

SENATE TAXATION COMMITTEE  
MEETING OF MAY 3, 1977

The meeting was called to order by Chairman Bryan at 2:30 p.m. The following members were present:

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

Senator Norman Hilbrecht was absent.

The following items were considered:

AB 395 Changes income limitation and allowances of Senior Citizens' Property Tax Assistance Act.

Testifying in support of the bill was:

Assemblyman Don Mello stated he introduced the bill to go from base \$0 to \$15,000. The Governor's current program goes from \$0 to \$10,000. It was Assemblyman Mello's intent to cover people in a higher retirement bracket because they are being hurt by the increases in the cost of living and taxes. Going up to \$15,000 caused an over spending problem with the Governor's budget. It was decided to cut back the base to \$12,000.

Senator Bryan asked if AB 395 parallels SB 367, which was passed by the committee earlier.

Assemblyman Mello said that was correct. That bill is being held in the Assembly to see what the committee will do with AB 395.

Senator Dodge asked for figures on the additional cost impact.

Mr. Jim Lien, Deputy Director of the Department of Taxation, stated that there would be a \$3 million cost with the \$12,000 level. There will be a difference of \$439,000 over the biennium between the two bills.

Senator Dodge questioned why it is felt that tax relief ought to be given to senior citizens whose income is higher than the Nevada average household income. He felt it would be hard to defend the public policy of giving senior citizens tax relief which is not given to young people who must buy homes and raise families.

Mr. Lien stated the average household income was between \$9,000-10,000. Assemblyman Mello disputed that statement, saying he was told the average household income with two people working is \$17,000. He said he had disagreed with the \$17,000 figure but was told it could be proved.

Assemblyman Mello stated there were 40 signatures on the original bill at the \$15,000 level. Those endorsing the bill were unhappy when it was amended to \$12,000 because they felt people in their district could benefit from the bill.

Senator Dodge stated that the same kind of benefit ought to be extended to younger people.

Assemblyman Mello said a younger person's earning power is greater than that of someone who is retired. Retired people are on a fixed income. Someone who is working is not on a fixed income.

Senator Glaser stated the property tax per se is archaic. To solve this problem with senior citizens, the tax ought to be wiped out completely and an income tax should be charged. With an income tax, if a person doesn't make money, he doesn't pay it.

Assemblyman Mello said it must be determined whether these programs are worthy or not. If they are worthy, it must be determined if the programs should be extended so other people can receive the benefits.

Mr. Lien stated that the University of Nevada indicated the effective buying income for a medium family is \$13,700. He said AB 395 parallels SB 367, except for the income level and the categories of refund. There was a technical correction made on page five cleaning up language contained in SB 367 which designated the county assessor would be concerned with applicants who were renting their homes. AB 395 would become effective upon passage and approval. SB 367 wouldn't become effective until July 1, 1977.

It was discussed which bill to process. Senator Bryan stated it is up to the Finance Committee to decide whether it wants the additional \$439,000 deficit. Senator Dodge indicated he wanted to research the average household income figure because he cannot defend a tax relief bill for senior citizens who are above the average household income level in Nevada.

Senator Bryan asked Senator Lamb to discuss these bills with the Finance Committee and let the Taxation Committee know what its thinking is.

Senator Glaser moved to Do Pass AB 395 and Re-refer to the Finance Committee. Senator Sheerin seconded the motion.

Senator Dodge said he could not support that motion. He said he preferred to pass it out without recommendation because he still wants to get the information about the average household income.

Senator Glaser withdrew his motion and moved that the bill be referred to Finance with no recommendation. Senator Sheerin seconded the motion and it passed unanimously with Senator Hilbrecht absent.

Later in the meeting Senator Lamb requested that the committee reconsider its action in which it referred AB 395 to Finance. He stated he felt it was wrong to pass the buck to Finance and said he would like to see it passed out by the Taxation Committee, which has been working on it all along.

Senator Glaser moved that the action be reconsidered by which AB 395 was reported out without recommendation and re-referred to Finance. Senator Lamb seconded the motion and it passed unanimously with Senator Hilbrecht absent.

Senator Dodge stated that he was not ready to take action on the bill. It was decided to hold it until the information Senator Dodge requested was furnished to the committee.

AB 262 Provides an election to pay property tax levied against certain mobile homes in quarterly installments.

