental roll.

Senator Hilbrecht said if the roll was on a continuing basis, it would probably be unworkable.

Senator Dodge said then a half-year roll could be used. If a building is incomplete the first half of the year and is completed the second half, it would go on for a half year's taxes. Is there any objection to that?

Mr. Smith said he would object if a house was finished on June 28 and was assessed back to January 1. It would be the same situation where property is taxed from December 15 back to July 1.

Senator Hilbrecht said it seemed that could be worked out. He said he now understood what Senator Dodge meant by proration.

Mr. Smith replied that what Senator Dodge was trying to say is if construction was finished on March 20, he would start paying full taxes as of that time.

Senator Dodge said it would work that way on a continuing supplemental roll. On a half-year roll, if construction wasn't completed until sometime into that second-half year, it would have to go on the next year's roll.

Senator Bryan stated if a building was completed on June 28th, it would not go on the roll until July 1.

Mr. Smith said another thing not discussed is the possibility that a sub-division, for instance, can either be put on the roll or not put on the roll sometime between July 1 and December 15. He said he knew of a sub-division in Clark County which was essentially completed in July and August and it was assessed in the 1976-77 tax year as improved lots, not as improved property with a house on it. This is inequitable because that one was missed. If it was established uniformly, any possibility for that would be removed.

He proposed an amendment in which where it says "the county assessor should take into account its stage of completion," he would add "as of July 1 and the property shall be placed on the assessment rolls reflecting that stage of completion for that tax year." That would automatically eliminate any possibility of unequal assessments between different sub-divisions.

Senator Bryan stated there would still be a problem with percentage. In what the committee is grappling with, there would be uniformity. The inequity would be eliminated and there wouldn't be a problem with the vagueness as to the percentage. There wouldn't be tax for any portion of the year in which property or improvement is not completed. That would represent the ultimate.

Mr. Smith replied that there would be a loss in taxation if it was done that way.

Senator Bryan said there are two variations of that. There is the on-going supplemental roll. That is at such time improvement is brought on the line, it will be assessed at full value at that point for the duration of the year. Or there is the half-year supplemental roll.

Mr. Smith said if an on-going supplemental roll was developed, that would be the salvation. The very best solution would be to put it on 100 per cent as soon as it is finished. It's fair for everyone that way.

Homer Rodriguez, Carson City Assessor, stated there wouldn't be too much of a loss of revenue because there are a lot of contractors getting by right now. They are starting to build in December and they don't get taxed.

AB 175 Provides abatement of taxes on all real property acquired by State.

Mr. McDonald stated the bill proposed amendments to 361.484 which was restricted to the State of Nevada only. This was originally a means for abating taxes as the highway department acquired rights of way. In the original bill, the thrust was to apply this only to the State of Nevada but to not limit it to highway takes. He urged in testimony before the Assembly Taxation Committee to make it all inclusive for all political sub-divisions. Otherwise there is not machinery under the circumstance of acquisition for forgiveness of a city's acquisition. As Mr. McDonald viewed it, there are only three triggers in which abatement can occur--acquisition by purchase or deed or by condemnation proceedings. It goes a step further in which there is an order for immediate entry irrespect to whether it is for highway purposes or declared public purpose in which the public body has the use of the property. What is being discussed here is value. So there should be an abatement of taxes at that point on that possessory right. He

urged the enactment of the bill. It will give commissioners a chance to abate on application of other political sub-divisions or themselves by acquisition.

Senator Dodge asked Mr. McDonald if the abatement constitutes removing the property from the tax roll.

Mr. McDonald replied it actually removes any taxes due represented by a billing in point and time.

Senator Dodge asked if the purpose is to say to the owner of property before it went into public ownership that he has to pay only that portion of the year in which he owned it.

Mr. McDonald replied in the affirmative.

Senator Dodge asked what about the Sierra Street explosion where they were on the hook for the whole year.

Mr. J.R. Harding, former right-of-way agent for Washoe County, stated this was a continuous problem. There is nothing on the books that now permits abatement, except this one law with the highway department. As the time a public agency purchases the property, the taxes are prorated as of that date. The property owner who occupied the property up to that point pays his share of the taxes. From that point on taxes are abated.

Mr. McDonald said what really would be done is to clean the roll.

