MEMBERS PRESENT:

Chairman Price
Vice Chairman Craddock
Assemblyman Chaney
Assemblyman Coulter
Assemblyman Dini
Assemblyman Mann
Assemblyman Bergevin
Assemblyman Marvel
Assemblyman Rusk
Assemblyman Tanner
Assemblyman Weise

GUESTS:

Dan Miles, Deputy Fiscal Analyst, Legislative Counsel Bureau
Marvin Leavitt, Las Vegas

Chairman Price called the meeting to order at 1:40 p.m. on February 14, 1979. He stated that the special meeting had been called to hear from Dan Miles regarding SB 204 which was still in the Senate. He stated that several members would be arriving late but that all would be attendance at some point during the hearing.

Dan Miles distributed an analysis of SB 204 and its effects on the taxpayer, state government and local government. A copy of this is attached to these minutes as Exhibit A.

Mr. Miles began on page 1 of the report and pointed out that the 36¢/100 across-the-board rate reduction is the only reduction that would also effect commercial property as well as residential property. He pointed out that the proposed reduction or rebate would amount to a 28.8% tax reduction if presently paid at the $5.00/100 limit. The reduction on commercial property would amount to a 7.2% reduction if presently paying at the full $5.00 rate.

Mr. Miles stated that the proposed 36¢ reduction was a combination of the 25¢ and 11¢ levies which the state presently collects.

Mr. Dini inquired how they were proposing to replace the monies lost to the counties and cities. Mr. Miles replied that there was nothing in SB 204 to replace this money. Mr. Price stated that this would be dealt with in other parts of the tax reform package.

Mr. Miles went on to state that the rebate would not come out of the surplus. The governor's tax relief program would not come out of surplus but rather out of operating income and Mr. Miles stated that he would assume that this would hold true for this proposal.

In answer to Mr. Craddock's question regarding the formula used to determine sales tax figures, Mr. Miles explained that they are using the figure 10.04%. This was originally 12%, but the State Tax Department has conducted additional studies which show it is closer to the 10.04% figure.

Mr. Coulter inquired how this bill would effect any senior citizen tax relief programs. Mr. Miles stated that the bill in Section 11, page 3, provides for the use of other rebates in addition to this rebate. He acknowledged that there were some problems that would have to be worked out in this line should SB 204 be passed. They would apply to amount received by renters.

Mr. Miles also pointed out that the appropriations included in the bill are for the rebate portion only and do not apply to administration of the program. The attitude of the committee has been that if they decide on this proposal then they will pursue those details of administration.

Mr. Coulter inquired whether this would be a ongoing program where the state would always be rebating. Mr. Miles stated that it could not answer this question. Mr. Dini stated that he felt that perhaps the reason for going with the rebate is so that the business people don't get the relief; get it to the people who have homes.

Mr. Miles went on to explain that the people would have to file and that the money on the rebate for the home would not come as a check but rather as a tax credit. The renters however, would received a rebate check. He stated that this would a classic example of computor application to implement the tax credit.

Mr. Dini stated that he felt there should probably be some research done regarding Section 9 as it applies to delinquent tax. He wondered if it would pay man to let his taxes go delinquent under the bill. This would have a real impact on local government.

Mr. Miles stated that the governor's proposal and the proposed rebate plan could both be effected statutorily according to the bill drafters.

Mr. Miles stated that the 4.9% rebate to renters works out to that figure because they wanted to give the same percentage relief to the renter as the homeowner was getting. The homeowner was getting 28.8% relief and to get that amount for renter they assumed that 17% of the rent is due to taxes and if you take 28.8% of the 17% you end up with 4.9% rebate to renters.

Mr. Weise inquired whether there was any ill effect to local government on the tax rebate proposal. Mr. Miles stated that there was to the extent that the sales tax on food would be removed and that they would lose that portion of the sales tax they presently get.

Mr. Miles also stated that he is currently working on preparing a report for the committee that would break down the various tax districts and show a comparison of the various proposals in the districts. This will include the 17 counties, 16 cities, 17 school districts and numerous special districts.

Mr. Marvel inquired whether there had been any projections made as to revenue, taking all this into consideration. Mr. Miles distributed a copy of some information they had compiled. This is attached to these minutes as Exhibit B. Mr. Miles explained that this is merely an estimate and they do feel it is a potential "ball park" figure. They are simply to give the committee an idea of what might be available.