Testifying in support of the bill was:

Assemblyman James Kosinski stated the bill has been amended several times to satisfy objections raised by county assessors, particularly the assessors from the two larger counties. The bill, as amended, is limited to counties of 100,000 population or more. It is also limited to tax assessments which exceed \$100. He said he was in favor of the amendment which would make the taxes become payable in its entirety once it becomes delinquent. He said AB 262 is a step towards treating all homeowners equally.

Senator Dodge said he is not opposed to the bill but he felt there is a movement to treat mobile homes just as stick homes are treated. Senator Dodge asked Assemblyman Kosinski if he is willing to write an amendment which would say mobile homes would be taxed on the advalorem base at full market value. If mobile homes are going to be treated for the payment of their assessments the same as any other home, then they ought to be assessed the same way as other homes.

Assemblyman Kosinski answered that an interim committee in 1973-75 studied the problems of mobile home taxation. The general tenor of the study was that there may not be any significant inequities between methods of taxing the stick home and the mobile home. A member of the Legislative Counsel staff who was working on that study stated there could be one significant problem if it was ever attempted to go to the advalorem system. The computer

system in Washoe County uses a multiplication factor as part of a complicated formula to increase the property taxes every year. Mobile homes don't necessarily increase at that same rate, although some of the newer mobile homes have a significantly longer life expectancy. But five-year old mobile homes may be depreciating in value rather than increasing. This could require the assessor to assess mobile homes yearly or at least to treat mobile homes as a class by manufacturer or model number. The same simple multiplication factors could not be used in the case of mobile homes. He said he had no objection to the concept advanced by Senator Dodge as long as it is equitable to both sides. He felt the present system is very unfair.

Senator Bryan asked how many mobile homes are assessed at \$100 or more.

Mr. Gary Milliken, from the Clark County Assessor's Office, stated there are approximately 5,800.

Senator Dodge asked how many of those would have an advalorem base so that they could be put on the advalorem roll.

Mr. Lien stated Churchill County indicated that approximately one-third of the mobile homes are in a situation where they are on the real roll because the owner owns the property the mobile home sits on.

Mr. Milliken said it has been estimated that 40 per cent of the mobile homes could be placed on the real roll now.

Senator Bryan stated there was discussion previously about making this bill a general law. On a trial run, he felt he would like to see if there is any appetite to process the bill and to see how it works. If it proves to be a disaster, it will have to be repealed.

Senator Dodge stated that he would support the bill because he wants to see mobile homes assessed as advalorem residences. This bill will build a case for advalorem taxation. There won't be much defense not to treat it that way. The ultimate result of this will be that mobile homes will be taxed on the advalorem base.

Senator Dodge moved to Amend and Do Pass. It was amended that if at any quarter the tax becomes delinquent, the entire amount was due and the amount of tax was changed from \$100 to \$150. Senator Sheerin seconded the motion and it passed unanimously with Senator Hilbrecht absent.

AJR 7 Proposes constitutional amendment to permit property tax exemption for conservation of energy.

Senator Bryan explained that he asked Senator William Hernstadt to attend this meeting because he offered an amendment to AJR 7 on the floor yesterday. He raised a point which had merit. Senator Bryan stated he objected to the amendment because he felt it was inappropriate to add it to AJR 7.

Senator Hernstadt stated if it comes to legislator's attention that there is a problem of constitutionality of law, it is the Legislature's responsibility to fix it. It was the legislative intent to exempt pollution control devices, which are mandated by EPA on certain facilities in NRS 361.077. He was concerned that this was an unconstitutional statute. The counties are under pressure for money and, at some point in time, may bring a taxpayers suit to collect all that money and increase the power rates. That was not original legislative intent. This same amendment could be made to AJR 9. He did not see why the introducers would object to making something constitutional.

Senator Bryan read a letter addressed to Senator Hernstadt from Frank Daykin of the Legislative Counsel which stated the proposed amendment would cure the constitutional objection. The letter is attached. He gave the background of this situation. Four years ago Nevada Power and Sierra Pacific requested that an exemption be placed on pollution control equipment. This was done. Senator Bryan was informed by Mr. Daykin that this is unconstitutional because of the uniform tax assessment provision.

Senator Bryan paraphrased the statute. It reads "all property, real and personal...is exempt from taxation to the extent that such property is used as: (a) a facility, device or method for the control of air or water pollution; or (b) part of a permanently installed irrigation system of pipes or concrete-lined ditches and headgates to increase efficiency and conservation in the use of water, when such water is to be used for irrigation and agricultural purposes on land devoted to agricultural purposes by the owner of such pipes or concrete-lined ditches." It goes on to say except such facility or device which produces a net profit to the owner shall not be so included.