Senator Bryan stated the policy ought to be consistent with respect to all the public interests.

Mr. McDonald replied that was the reason he urged the amendment.

Senator Sheerin moved to Do Pass. It was seconded by Senator Hilbrecht and passed unanimously with Senator Lamb absent.

AJR 12 Proposes to amend Nevada Constitution by authorizing Legislature to impose tax upon motorboats in lieu of property tax.

Senator Bryan stated this bill seeks to impose a vehicle privilege type of tax upon motorboats in lieu of property tax.

Senator Sheerin said there was a bill in Natural Resources Committee concerning boats and that bill was trying to get a \$2 registration fee. It was voluntarily struck out of that bill in

lieu of AJR 12. There is significant difference in the way boats can be taxed. According to Senator Sheerin's figures, a \$5,000 boat would presently be taxed \$87. Under this bill, it would be \$250.

Senator Dodge stated there should not be confusion on fee by registration fee or license fee and the property tax. This has to do with the property tax value of that motorboat. There is a substantial difference between this and a fee.

Senator Sheerin said his point was that the other bill called for a \$2 registration fee.

Mr. McDonald explained that this was a Fish and Game bill where administrative services, because of the boat registration, tied into administrative handling. Most of the counties said that was not so. They did not care because the state collects the personal property tax and remits it to the county. What is being suggested here is that the inter-governmental investment bill would look at the constitution and these massive statutes on the interchange of dollars and make Fish and Game the place to go and pay the money.

Senator Dodge asked who composed this bill and what was the rationale in putting motorboats in the same category.

Mr. Lien answered it was Fish and Game.

Senator Hilbrecht asked to put this over until someone from Fish and Game can talk on it.

Senator Bryan asked if he was correct in thinking that by exemption watercraft from constitutional provision of uniformity, a different rate could be attached as long as it is uniform.

Senator Dodge answered that was correct, without regard to county tax rates.

Senator Sheerin said the rate, as spelled out by the constitution, is that it shall not exceed five cents on the dollar (line 12, page two).

Mr. Lien said it would be assessed by Fish and Game very similarly as the Department of Motor Vehicle does with automobiles right now. It would be a uniform rate established at the state level and applied.

Senator Bryan said he would check out the genesis of the bill with Fish and Game and bring it back to the committee.

AB 350 Provides procedure for enforcement of certain special assessments.

Tom Moore, representing Clark County, stated that this bill

is a housekeeping bill from the Treasurer's Office in Clark County. Essentially, the problem that arose comes about because chapter 271 provides that the county treasurer can be designated as the collector for special assessments, both for the county and the municipal entities within the county. A unique problem has been created in that taxpayers from municipal areas and the county areas have been refusing to pay the special assessment and their general taxes. At some later point in time, they pay the general taxes and still refuse to pay the special assessments. There is no provision in NRS .361 for the collection of those taxes. The Clark County District Attorney's Office has strictly construed this particular problem and concluded that there is no ability for the treasurer to handle the special assessments in the same manner as the general taxes are handled. Our bonding attorneys in Denver are concerned with this. They feel this provision has an adverse effect on the bonding of special assessment districts.

Senator Dodge asked how the treasurer works with these assessments.

Mr. Moore answered that traditionally the treasurer had been processing these special assessments in the same manner as he processed the general taxes. When an individual from North Las Vegas became somewhat irate over a special assessment district, he refused to pay any of his taxes. After a period of time, he tendered his back taxes on the general taxes, again refusing to tender his taxes for the special assessment district. That created the problem. The District Attorney's Office in Clark County looked at the problem and issued an opinion saying that the treasurer doesn't have the ability to collect because even though NRS .271 says the treasurer can be designated to collect the taxes, NRS .361 doesn't give him the authority to do it.

Senator Bryan asked, in the absence of some provision in the assessment ordinance which is the language of this bill here, what mechanism is available at the present time for the treasurer to collect special assessments. Is there a jurisdictional void?

Mr. Moore said that is his impression of it.