Mr. Price stated that they could then possibly bring the $85,800,000 savings projected in SB 204 up to $96,000,000 if that figure is anywhere correct. Mr. Miles stated that that would be possible if the projections shown on Exhibit B were correct.

Mr. Dini inquired whether they would be maintaining a large surplus. Mr. Miles stated that as he understood it the surplus would be used for one shot appropriations to lower the operating costs of the state and thus provide a way to allow for tax relief.

Mr. Weise questioned whether this would be providing any real tax relief. He wondered whether the counties and cities would still be going along as they have without any real ill effect.

Mr. Dini inquired what would happen to local government if they went with Question 6 and the proposed rollback. Mr. Miles distributed a memorandum he had prepared which dealt with Question 6 impact. This memo is attached to these minutes as Exhibit C.

Mr. Dini then raised the point of the possibility if they went with the rollback of limiting it to properties that had been reappraised. He stated that there was such a disparity within the counties. He stated that there was a real problem mechanically of rolling back and keeping this in mind.

Mr. Craddock stated that he felt the disparity with the time the counties have used between reappraisals is what is unconstitutional as it is not an equal application of the law.

Mr. Weise commented that the various tax proposals are reducing the proportionate number of dollars that people are paying now but what he doesn't like is that it does nothing about limiting government spending.

Mr. Price replied that the committee will have a bill that will be the Governor's proposed cap on government spending and this should take care of that.

Mr. Weise went on to question whether this would tie into a maximum tax capability. Persumably if there was a formula that lent itself to efficient government that formula could limit the budget somewhere below the $2.50 limit. Mr. Miles stated that the idea of the cap on expenditures is that there is nothing in this bill to hold down the spiraling inflation in assessed valuations on property. This cap would pick up that missing piece. Mr. Weise questioned whether there would a correlation to say that they cannot assess above what they can spend.

Mr. Mann stated that he sees two real problems. He felt that perhaps if they adopted SB 204 they would never see the spending cap. He stated that he would like to see the spending cap written right into the bill. His second problem is that everything he reads or sees is that no one wants the 35% to be touched because there is fear of loss of bonding capacity. He wondered how, even with a spending cap, to get the additional monies generated by the inflation factor away from the local government and back to the people. He cited the surplus in Clark County. He stated that leaving the 35% as it is the inflation factor is going to continue and more money is going to be generated then can actually be spent under a spending lid. He stated that there has to be something to see that additional monies are not put into somebodies budget even though they don't spend it.

Mr. Rusk stated that one of the things to consider is that when the overall tax rate is less it is not going to appreciate as fast. The assessed value can not be increased any faster then what the primary factor of fair market value is. Fair market value has increased very rapidly but it will level out as the economics of the situation changes and in fact it will grow much slower in the future. The lower tax rate will yield less dollars then if there was the full $5.00 limit.

Mr. Marvel stated that if there was the surplus then counties would not have to go to the full $2.70 rate, but what concerned him was whether the counties could live within the $2.70 rate.

Marvin Leavitt, Las Vegas, stated that they have no problem living within the $2.70 limit. He stated that as far as the spending limitations relates to the whole thing there is a regulations that the ending balance should fall between 4 and 8.4 percent of your total expenditures you are projecting for the next year excluding capital outlay. The Department of Taxation when they review the budgets can control the tax rate in this manner by existing provisions. He stated that suppose you were levying at the maximum rate on property taxes and because of the assessed valuation going up rapidly, you have more money than can be legally spent of limitations. This will cause the end balance to go up. Using the 8.4% figure the Department will reject any budget that calls for a tax rate that enables to have a ending balance that is greater then the 8.4%. They would have to reduce the tax levy so that they come back into the range allowed. That is a definite point of control.

Mr. Mann stated that they would need only project more expenditures in order to come within the 8.4% figure and he worried that with spiraling inflation this could be carried over every year.

Mr. Leavitt stated that it was not the property tax that was going to cause the run over but rather the sales tax which they can not really project. Property tax is really pretty well determined. He stated that they have underestimated the sales tax income.

Mr. Leavitt went on to say that there would be no carry over from each year as the Tax Department would reject any budget that had it.

