

MEMBERS PRESENT:

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

MEMBERS ABSENT:

None

GUESTS PRESENT:

(See attached Guest List)

A quorum being present, Chairman Price called the meeting to order at 3:00 p.m. The purpose of the hearing was to take testimony on AB 3, AB 47 and AB 55 and to take action on AB 250.

AB 250

Chairman Price stated that this bill was supported by the State Department of Taxation. This bill is the amendment which was discussed by the committee on January 30, 1979.

Mr. Marvel moved for a "do pass" recommendation and Mr. Coulter seconded the motion. The motion passed with Mr. Dini and Mr. Weise not present. The copy of the committee action is attached to these minutes.

AB 55

Chairman Price called upon Greg Damm to testify on the bill. Mr. Damm stated that he was the alumni representative of the Lamda Chi Fraternity and that they were in support of this bill. He stated that they had two reasons for supporting the bill which were somewhat selfish in nature. The first reason is that the membership of the fraternity changes each year and it is difficult to find someone that will remember to get this claim filed. Mr. Damm went on to state that the second reason dealt with the fact that his fraternity has been on the campus for 50 years and he believes this is fairly representative of other fraternities and sororities on campus which would indicate that they are a fairly stable institution.

Mr. Tanner inquired whether under section 3 of the bill should the fraternity be sold would someone also forget to report that. Mr. Damm stated that he felt there wasn't much problem with that because the national fraternity would become involved in that so that notice would definitely be filed.

AB 47

Jack Kenney, Southern Nevada Home Builders, spoke in opposition to the bill. Mr. Kenney stated that they felt in the present time of tax reform school administrators should consider some other way to accomplish the goal of additional funding. He stated that they feel the schools are presently being utilized only about 1/6 of the time and the other 5/6 of the time they stand empty. Mr. Kenney acknowledged that there were schools going to the year round schedule and more and more schools are being used for night school, but they could still be utilized more. He felt that this was untimely after such a strong vote of Question 6 for school districts to come in and ask for additional moneys. Mr. Kenney quoted Chief Justice John Marshall who stated "the power to tax is the power to destroy". The bill has no limitations to it, according to Mr. Kenney, and this would make the bill awfully strong. Mr. Kenney also quoted from the book entitled "Land Use Controls and Low Income Groups, or Why Are There No Poor People in the Sierra Club". This article basically stated that blaming development on developers is like blaming the population explosion on the babies. He stated that most of the houses they produce are to supply something for people that are here and have a job. He added that he is a satellite that revolves around the casinos and tourism. He stated that he feels that the school administrators should come up with some way to use the schools more effectively and would urge the committee to defeat this bill.

Mr. Weise inquired what percentage of construction that went on in the last year was targeted for low income housing. Mr. Kenney stated that he was not sure what was meant by low income but that they are presently building a large number in the \$45,000 price range and almost all of these are new family formations. Mr. Weise went on to state that he wondered if this type of tax would not aggravate the situation of providing low income housing. Mr. Kenney stated that what they were building for \$16,000 in 1963 is now costing \$45,000.

Mr. Dini pointed out that this bill is not at the request of the school district but rather that it came from the Lyon County Commissioners. He stated that counties are having problems with rapid growth and because of the time lag before taxes are actually recieved on new property this has caused problems.

Mr. Dini continued on with a background on the bill. Mr. Dini's statements are attached as Exhibit A. Mr. Dini stated that Andy Grose of the Legislative Counsel Bureau has a copy of the California law referred to in his statement.

Mr. Dini stated that if Question 6 is passed, the bonded indebtedness limit of the counties will go down and if the county is fast growing it will be very difficult to raise the money to provide for school buildings. This bill would be an alternative to insure that there are adequate buildings to provide for the education of the children as required by the constitution of the state. He added that a lot of counties were supportive of this measure.

Mr. Marvel inquired when the fee would be levied. Mr. Dini replied that it would be prior to construction. He acknowledged that this would be paid by the contractor and passed onto the consumer and would raise the cost of a new home. However, according to Mr. Dini, at present, the established taxpayer has to "pay the freight".

Mr. Tanner stated that he was quite familiar with the California situation and that he felt that it has created a lot of problems there. He stated that where the fees had no limits they have raised rapidly and has made the economics of multiple development completely out of line. Mr. Dini suggested that they may want to make a pilot project out of this to see how it would work and that it would be a valuable tool down the road and would make counties less dependent upon property taxes.