Mr. McDonald stated it goes further than that. The testimony by the Clark County treasurer before the Assembly indicated he doesn't have this jurisdiction. Normally special assessment rolls are not tailored to fit the billings of advalorem taxes. They come out separately. In fact, Mr. McDonald said he collects \$21,000 a year from Incline Village Improvement District just to run their special assessment rolls and make the collections. The same is done for Reno and the City of Sparks. Those are independent rolls. Delinquencies occurring there have nothing to do with the advalorem tax. Generally there is a foreclosure procedure built into the statute or the ordinance that triggers the treasurer to pursue collection.

Senator Sheerin asked if it would be better to go to each of the special assessment districts and straighten out that law rather than try to come here with the general exceptions of all of those laws and put it into the statute.

Mr. McDonald replied the ordinances may lack a certain preciseness.

Senator Bryan asked if this was intended to be a catch-all in case the ordinance failed to provide a procedure for enforcement.

Mr. McDonald replied that was true.

Senator Dodge asked if when this guy refused to pay his special assessment, did he do it on the theory that there wasn't anything spelled out about the treasurer collecting and, therefore, he had no liability exposure. Isn't there some provision in the law about foreclosure?

Mr. Moore replied that was what created the problem. The District Attorney in Clark County felt that since the mechanism wasn't there, they couldn't foreclose.

Assemblyman Jim Schofield stated that's the problem. In accordance to NRS .271, the county treasurer has been designated to collect special assessments by both the county and municipal entities within the county. But until recently, special assessments were considered a tax and handled the same as taxes. Therefore, it was noticed that transferred and deeded property had delinquent special assessments. The District Attorney's office advised the county treasurer that special assessments were not the same as taxes and he could not refuse to accept payment on current taxes because of delinquent special assessments nor could he follow any other procedures set forth in chapter 361.

Senator Sheerin said chapter 271 does have its own procedure set up for foreclosure, assessment, collection and enforcement. He said he was still confused.

Senator Dodge asked if .271 also spelled out collection procedures for the treasurer.

Mr. Moore said he wasn't certain as to the mechanical procedures. His background says .271 is the provision that gives the treasurer the ability to act as a collection entity. This applied to NRS .361. Then under .361, which is the area that would handle the collection of delinquent taxes, there isn't the enabling power in that particular chapter which allows the treasurer to take the next step to collect and provide penalties for the special assessments in the same manner as he does general taxes.

Senator Bryan stated that Senator Glaser has asked the committee to consider introduction, which was requested by the county commissioners, asking that the advalorem rate increase for 1.25 cents to 2 cents for the Fair Board. He asked if it takes specific legislative enactment.

Senator Glaser stated apparently it does because it was addressed to him for action.

Senator Bryan said he would be glad to accomodate Senator Glaser on this as long as it doesn't displace the other priorities.

Senator Glaser moved to request a committee bill. It was ~~seconded~~ by Senator Sheerin and passed unanimously with Senators Hilbrecht and Lamb absent.

Senator Bryan stated there is a bill that places real property in categories and requires reappraisal in selected categories within one year. This was submitted to Senator Sheerin originally. He is requesting a committee introduction and that it be referred back to the committee. Senator Sheerin moved for introduction of BDR 32-1366. Senator Glaser seconded it and it passed unanimously with Senators Hilbrecht and Lamb absent.

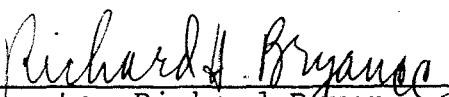
There being no further business, the meeting was adjourned.

Respectfully submitted,



Colleen Crum, Secretary

APPROVED:



Senator Richard Bryan
Chairman

DATE MARCH 29, 1977

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TESTIFYING?	NAME	ORGANIZATION	ADDRESS	PHONE
AB348 YES	Don Braden	So. Nev. Mtg. Bank	Las Vegas	732-1331
AD 348 YES	JUDLEY A. SMITH	HBA OF NEVADA SFL LEAGUE	CAS VEGAS CARSON CITY	876-4711
4B175	J. R. Harding	None	513 So. Curry	883-105
1B175	Dale Ryan	Carson City	11711 Roof St	885-1800
NO	STEVEN STALKER	NORTH LAS VEGAS	1816 HOWARD LV.	733-8622
AB348 YES	Gregory Gary Milliken	Clark Co. Assessor	200 E. Carson	346-401
B 348	DON DUNN	"	"	"