Because of a time conflict, Chairman Price stated that he would have to continue the discussion of this at another meeting.

Before adjourning the meeting, Chairman Price appointed Mr. Coulter and Mr. Tanner as a subcommittee to work on the senior citizen bills. The meeting was adjourned at 3:15 p.m.

Respectfully submitted,

Sandra Gagnier

Sandra Gagnier
Assembly Attache

EFFECT ON TAXPAYERS

- 36¢/$100 across-the-board rate reduction on real and personal property
- $1.08/$100 rebate to owner occupied houses and mobile homes
- Renters rebate of 4.9% of rent (including mobile homes space rent)
- Sales tax removed from food

EFFECT ON STATE GOVERNMENT

	1979-80	1980-81
Revenue Reduction:		
Give up 25¢ and 11¢ levies:	$20,200,000	$23,200,000
Sales tax off food (2%):	13,600,000	16,000,000
Expenditure Increases:		
$1.08 homeowners rebate (appropriation):	22,000,000	25,300,000
Renters rebate (appropriation):	23,100,000	26,500,000
Replace schools loss of 1% tax on food:	6,900,000	8,000,000
Total State Gov. Impact:	$85,800,000	$99,000,000

EFFECT ON LOCAL GOVERNMENTS

	1979-80	1980-81
Schools:	$ -0-	$ -0-
Cities & Counties:		
Revenue decrease- 1/2% tax on food:	$ 3,400,000	$ 4,000,000

S T A T E W I D E I M P A C T:	$89,200,000	$103,000,000

COMPARISON OF EFFECT ON TAXPAYERS

MAX RATE ON A $60,000 HOME:

	CURRENT	GOVERNOR'S PROPOSAL	PROPOSED REBATE
	$60,000	$60,000	$60,000
	x 35%	x 35%	x 35%
	$21,000	$21,000	$21,000
	x .05	x .035	x .0356
	$1,050/YR.	$ 735 + DEBT*	$ 748
EFFECTIVE DATE		7/1/79	7/1/79
UNIQUE FEATURES		REDUCES THE RATE TO $3.50, 79–80 & $3.20, 80–81	REDUCTION IN RATE PLUS REBATE
		THE $3.50 RATE MAY BE EXCEEDED BY A VOTE.	MOBILE HOMEOWNERS RECEIVE REBATE.
		NO SALES TAX ON FOOD FAMILY OF 4 SAVES $83/YR.	4.9% REBATE TO RENTERS
		REMOVES TAX ON HOUSEHOLD PERSONAL PROPERTY	NO SALES TAX ON FOOD. FAMIL[Y] OF 4 SAVES $83/YR.

ANNUAL SAVINGS - PROPERTY TAX & SALES TAX ON FOOD

	GOVERNOR'S PROPOSAL	PROPOSED REBATE
FAMILY OF 4 IN $60,000 HOME:	$398.00 + PERSONAL PROPERTY	$385.00
FAMILY OF 4 IN $25,000 MOBILE HOME: ON RENTAL LOT:	$214.00	$209.00 + 4.9% REBAT[E]
ON OWNED LOT WORTH $5,000:	$240.00	$234.20
FAMILY OF 4 RENTING @ $300/MO:	$83.00	$259.00

*DEBT RATE INCREASES WOULD RANGE FROM NONE IN WHITE PINE COUNTY TO APPROXIMATELY 70¢ IN CLARK COUNTY

EXHIBIT A

$5.00 RATE

BOULDER CITY	CURRENT RATES	GOVERNOR'S PROPOSAL REDUCTIONS	GOVERNOR'S PROPOSAL NEW RATE	PROPOSED REBATE REDUCTIONS	PROPOSED REBATE NEW RATE
STATE RATE	$ .2500	$〈 .2500〉	$ .0000	$〈 .2500〉	$ .0000
COUNTY RATE	1.1305	〈 .1100〉	1.0205	〈 .1100〉	1.0205
CITY RATE	1.1970	—	1.1970	—	1.1970
POOL & LIBRARY	.2202	—	.2202	—	.2202
SCHOOL RATE	2.2023	〈 .7000〉*	1.5023	—	2.2023
TOTAL COMBINED	$ 5.0000	$〈1.0600〉	$ 3.9400	$〈 .3600〉	$ 4.6400
				HOMEOWNER'S REBATE	〈 1.0800〉
					$ 3.5600