Mr. Weise inquired whether this problem was peculiar to Lyon County only, which is presently experiencing the spill over from both Carson City and Reno. Mr. Dini stated they do have support of their principle developer as they feel it is the only just way to do it. He cited the situation in Lyon County where there are 1,000 homes on the drawing board right now. The school will not be big enough to before it is even constructed and in order to get a school large enough would cost \$10,000,000 and the county can not bond to that amount. He added that Lyon County is not the only county with this problem.

Mr. Tanner pointed out that not all of the new sales that are occurring are new residents. He stated that a lot of people move from one area of town to another or from an older home to a new one. This would put the tax on local people in this case.

Mr. Craddock stated that since the state is mandated to provide education uniformly perhaps the avenue of funds generated throughout the state be used to correct specific problems which may occur should be explored. Mr. Dini stated that he was not sure that this could be done constitutionally.

Mr. Rusk stated if whatever tax reform comes out of this session lowers the ability for counties to raise funds through bond issues that this would then relate more timely to the necessity of this kind of approach for raising funds. Mr. Dini stated timing is very important on this kind of issue. He stated that they are facing a time when it will be difficult to sell bond issues.

Mr. Bergevin stated that he wondered whether this type of a bill would actually circumvent the will of the people as it would place an additional tax on the people. He stated that he would also be very concerned with the open end aspect of the bill.

Mr. Mann stated that he would be totally opposed to other areas of the state picking up other county's bills. He would have to agree that some radical new ways must be looked at in order to come up with funding for building public buildings. He also questioned whether this was a problem that was mainly a "cow county" issue and suggested that perhaps the population limitation could be included.

Mr. Bergevin stated that Doulgas County has had no school bond problems but that they would like to see this expanded to include capital improvements.

Mr. Dini finished by stating that it would probably make it harder for people just starting out but on the other hand it would be a tax relief to those taxpayers that have been paying taxes for years.

Lou Hirschman, Douglas County School District, spoke in favor of the bill. He stated that if they had the cash money before they built it would eliminate the interest and this could reduce taxes in the future. Any type of cash money would reduce the capital expenditures.

Mr. Bergevin inquired whether this kind of tax would generate that kind of revenue. Mr. Hirschman stated that it would not but that it could be allowed to accumulate over the years. Mr. Mann pointed that the bill also addressed itse to additions to schools as well as whole new schools. This would be possible with the revenues generated by the bill.

Mr. Hirschman also pointed that perhaps the schools could be used more then they are presently but that when you increase useage of school buildings you also increase expenditures.

Dr. Clifford Lawrence, Superintendent of Schools for Carson City, stated that they were in support of this bill. He stated that he would urge that if this bill were to be passed that the purchase of sites be included. He stated that this is the problem that Carson City is presently facing. Carson City is now contemplating a bond issue to allow for the building of a new Jr. High and another elementary school. He stated that if the Question 6 were to be passed and assessed valuations were to be dropped Carson City would not have the bonding capacity to pass a bond to build another Senior High. Dr. Lawrence stated that they feel that this bill could help school districts to a degree but that it certainly would not do away with the necessity of bond issues.

Dr. Lawrence went on to say the theory behind the issue was sound in that the new people coming into the community are contributing to the problem of overcrowding in the schools and with this they would be contributing their share to pay for the facilities. This would be similar to sewer and water fees that are presently charged. This would help keep the tax rate down and allow them to put on additions when possible and provide some "up front cash money" for building programs; and "hopely" allow them to buy some sites in advance of growth. He stated that he would not like to see this be a high assessment fee and it is their concern that this would put additional costs on housing; but they feel that it can help the districts to better serve the people.

Mr. Rusk stated that in Washoe County when a developer is given approval for a large number of units there is land contributed for school site. He wondered if Carson City had approached this. Dr. Lawrence stated that they can get a site at the appraised price. The problem in Carson City is that it is not large enough for very many of these large developments. Most developing is done in small numbers and the developer can not afford to donate a school site.

Mr. Craddock stated that since the state is mandated to provide education perhaps they should be looking into possibility of state bonding power in this area. Dr. Lawrence stated that he really couldn't comment at this time on this but that this might aid some depressed areas. Washoe and Clark County have no trouble with bonding capacity while some smaller areas have to build piece meal because of their bonding power.

Mr. Mann stated that this was an interesting point and that perhaps the committee could get an opinion from Frank Daykin regarding the state's liability to provide an education and whether it could be taken to court should a bonding issue fail and thus a school not be built; would the state be liable to provide that the school must be built.