Mr. Lien stated that Senator Hernstadt was correct. Four years ago it was the pollution control devices. Two years ago it was the concrete-lined ditches. There is no constitutional basis for exemption of either one.

Senator Bryan stated the policy question is whether or not what was done in 1973 and 1975 should be perpetuated. If so, a constitutional amendment should be considered. If it is decided that the legislature erred, the provisions of the act should be repealed.

Senator Dodge stated the objection to AJR 9 and SJR 13 was allowing tax exemption to production facilities.

Senator Sheerin said that distinction could be drawn. That would not involved the production of the emission control devices, but it would be applied to the installation of the devices in the factories.

Senator Bryan stated 361.077 is broad enough to cover that. He read from the statute that "facility, device or method for the control of air or water pollution means any land, structure, building, installation, excavation, machinery, equipment or device or any addition to, reconstruction, replacement, or improvement of land or an existing structure, building, installation, excavation, machinery, equipment or device used, constructed, acquired or installed after January 1, 1965, if the primary purpose of such use, construction, acquisition or installation is compliance with law or standards required by any environmental protection agency, authorized by and acting under the authority of the United States of the State of Nevada or any of its policital subdivisions, for the prevention, control or reduction of air or water pollution."

Senator Sheerin asked what was the language in SJR 13.

Senator Dodge stated the language in SJR 13 is far broader. It says for the production, distribution or conservation of energy or natural resources.

Senator Bryan stated Senator Hernstadt's amendment does not address this issue. He is not talking about pollution control or abatement. He is talking about a tax-exempt basis for the production as well as the conservation of non-renewable resources.

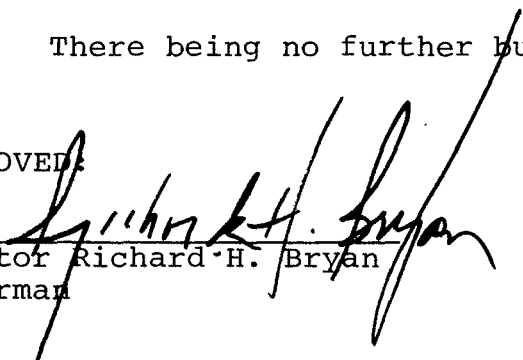
Senator Bryan stated that since AJR 7, which effectively deals with the conservation of energy, has passed both houses, he suggested that this amendment be structured to address the pollution problem.

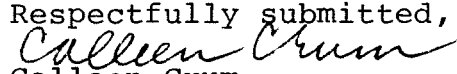
Senator Glaser suggested amending into AJR 9 some of the language that is in SJR 13.

Senator Bryan stated he would discuss the propsed amendment to the introducer of AJR 9, Assemblyman Robert Robinson, because it changes the direction of Robinson's proposal. If he objects to the amendment, SJR 13 can be amended.

There being no further business, the meeting was adjourned.

APPROVED:

  
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Senator Richard H. Bryan  
Chairman

Respectfully submitted,  
  
Colleen Crum

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

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April 29, 1977

Senator William H. Hernstadt  
Senate Chamber  
Legislative Building  
Carson City, Nevada 89710

Dear Senator Hernstadt:

Your request for an amendment to include the exemption for pollution control equipment and installations, found in S.J.R. 13, in A.J.R. 7 has been prepared.

This amendment if adopted and subsequently approved by the electors will cure the constitutional objection to the present exemption found in NRS 361.077. The objection to that statutory exemption and any extension of it by statute arises from the limits imposed by Nev. Art. 10, § 1, upon exemptions from property. These limits would be extended by your amendment to include the reduction of pollution.

Very truly yours,

*Frank W. Daykin*  
Frank W. Daykin  
Legislative Counsel

FWD: jll

GUEST REGISTER

*Information*

SENATE COMMERCE & LABOR  
COMMITTEE

DATE: May 3, 1977

THOSE WISHING TO TESTIFY SHOULD  
IDENTIFY THEMSELVES BEFORE GIVING  
TESTIMONY.....

NAME (Please Print)	DO YOU WISH TO TESTIFY	BILL NO.	REPRESENTING	PHONE
<i>John DeLello</i>				
<i>John Rosinski</i>			<i>Dept of Labor</i>	
<i>Bell Herrick</i>	<i>yes</i>	<i>AB 262</i>	<i>ATR-9 - SJR-13</i>	