$4.38 RATE

GARDNERVILLE TOWN	CURRENT RATES	GOVERNOR'S PROPOSAL REDUCTIONS	GOVERNOR'S PROPOSAL NEW RATE	PROPOSED REBATE REDUCTIONS	PROPOSED REBATE NEW RATE
STATE RATE	$ .2500	$〈 .2500〉	$ .0000	$〈 .2500〉	$ .0000
COUNTY RATE	.6400	〈 .1100〉	.5300	〈 .1100〉	.5300
TOWN RATE	.9200	—	.9200	—	.9200
T-C WATER CONSERVANCY	.0040	—	.0040	—	.0040
MOSQUITO ABATEMENT	.0548	—	.0548	—	.0548
SANITATION DIST.	.4000	—	.4000	—	.4000
SCHOOL RATE	2.1200	〈 .7000〉*	1.4200	—	2.1200
TOTAL COMBINED	$ 4.3888	$〈1.0600〉	$ 3.3288	$〈 .3600〉	$ 4.0280
				HOMEOWNER'S REBATE	〈 1.0800〉
					$ 2.9480

*SCHOOL RATE REDUCED BY $1.00 BEGINNING FY 1980-81

COMPARISON OF [redacted] T ON TAXPAYERS

MAX RATE ON A $60,000 HOME:

CURRENT	QUESTION 6	GOVERNOR'S PROPOSAL	REBATE SB-54
$60,000	$60,000	$60,000	$60,000
x 35%	x 1%	x 35%	x 35%
$21,000	$ 600 + Debt	$21,000	$21,000
x .05		x .035	x .03
$ 1,050/yr.		$ 735 + Debt	$ 630

EFFECTIVE DATE:

CURRENT	QUESTION 6	GOVERNOR'S PROPOSAL	REBATE SB-54
	7/1/81	7/1/79	7/1/79

UNIQUE FEATURES:

CURRENT	QUESTION 6	GOVERNOR'S PROPOSAL	REBATE SB-54
	Reduces assessments on real property.	Reduces the rate.	Reduction in rate plus rebate.
	Assessments frozen 1975-76 plus 2%	The $3.50 rate may be exceeded by a vote.	Mobile homeowners receive rebate.
	Restrictions on increases of other taxes.	No sales tax on food. Family of 4 save $83/yr.	6.8% rebate to renters.

ANNUAL SAVINGS

	Question 6	Governor's Proposal	Rebate SB-54
Family of 4 in $60,000 home:	$450.00	$398.00	$420.00
Family of 4 in $25,000 mobile home: On Rental Lot:	$ 0.00	$214.00	$175.00 plus 6.8% rebate
On Owned Lot Worth $5,000:	$ 37.00	$240.00	$210.00
Family of 4 Renting $300/month:	$ 0.00	$ 83.00	$244.00

EXHIBIT A

COMPARISON OF EFFECT ON STATE GOVERNMENT RESOURCES

	FY 79-80	FY 80-81	FY 81-82
QUESTION 6			
State 25¢ Levy	-0-	-0-	$ 8,882,000
Title XIX 11¢ Levy	-0-	-0-	3,908,000
	-0-	-0-	$12,790,000
GOVERNOR'S PROPOSAL*			
Revenue Decreases			
State 25¢ Levy	$14,107,400	$ 16,080,000	- -
Sales Tax on Food	16,334,404	18,784,080	- -
County Gaming	2,575,000	2,729,000	- -
Real Property Transfer Tax	2,400,000	2,800,000	- -
Revenue Recommended For Replacement (Governor's Budget)			
School 70¢ Mandatory Levy	39,500,702	45,024,000	- -
School - 30¢ of 80¢ Optional Levy	-0-	19,296,000	- -
School - Replace Sales Tax on Food	7,425,612	8,539,581	- -
Title XIX 11¢ Levy	6,184,156	7,075,200	- -
Child Welfare County Share	260,180	303,960	- -
	$88,787,454	$120,631,821	
REBATE PROPOSAL**			
State 25¢ Levy**	$14,307,000	$16,453,000	- -
Title XIX 11¢ Levy**	6,295,000	7,239,000	- -
General Fund Appropriation	64,000,000	74,000,000	- -
	$84,602,000	$97,692,000	