Mr. Weise inquired what the bonding capacity of Carson City was at this time. Dr. Lawrence stated that there is about \$11,000,000 left at this time. They are proposing to use about 9.9 of that for the proposed jr. high and elementary school. To Mr. Weise's question about whether Carson City has any problems within their bonding limits, Dr. Lawrence stated that at the present time they have had no problems with it; however, if Question 6 were to be passed and a high school would be needed, they would have some problems staying within the limits.

Don Hataway, Carson City Manager, stated that the Carson City Board of Supervisors is in support of this bill. They have approached this with the same approach as water connection fees and sewer connection fees and the recently enacted recreation construction tax. This places the burden of the costs for improvements caused by growth on those that are generating the growth.

Mr. Hataway stated that an alternative to look at would be to have an overall 1% sales tax on all real estate transactions which would provide enough revenue to speak to all things such as recreation, fire stations, schools etc.

Mr. Hataway stated that they would like to see, if the bill is voted out of committee, to require that this fund be removed from the Labor and Management Relations activities that have impact. This would be protected and kept for the specific purpose that it is intended.

Mr. Bergevin inquired whether they would like this to be extended to all capital improvements. Mr. Hataway stated that the whole problem of growth to a community has to be spoken to eventually. The revenue needed is either going to be generated by the people that live there or by some new unique methods that have not been spoken to in the past. He stated that he would like to see it be as flexible as possible.

Mr. Weise inquired about guidelines and limitations on how the money would be invested until it was spent. Mr. Hataway stated that the school board needs a master plan of what specific activities are going to be accomplished with the funds generated. Within that frame the money could stand in the fund where the interest could be accrued to that fund itself.

Mr. Weise went on to ask about what user taxes on a \$50,000 house in Carson City would be. Mr. Hataway stated that with the fees that they levy right now, the average house today pays just under \$3,000.

Mr. Dini asked what impact the adoption of Question 6 would have on Carson City. Mr. Hataway stated that it would definitely have an impact but that he was just as concerned about other tax reform aspects. He was just as concerned about the aspect of tax on food being removed. This would have as much or more impact on Carson as Question 6 would. They have no other alternatives to look to unless the state gives them more flexibility. They are already looking at all of their non property tax revenues to see if perhaps greater user fees could be developed to take up some of the slack that Question 6 passage would cause.

Mr. Bergevin inquired what Mr. Hataway felt was the biggest implication of Question 6 in regards to the bonding capacity. Mr. Hataway stated that he felt the biggest implication would be the lid that would be placed upon the amount of tax they could obtain. Dr. Lawrence stated that they really were having a problem getting a handle on Question 6 because of the complexities of it and the tremendous changes it would cause.

At this point, because of the large number of people wishing to speak on AB 47, Chairman Price stated that he would take any testimony available on AB 3 and then come back to AB 47 for the remaining testimony.

AB 3

Mr. Mann, sponsor of the bill, spoke in favor of passage of the bill. He gave a brief history of the bill, stating that it was first passed in 1977 when the took the percentage down to 60% with the understanding that if this caused no burden to the state they would come back in 1979 and try to the % lowered. This deals only with disabled veterans. He presented the committee with figures regarding the number of people involved and the amount of money needed to implement the bill. This is attached to these minutes as Exhibit B.

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Mr. Mann stated that he did have a conflict of interest on this bill in the he was a disabled veteran.

Mr. Tanner inquired whether there ought to be come income limits on the bill and whether in the 100% disability category the limits were too low. Mr. Mann stated that they had not gotten into income limitations in the past and that he would have not objections to that. What they were dealing with was the fact that person who had served his country well deserved something.

Mr. Marvel inquired how the percentage of disability was determined. Mr. Mann explained that this was done by the Veteran's Administration and that they keep very good and complete records on everybody and very accurate on their percentages. However, to get the information to the committee on how this was determined would entail volumes of information as the percentage is based on each individual case.

Mr. Ray Crosby, Assistant Legislative Chairman, Disabled American Veterans, spoke in favor of AB 3. He stated that AB 622 in 1977 passed unanimously in both houses. They started out with 10% to 100% and through compromise they came to the 60% figure. They realized that this is what they could get and went with it at that time. Mr. Crosby presented figures which break down the number of veterans concerned by county. This information is attached to these minutes as Exhibit C.

As there was no further testimony or questions regarding AB 3, Chairman Price called for additional testimony on AB 47.

AB 47

Robert Hadfield, Douglas County Manager, Kenneth Kjer, Douglas County Commissioner, Bob Gardner, Douglas County Public Works Director and Brent Kolvet, Douglas County District Attorney's office came forth to speak in support of AB 47.

Mr. Hadfield began by stating that there is another bill that will be coming that was adopted by the County Commissioners Association as part of their legislative package. They are here to speak in support of this tool or mechanism, so that they will have an additional tool to use to help them meet the growth pressures. This received considerable support at the Association's convention from both large and small counties.

Mr. Hadfield stated that property tax does not give any revenue for 12 to 18 months from the time the home is actually occupied. This revenue lag crosses over budget years so that they cannot very well plan to provide the services to this growing community with the revenues that are collected on the basis of the smaller tax base.

He added that the impact is now as the growth is very dramatic. This cannot be ignored and they need to develop some way to deal with this growth. They feel that this funding mechanism should

be available to all counties on an optional basis. He further added that many counties have been divided up to the benefit of the few without consideration as to where the development should really occur or what type of development should happen. He stated that he was talking about land division maps and parcel maps. All these may not be generated in a manner that is most economical to serve. Feel that the problem of those lots that are already here must be addressed. They favor this mechanism but they are also in favor of something that would allow them to place a fee at the time the building is constructed. Mr. Hadfield stated that they don't feel that this is the total solution to the problem but just a tool. If their tax rate is greatly diminished their ability to fund capital improvements will also be diminished.

Mr. Gardner stated that when a large developer comes in to develop an area there seems to be no hesitation to ask for some area to be set aside for school, fire station, etc. but there really is no enabling legislation to do this. The developer usually does not hesitate to give this land but if he wishes to force the issue there is no way to make him to it. The school site must be made available but the school district can be made to purchase the site. With the smaller units the impact is the same but they hesitate to ask for the consideration of land to be set aside.

Mr. Gardner went on to cite some figures for Douglas County regarding their growth. He stated that in regards to land division maps in the past 18 months they have had 235 lots created and in parcel maps they have had 400 lots created. They have had a large number of subdivisions and right now in Douglas County there are in excess of 7,000 available building sites. There are about 6,000 sites built on right now, so if they never approved another land division of any kind they could still double the population of the county with existing lots.

He stated that he felt it was important to expand the bill to cover all essential services. He felt it should be done in a similar fashion to the legislation in 278 now that provides for three options in terms of park improvements.

Mr. Gardner went on to state that they average between 50 and 60 permits per month and average valuation of \$50,000. This could amount to \$250,000 per month.

Mr. Hadfield stated that what they would like is to have perhaps a maximum fee of \$1,000 which would be divided up amongst the school district, road districts, fire and police protections, etc. They feel that this would provide for the needs created by growth and still be fair. This would not, however, generate enough money to carry the whole cost of any capital improvement but it would help. As far as effecting low income housing, Mr. Hadfield stated that these people also have children and they also create demands on the community. He also stated that market value determined cost of housing. He stated that they felt that they were not necessarily placing more cost on housing but rather that they might be cutting into the profits.

Mr. Mann questioned the advisability of splitting the money up into so many areas. He felt that it would probably be better to key on the most important area. Mr. Kjer stated that it was very difficult to determine what was the most important because all areas are affected by growth.

Mr. Marvel stated that he was not sure whether it should be a straight percentage or a flat fee. He stated that he felt that the percentage left it rather open ended. Mr. Hadfield stated that with the percentage the fee would go up as costs went up and that it would not be necessary to come back each legislative session to get the fee raised to cover inflation. He stated that he felt that the percentage presented the best viable tool.

Mr. Weise inquired whether they use the park tax in Douglas County. Mr. Hadfield stated that they use the room tax from the lake to support parks and recreation. Mr. Weise went on to inquire whether they would object if the legislature would expand the park fee to allow them to utilize those monies. This would allow the 1% presently allowed for parks and recreation to be used for capital improvements. Mr. Hadfield stated that the proposed legislation they have speaks to amending that to allow them to use that for these purposes.

Mr. Weise then asked if they feel that this tax should apply to all construction rather than to just residential. Mr. Gardner stated that they feel that it should apply to remodeling on a percentage basis. Mr. Kjer stated that in their association's legislative program they speak about building permits which would cover all construction.

Mr. Gardner stated that the existing park and recreation legislation gives the local government several options such as taking the land rather than money. He would like to see this type of option apply to this bill also. In this way the developer could donate the land that would be needed rather than pay the fees required. Mr. Kjer stated that there was another bill coming that would speak to everything they have discussed.

Mr. Tanner stated that perhaps they could solve a lot of problems if they allowed the land developer to claim the cites given as tax deductible gifts.