* Based on Governor's Revenue Estimates
** Based on Fiscal Division Revenue Estimates

EXHIBIT A

COMPARISON OF EFFECTIVE TAX RATES

	Current 1/	25% Ratio	SB 204	Governor's 2/ Proposal	SB 54 3/	Question 6 4/
Value of Home	$50,000	$50,000		$50,000	$50,000	$50,000
Ratio	35%	25%		35%	35%	
Assessed Value	$17,500	$12,500		$17,500	$17,500	
Tax Rate	$5.00	$5.00	$3.56	$3.50	$3.00	1%
Tax	$875	$625	$623	$612	$525	$500
Effective Tax Rate	1.75%	1.25%	1.25%	1.22%	1.05%	1.00%

NOTE: Effective Tax Rate is that rate developed by dividing the tax by the value of the property.

1/ Maximum effective rate is currently 1.75%. Based on the average weighted tax rate for 1978-79 of $4.7083, the current effective rate is 1.65%.

2/ Governor's Proposal is for a maximum local rate of $2.70 plus school optional levy of 80¢ and debt service. Actual rates for many areas will exceed the $3.50. The maximum rate is scheduled to go to $3.20 the second year of the biennium.

3/ SB 54 provides for a maximum rate of $4.64 and rebates an additional $1.64 to homeowners, mobile homeowners and renters.

4/ Effective tax rate of Question 6; however, if the rate of increases in the market value exceed 2%, this effective rate will decline on individual properties.

EXHIBIT A

ASSEMBLY COMMITTEE ON TAXATION

EXHIBIT B

TOPICS FOR COMMITTEE DISCUSSION

I. Should the Committee design a tax relief package as an alternative to Question 6?

II. How much state money will be available for tax relief? A suggested method of calculation is to use the L.C.B. fiscal division revenue estimates less the Governor's recommended appropriations. The Governor's recommended appropriation to be adjusted for tax cuts picked up through the distributive school fund, Title XIX and Child Welfare; and, for reversions. It is assumed that a general fund balance of at least 10% of annual appropriations will be carried forward from fiscal year 1978-1979. This yields about $96.4 million for fiscal year 1979-1980 and $127.9 million for 1980-1981

	79-80	80-81	TOTAL
#1 Gen. Fund Revenue (Fiscal Div.)	$339,317,516	$387,884,522	$727,202,038
Gen. Fund Approp. (Gov. Rec)	$299,228,423	$343,093,248	$642,321,671
Less Tax Reform.	$ 53,333,588	$ 80,134,791	$133,468,379
Less Est. Reversions	$ 3,000,000	$ 3,000,000	$ 6,000,000
#2 Adjusted General Fund	$242,894,835	$259,958,457	$502,853,292
Possible Tax Relief (#1 less #2)	$ 96,422,681	$127,926,065	$224,348,746

III. Possible approaches to a tax cut

A. Governor's Proposal
   1) Property Tax - 70¢ and 30¢ through distributive school fund; state to give up 36¢
   2) Sales Tax off food
   3) State to give up Gaming Tax and Real Estate Transfer Tax

B. Rebate Method - Property Tax (SB-54)
   1) Removes states 36¢ from all property
   2) Rebates $1.64 to homeowners and mobile homeowners
   3) Rebates 6.8% of rental payments to rentors

C. Spending Cap

D. Reduce Assessment ratio from current 35% to some other level

E. Question 6

EXHIBIT C

STATE OF NEVADA
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February 8, 1979

MEMORANDUM

TO: Assembly Taxation Committee

FROM: Fiscal Analysis Division

SUBJECT: Question 6 Impact

The following is a summary of the potential impact of Question 6 on various local government entities. The figures assume that Question 6 would be effective next year in fiscal 1978-79. Question 6, of course, cannot become effective until after the general election of November, 1980.

The information contained here was arrived at using limited data and many assumptions and, therefore, should be used cautiously. The actual impact of Question 6 for the various local government entities will vary significantly depending upon a number of variable factors. The impact of Question 6 on taxpayers will also vary depending upon a number of factors.