Dwight Millard, Nevada State Homebuilders Association, spoke in opposition to the bill. He stated that he did not feel adding costs to new construction deals with the problems of growth. He stated that they must realize that they cannot stop growth. The local association is trying to hold the cost down on housing. He stated that it is really not feasible to worry about children in schools if the houses that are built can not be afforded by anyone. He stated that in the past it has been the obligation of the members of the association to solicit help in passing various bond issues and they have always supported bond issues. He added that he feels that Question 6 was a mandate of the people to have their tax dollars spend more efficiently. He cited the

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fact that when a new Safeway store is built it is built with the help of existing Safeway stores. He stated that perhaps Mr. Mann's suggestion of a state bonding facility was something that should be investigated. Mr. Millard also stated that another possibility would be a mobile home tax that would be equivalent to real property tax rather than personal property.

Mr. Weise inquired that if such a fee was imposed did they feel it should also apply to commercial construction. Mr. Millard stated that he feels that it should affect commercial building as they bring in the people that require the services.

Mr. Weise asked Mr. Millard if he had any alternatives to offer that would help the situation of Lyon County regarding the fact that they becoming impacted. Mr. Millard stated that he would have no alternative other than the fact that it becomes tool of budgeting. He pointed out that the people realize that if they have an additional \$1,000 tacked onto their cost of a new house they will end up paying \$3,000 for it by the time it is paid for. He ended by stating that he does not feel that this type of bill generates enough up-front cash to do any good and it really doesn't solve anything.

Bob Sutherlin, Carson Area Council of Governments, stated that he wish to clarify somethings relative to county support. He stated that the convention previously referred to that although it was a voice vote on this issue there were no "nay" votes at all. He also pointed out that most local governments are playing a game of "catch up ball" all the way.

Gene Milligan, Nevada Association of Realtors, stated that they were in opposition to this bill. He pointed out that costs of new houses has a definite relation to the cost of existing housing on the market. He stated that the prices of existing houses has doubled in the last four years in this area. This has in effect doubled the revenue for the city. He also stated that he felt that one of the reasons for the failure of bond issues is that the issue is not really explained to the voters in a manner that they can understand and appreciate. People do not really understand bonding capacity. He stated that perhaps the state bonding plan would be the way to go. He also state that the National Association of Realtors has done some extensive studies and they show that when you add federal, state and local impacts on housing it increases the cost of housing \$10,000. What people do not tend to think about is that when the tax like this is being passed, the federal government is also passing another tax. All the environmental impact laws have to be added into this and add to cost.

Mr. Rusk inquired how Mr. Milligan would suggest some revenues be made up in the event the tax reform such as Question 6 were to pass. Mr. Milligan stated that he personally believes in user taxes but he felt this bill would be pretty discriminatory type of tax. He went on to state that four years when the park and recreation bill came about, testimony was given that

this same concept would be used to create taxes on such things as fire districts, etc. and here it is.

Brent Kolvet, Douglas County District Attorney's office, spoke in favor of the bill. He stated that the proposal referred to by previous speakers was presented to the State District Attorney's Association and was unanimously passed by that body. He pointed out that if some other tax alternative such as this is not given to the counties so that they build schools or provide services that are required that it could be a basis for the counties to start saying no development and that would cause a lot more housing to be lost than would be lost by this proposal.

Arnold Settlemyer, Douglas County School District, spoke in favor of the bill. He stated that their school district has grown percentage wise faster than any other school district. He stated that he felt there was a problem with the two types of figures that have been referred to. He referred to the cost per square foot and the percentage of total cost figures. He added that the proposal for state bonding was a possibility and that it is being done in other states such as Hawaii and Pennsylvania and they do save money.

As there was no further testimony to be taken, Chairman Price adjourned the hearing at 5:50.

Respectfully submitted,

Sandra Gagnier

Sandra Gagnier
Assembly Attache

Also attached minutes as Exhibits are:

Exhibit D - Copy of Fiscal Note on AB 250

Exhibit E - Letter from Charles M. Murphy regarding support on AB 55

60TH NEVADA LEGISLATURE

ASSEMBLY TAXATION COMMITTEE
LEGISLATIVE ACTION

Date: February 5, 1979

SUBJECT: AB 250, Increases certain allowances to elderly for payment of property tax.