Question 6 is silent as to how potential tax reductions would be shared among the competing local entities. This presentation assumes the loss would be shared in the same ratio as current taxes are collected. It must be remembered, however, that current statutory requirements place schools in a favorable position in regard to property taxes. If this favored status is maintained, revenue reductions attributed to schools in this presentation must be prorated to the other local entities.

In general, the following factors will contribute to a high or significant local government impact:

1. High current tax rate ($5.00 rate to 1% max = 43% reduction).
2. High real property ratio to personal property and net proceeds.
3. Reappraisals not current in 1975-76.
4. Low property turnover and new construction.

Conversely, the following factors contribute to a lesser impact on local governments:

1. Low current tax rate ($3.50 rate to 1% max = 18.7% reduction)
2. High ratio of personal property and net proceeds to real property.
3. Reappraisals current in 1975-76.
4. High property turnover and new construction.

Question 6 does not limit taxes necessary to pay principal and interest on bonds issued prior to its effective date. This provision will lessen the impact an local governments and included in the attached schedule is a column listing the ad valorem debt service requirements of the local entities in FY 1978-79. Taxes required to pay principal and interest will vary depending upon future debt issues, debt retirement, balloon payments and surplus funds from prior years and, therefore, are not included in the estimated tax loss in FY 1979-80.

Also attached are some examples of the effects of Question 6 upon taxpayers. These examples demonstrate only some of the tax conditions that may arise under this initiative petition.

DM:ca
Enclosure

QUESTION 6
Estimated Tax Loss If Question 6 Were Effective In FY 1979-80
With % Of Total Property Tax and Total Revenues

	Est. Tax Loss[1] FY 1979-80	% Loss of Total Property Tax	% of Total[3] Revenues	FY 1978-79 Debt[4] Requirements
Carson City	$ 2,008,452		17.4%	$ 232,800
School District	1,711,321		14.7%	631,834
Other Districts	41,374			-0-
Total	$ 3,761,147	45.8%		$ 864,634
Churchill	$ 279,395		8.8%	-0-
Fallon	59,205		4.9%	-0-
School District	325,961		6.3%	$ 238,940
Other Districts	666			-0-
Total	$ 665,227	25.9%		$ 238,940
Clark County	$12,038,500		13.2%	$ 941,592
Boulder City	183,303		8.1%	-0-
Henderson	427,417		6.5%	99,768
Las Vegas	4,713,471		8.3%	1,146,540
North Las Vegas	853,675		7.0%	703,820
School District	23,487,379		13.4%	17,306,307
Other Districts	7,433,032			-0-
Total	$49,136,777	37.0%		$20,198,027
Douglas County	$ 367,016		7.2%	$ -0-
School District	1,216,274		16.6%	1,102,592
Other Districts	550,524			31,804
Total	$ 2,133,814	29.7%		$ 1,134,396
Elko County	$ 209,321		5.6%	$ 279,556
Elko	72,155		4.9%	21,766
School District	376,492		3.7%	447,919
Other Districts	56,438			-0-
Total	$ 714,406	12.8%		$ 749,241
Esmeralda County	$ 58,429		9.7%	-0-
Goldfield	1,570		1.4%	-0-
School District	43,769		8.9%	-0-
Other Districts	944			-0-
Total	$ 104,712	16.9%		$ -0-

EXHIBIT C

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	Est. Tax Loss[1] FY 1979-80	% Loss of Total Property Tax	% of Total[3] Revenues	FY 1978-79 Debt[4] Requirements
Eureka County	$ 37,592		3.0%	-0-
Eureka	302		.2%	-0-
School District	37,365		4.6%	$ 28,402
Other Districts	379			-0-
Total	$ 75,638	6.3%		$ 28,402
Humboldt County	$ 260,997		7.5%	$ 52,181
Winnemucca	95,698		9.3%	-0-
School District	409,686		10.8%	228,739
Other Districts	24,519			-0-
Total	$ 790,900	28.0%		$ 280,920
Lander County	$ 215,961		12.8%	$ -0-
Battle Mountain	13,892		3.5%	-0-
School District	186,493		10.6%	68,000
Other Districts	4,632			1,642
Total	$ 420,978	29.6%		$ 69,642
Lincoln County	$ 136,951		10.3%	7,080
Caliente	7,805		6.0%	-0-
School District	190,525		8.1%	113,780
Other Districts	19,515			1,787
Total	$ 354,796	33.1%		$ 122,647
Lyon County	$ 474,703		14.9%	$ 5,410
Yerington	25,968		5.4%	-0-
School District	488,207		10.5	292,073
Other Districts	49,861			-0-
Total	$ 1,038,739	29.2%		$ 297,483
Mineral County	$ 397,984		19.4%	$ 7,842
School District	238,791		9.0%	$ 79,716
Total	$ 636,775	44.7%		$ 87,558
Nye County	$ 770,078		16.4%	$ 89,900
Tonopah	38,329		4.1%	15,934
School District	829,315		16.6%	-0-
Other Districts	104,537			14,759
Total	$ 1,742,259	38.6%		$ 120,593

EXHIBIT C

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	Est. Tax Loss[1] FY 1979-80	% Loss of Total Property Tax	% of Total[3] Revenues	FY 1978-79 Debt[4] Requirements
Pershing County	$ 87,184		6.3%	$ 23,100
Lovelock	12,373		3.4%	21,597
School District	93,757		6.9%	26,950
Total	$ 193,314	14.7%		$ 71,647
Storey County	$ 94,441		14.6%	$ 17,190
Virginia City	1,510		1.1%	-0-
School District	54,851		12.7%	42,270
Other Districts	305			-0-
Total	$ 151,107	31.7%		$ 59,460
Washoe County	$12,993,458		25.6%	$ 1,480,340
Reno	4,003,161		11.5%	1,262,589
Sparks	1,345,617		10.8%	-0-
School District	12,431,678		18.3%	4,133,281
Other Districts	1,600,249			$ 351,659
Total	$32,374,163	43.7%		$ 7,227,869
White Pine County	$ 171,007		6.8%	$ 71,944
Ely	43,205		6.8%	-0-
School District	138,694		4.6%	-0-
Other Districts	10,168			-0-
Total	$ 363,074	18.9%		$ 71,944
Grand Total	$94,657,826	37.8%	Counties = 15.9% Cities = 8.8% Schools = 14.2%	$ 31,623,403

Note:

1. Estimated tax loss for each entity assuming all local governments shared the loss in the same ratio as their collections. Under current law, however, minimum school levies are set and might not be affected by the limits of Question 6. Also, if the schools did lose funds, that portion lost from the mandatory 70¢ levy would be replaced by state funds under the Distributive School Fund formula.

EXHIBIT C

2. Does not include the state share of 25%.

3. Total Resources are total appropriated fund resources including debt service, but excluding opening balances.

4. FY 1978-79 debt requirements are those supported by ad valorem taxes and may include more than bonds payable from property taxes.

EXHIBIT C

Selected Special Districts:

	Est. Tax Loss FY 1979-80	% of Total Property Tax	% of Total Revenues
Clark County Library	$494,000	37.0%	18.5%
Lake Tahoe Fire (Douglas)	176,912	29.7%	25.7%
Winnemucca Fire District	9,043	28.0%	25.0%
Central Lyon Fire District	17,826	29.2%	24.6%
Incline Village GID	133,779	43.7%	13.6%
North Tahoe Fire District	391,268	43.7%	40.1%

QUESTION 6

COMPARISON OF SELECTED TAXPAYERS

Residence:	Las Vegas	Reno	Carson City	Elko	Eureka	Minden
Value	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Assessed Ratio @35%	17,500	17,500	17,500	17,500	17,500	17,500
1978-79 Tax Rate	4.9985	5.0000	4.8339	4.4036	3.9200	4.8688
Current Tax	$ 874	$ 875	$ 846	$ 770	$ 686	$ 852
Question 6 Value	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Tax @1%	500	500	500	500	500	500
Debt Service	169	107	88	94	14	108
Question 6 Tax	$ 669	$ 607	$ 588	$ 594	$ 514	$ 608
Percent Reduction	23.5%	30.6%	30.5%	22.9%	25.1%	28.6%

NOTE: 1. Examples assume that valuation under Question 6 is the same as the current value.
2. Examples use the debt service rates effective in FY 1978-79.