MOTION:

Do Pass XX Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By: Mr. Marvel Seconded by: Mr. Coulter

AMENDMENT: _____

Moved by: _____ Seconded by: _____

AMENDMENT: _____

Moved by: _____ Seconded by: _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Price	X	_____	_____	_____	_____	_____
Bergevin	X	_____	_____	_____	_____	_____
Chaney	X	_____	_____	_____	_____	_____
Coulter	X	_____	_____	_____	_____	_____
Craddock	X	_____	_____	_____	_____	_____
Dini	Excused	_____	_____	_____	_____	_____
Mann	X	_____	_____	_____	_____	_____
Marvel	X	_____	_____	_____	_____	_____
Rusk	X	_____	_____	_____	_____	_____
Tanner	X	_____	_____	_____	_____	_____
Weise	Excused	_____	_____	_____	_____	_____
TALLY:	9	0				

ORIGINAL MOTION: Passed XX Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes February 5, 1979

ASSEMBLY TAXATION COMMITTEE

GUEST LIST

Date: 2/5/79

NAME REPRESENTING WISH TO SPEAK
YES NO

DANA Greenleaf	DEPT D. A. V. OF NEV	X	
RAY CROSBY	DEPT D. A. V. OF NEV	X	
ROBERT HADFIELD	DOUGLAS COUNTY MANAGER	X	
PAUL DELOREY	FED FIREFIGHTERS NEV		
LEON Fakhimandy	TRAVA Veterans		X
Don Hataway	Carson City Manager	X	
DWIGHT C. MILARD	NEV State Homebuilders Assn	X	
JACK KENNEY	SOUTHERN NEVADA HOME BUILDERS	X	
DICK WRIGHT	WASHOE COUNTY School DIST	X	
JIM JOYCE	NEV State Home Builders		X
Gary Milliken	Clark Co. Assessor's Office		X
Brent KOLLET	DOUGLAS COUNTY	X	
Steve Wilson	Myself		X
Don Rice	AP		
Clifford Lawrence	Carson City Sch. Dist.		
JAMES Foley	CARSON CITY BUILDERS ASSN	X	
Bill Cozart	NEV. ASSOCS OF REACTORS		X
Steve Milligan	" " "		
Greg Johnson	Carson City Employees Assoc		X
Tom Young	NEV. Environmental Action Fund		
Bob Gardner	Douglas County	✓	
Low Hirschman	Douglas County School District	✓	

P R I

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710



EXHIBIT A
LEGISLATIVE COMMISSION (702) 885-5627

DONALD R. MELLO, *Assemblyman, Chairman*
Arthur J. Palmer, *Director, Secretary*

INTERIM FINANCE COMMITTEE (702) 885-5641

FLOYD R. LAMB, *Senator, Chairman*
Ronald W. Sparks, *Senate Fiscal Analyst*
William A. Bible, *Assembly Fiscal Analyst*

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FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5627
JOHN R. CROSSLEY, *Legislative Auditor* (702) 885-5620
ANDREW P. GROSE, *Research Director* (702) 885-5637

October 2, 1978

Assemblyman Joseph E. Dini, Jr.
104 N. Mountain View
Yerington, NV 89447

Dear Joe:

The subject of impact fees is complex and controversial. It is complex because of the extensive data and computations often called for in order to exact an impact fee and it is controversial because of the basic philosophical differences over whether such fees are ever justified. You asked about the fees as they might apply to schools. I'll go into a bit of general background first.

There is a semantic and a legal distinction between a fee and a tax. A fee is charged to support a particular function or service and the level of the fee is based on the amount of revenue needed to support the function or service. In addition, the person or entity paying a fee should reasonably expect to receive the service for which the fee was paid. In other words, the purpose of a fee cannot be so general as to have the services it is to support go mostly or even largely to benefit nonpayers. Thus, a sewer connection fee may, as a general rule, be no larger than the actual cost of a sewer connection. Building permit fees, by the same token, should be only large enough to cover the costs of inspection of a particular project plus necessary overhead costs. Such fees may not be set so as to return a surplus to a city or county general fund.

A tax is levied to produce revenue, not to provide a particular service to a particular taxpayer. In addition, most states do not allow local governments to levy any tax not specifically authorized by general law. In Nevada, there

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impact fees

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is no such prohibition in our constitution except on ad valorem taxes but, in effect, we observe such a prohibition. Cities and counties in Nevada do not have home rule so they do not exercise any powers not specifically granted by general law or by city charters. There are certain taxes authorized for local governments such as business license taxes and room taxes.

In a number of states beset by rapid growth, the concept of an impact fee has developed. The theory behind an impact fee is that when a community grows very rapidly, it has to lay out a lot of money in capital expenditures. The most obvious areas are water, sewer, schools and recreational facilities. The people who will need these things almost as soon as they move to a community do not normally pay their property taxes for a year or even 2 years after arrival. The local community is faced with an expenditure-revenue gap in the short run and the long-run question of whether the entire local tax base should support the bond issues necessary for the capital outlays. In many communities, the feeling has developed that newcomers arriving in great numbers should help to pay the front-end costs associated with new development. The various devices for assigning these front-end costs to newcomers have come to be called impact fees.

We already have a Nevada law that is essentially an impact fee and that is the law on dedication of park and recreation land or a payment in-lieu (NRS 278.497-278.4987). A local government has three options under that law: dedication of land; money in lieu of land in the same value as the land; or, if it has a master plan, it can levy a 1 percent construction tax. The so-called construction tax could also be called a fee because it must be used strictly for recreation and parks.

Page 3

With the precedent already set in Nevada and with impact fee laws elsewhere, there are plenty of examples for an impact fee for schools. New growth means more students which means more buildings and teachers. Few would contend that teachers should be paid by anything other than general taxes paid by all. Many contend, however, that the new buildings should be paid for, at least in part, by special additional fees paid by new residents.

Nevada law, for quite a few years, has had a provision allowing a school district to select land in a new subdivision and then pay an appraisal price for it. In other states, there have been laws requiring dedication of land or payment in lieu by developers for school sites. It seems to me that our present law on parks and recreation land serves as a good model for an impact fee for schools. Such a revenue source should reduce by quite a lot the amount of debt a school district would have to incur for new construction.

Given the fact that we are not a home rule state, it is clear that a general law would be necessary to authorize either an impact fee or an additional construction tax. I've enclosed a California law on the subject. You can see that it has two main elements that you might want to consider. First, there has to be a showing of an emergency in terms of overcrowding. Second, the decision as to whether the special fees are to be allowed is left with the county governing body. The school board can only request.

There are alternative approaches. The construction tax could be split between schools and parks instead of a new 1 percent added for schools. An impact fee could be devised based on number of bedrooms in a new residential unit. Some jurisdictions in California have used a \$200 per bedroom fee. A school district can determine how much new buildings

Page 4

will cost and how many new classrooms will be required. A fee can be worked out based on the per capita share of new construction cost for each new residential unit. That fee or some part of it could be the impact fee assessed.

The question for you is a political one. There don't seem to be any constitutional obstacles against impact fees. If you want more materials pro or con or both, let me know.

Sincerely,

Andrew P. Grose
Research Director

APG/jld
Encl.
SF: Impact Fees

This means that 1,283 are presently eligible for property tax exemption in Nevada, that being the number with 60 percent or greater disability. If you lower the disability level to 40 percent, you would add 1,139 disabled veterans for a grand total of 2,422.

If all the eligible veterans in Nevada were homeowners, it would be simple to figure the cost of any exemption arrangement. Since they are not all homeowners, we must approximate how many are. The 1970 Census showed that 58.5 percent of Nevadans lived in owner-occupied housing. Using this percentage and rounding it up to 60 percent, we can approximate the number eligible in each disability category as follows:

<u>Percent Disabled</u>	<u>Number in Nevada</u>	<u>Homeowners</u>
0	107	64
10	3,366	2,020
20	1,451	871
30	1,237	742
40	723	434
50	416 ^{1,139}	250 ⁶⁶⁷
60	488	293
70	250	150
80	147	88
90	51	31
100	<u>347</u>	<u>208</u>
	8,583	5,151

*World wide figure \$207,310
 \$104,200 - for an increase of
 \$101,024*

*Total cost \$11,200
 or $\frac{12}{100} \times 91\%$*

66% increase in the total population

Page 3

This means there are now about 208 disabled veterans in Nevada eligible for the maximum \$10,000 exemption. Another 119 are eligible for the \$7,500 exemption. Finally, 443 are eligible for the \$5,000 exemption. The cost at present, using the statewide average tax rate of \$4.7083 per \$100 would be as follows:

\$10,000 exemption at \$4.7083 = \$470.83
\$ 7,500 exemption at \$4.7083 = 353.12
\$ 5,000 exemption at \$4.7083 = 235.41

\$470.83 X 208 (100% disabled homeowners) = \$97,933

\$353.12 X 119 (80 & 90% disabled homeowners) = \$42,021.

\$235.41 X 443 (60 & 70% disabled homeowners) = \$104,286.

Total tax loss from present exemption \$244,240

That figure represents a little over one-tenth of 1 percent of the total property tax revenue.

If you lower the eligibility requirements for the \$5,000 exemptions to 40 percent disabled, the total cost of that exemption would rise from \$104,286 to \$265,310 or an increase of \$161,024. This amount would represent a 66 percent increase in the total cost of the program. Total program cost would become \$405,263 or a bit less than eighteen-hundredths of 1 percent of total property tax revenues.