EXHIBIT C

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Sec. 3. 1. As used in this section:
(a) "Change in ownership" does not include:
(1) Any transaction wherein an interest in real property is encumbered for the purposes of securing a debt.
(2) A transfer of title resulting from the distribution of the estate of a deceased person.
(3) A transfer of title recognizing the true status of ownership of the real property.
(4) A transfer of title without consideration from one joint tenant or tenant in common to one or more remaining joint tenants or tenants in common.
(5) A transfer of title to community property without considation when held in the name of one spouse to both spouses as joint tenants or tenants in common, or as community property.
(6) A transfer of title between spouses, including gifts.
(7) A transfer of title between spouses to effect a property settlement agreement or between former spouses in compliance with a decree of divorce.
(8) A transfer of title by spouses without consideration to an inter vivos trust.
(9) Transfers, assignments or conveyances of unpatented mines or mining claims.
(b) "Full cash value" means:
(1) The amount at which real property was appraised by the county assessor or the Nevada Tax Commission for the fiscal year commencing July 1, 1975; or
(2) The appraised value of real property if the same was purchased or newly constructed or if a change of ownership occurred after equalization of the assessment roll for the fiscal year commencing July 1, 1975.
(c) "Special taxes" means all taxes other than general (ad valorem) taxes.

2. Except as provided in this subsection, the maximum amount of general (ad valorem) taxes levied on real property within the state for all public purposes, including levies for bonds, shall not exceed 1 percent of the full cash value of such real property. The limitation shall not apply to the amount of taxes required for the payment of principal of and interest on bonds payable from general (ad valorem) taxes issued prior to the effective date of this section until such bonds have been discharged in full or provision for their payment and redemption has been fully made.
3. Factors for determination of full cash value of real property shall be provided by law. If the use of market value is authorized as a factor the market value base may reflect from year to year an inflationary rate of not to exceed 2 percent for any given year or a reduction as shown in the consumer price index or other comparable data for the area where the real property is located.
4. A statute or amendment to a statute increasing revenues either by increased rates or by changes in methods of computation may be enacted only by a vote of not less than two-thirds of all members elected and appointed to each of the two houses of the legislature, but no new general (ad valorem) taxes on real property or sales or transaction taxes on the sales of real property may be imposed.
5. The legislature may authorize political subdivisions of the state, including without limitation counties, cities, towns, school districts and special districts, after the effective date of this section to impose new special taxes or increase existing special taxes if approved by a two-thirds vote of the registered voters of the political subdivision voting on the question, but no new general (ad valorem) taxes on real property or sales or transaction taxes on the sales of real property may be imposed.

EXHIBIT C

January 23, 1979

MEMORANDUM

TO: Frank Daykin, Legislative Counsel

FROM: Dan Miles, Deputy Fiscal Analyst

SUBJECT: Question 6 - Ownership Changes

The Senate and Assembly Taxation Committees have requested that this office research the provisions of Question 6 concerning changes of ownership and reappraisal of real property. As you know, under Question 6 real property can be reappraised to current values if a change of ownership occurs. The first section of the ballot question lists situations that are not considered a change in ownership. In your view, would it be possible, under the language of Question 6, for an individual or business to gain control of real property and avoid a reappraisal by purchasing the corporate stock of the selling owner rather than completing a bonafide real estate sale? For example, could corporation A gain control of the real property of corporation B by purchasing B's stock and avoid reappraisal? If so, could the same procedures extend to homeowners and others who are not currently incorporated?

If you have any questions on this matter please contact me. Thank you.

DM/ca

EXHIBIT C

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January 24, 1979

RECEIVED
LEGISLATIVE COUNSEL BUREAU
JAN 25 1979
OFFICE OF FISCAL ANALYSIS

Mr. Dan Miles
Deputy Fiscal Analyst

Dear Dan:

Your memo on changes of ownership under Question 6 presents a fascinating question. Although the general phrase "change in ownership" occurs in California's Proposition 13, this particular aspect is not mentioned in Amador Valley Joint Union High School Dist. v. State Board of Equalization, 583 P.2d 1281 (Cal. 1978).

The specific list of exclusions in Question 6 does not cover this situation either. I believe, therefore, that the legislature could by statute provide under what circumstances a change in ownership of corporate stock would constitute a change in (or of) ownership of real property owned by the corporation. Thus Question 6 does leave open the loopholes you mention, but I believe the legislature could close them.

Very truly yours,

Frank

Frank W. Daykin
Legislative Counsel

FWD:cb