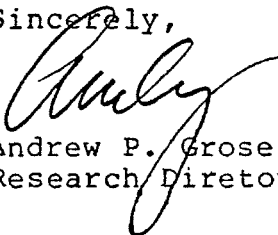
With the figures I've used, it would be simple to calculate costs for however you'd want to structure the eligibility requirements.

Another approach to the whole program would be to use \$10,000 as the basic exemption and a veteran's disability level would be used to figure what percentage of the maximum exemption would be allowed. For instance, a 40 percent disability

Page 4

would be a \$4,000 exemption, 50 percent \$5,000 and so forth.
If this has any appeal, I can figure those costs.

Sincerely,



Andrew P. Grose
Research Director

APG/jld

SF: Increasing property tax exemptions for veterans.



STATE OF NEVADA
OFFICE OF THE ATTORNEY GENERAL
CAPITOL COMPLEX
CARSON CITY 89710

RICHARD H. BRYAN
ATTORNEY GENERAL

LARRY D. STRUVE
CHIEF DEPUTY ATTORNEY GENERAL

January 10, 1979

Mr. Ray A. Crosby
Assistant Legislative Chairman
Disabled American Veterans
P. O. Box 255
Steamboat, Nevada 89436

Dear Ray:

Thank you for your informative letter on legislative issues concerning the Disabled American Veterans.

As always, you have obviously done a thorough job in preparing your legislative requests.

I wish you well in your legislative efforts.

Warmest personal regards,

A handwritten signature in cursive script, appearing to read "Rich".

RICHARD H. BRYAN
Attorney General

Department of Taxation

CARSON CITY, NEVADA 89710

In-State Toll Free 800-992-0900



~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
Robert List, Governor

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
Roy E. Nickson, Executive Director

January 22, 1979

Mr. Ray A. Crosby
Assistant Legislative Chairman
Disabled American Veterans
1260 Oliver Street
Reno, Nevada 89512

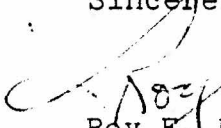
Dear Mr. Crosby:

As requested, I am enclosing a breakdown on the number of disabled veterans' claims for property tax exemptions. We have been unable to obtain information from Washoe County and this is indicated in the enclosure. I note that the only information available concerning veterans in the 40% to 50% disabled category is a total number and this is given as 539.

I hope the figures will be of some assistance to you - We obviously have no record concerning the number of spouses of the veterans affected.

If we can be of any additional assistance, please do not hesitate to contact me.

Sincerely,


Roy E. Nickson
Executive Director

REN:rf

Enclosure

From Roy Nelson, ex Dir
 Nev. Dept. of Taxation

DISABLED VETERANS*

EXHIBIT C

County	No. 100%	Value	No. 80-99%	Value	No. 60-70%	Value
City	16	\$ 153,500	2	\$ 12,890	6	\$ 26,223
Churchill	13	70,515	2	13,390	3	14,580
Clark	192	1,803,508	36	253,618	91	427,394
Douglas**	2	20,000	1	3,150	1	5,000
Elko**	1	10,000	1	7,500	2	10,000
Esmeralda	2	17,500	-	-	-	-
Eureka	None	-	-	-	-	-
Humboldt	None	-	-	-	-	-
Lander	None	-	-	-	-	-
Lincoln	1	5,015	-	-	-	-
Lyon**	1	10,000	1	7,500	3	5,000
Mineral	4	28,625	-	-	2	1,000
Nye	3	18,185	-	-	5	22,105
Perishing**	2	10,000	-	-	-	-
Storey	(1 disabled veteran - % disability not available -Dollars = \$2,745.)					
Washoe	46	\$424,450 ⁰⁰	10	\$75,000 ⁰⁰	31	\$148,220 ⁰⁰
White Pine	Not available Fig's - From DON PECK RAM ASSESSOR. (Dollar breakdown estimated)					

Totals	237	\$2,146,848	44	\$ 305,548	117	\$ 520,802
	<u>46</u>	<u>424,450</u>	<u>10</u>	<u>75,000</u>	<u>31</u>	<u>148,220</u>
Total Possible Disabled Veterans	283	\$2,571,298.00	54	\$380,548.00	148	\$669,022

Note: There are additionally 539 disabled veterans in the 40-50% category.

*Values and count include secured and unsecured rolls as compiled from the 1977-78 or 1978-79 Assessment Rolls.

**Estimates based upon maximum exemptions.

← Added in to totals.

77 Figures are quite close to actual performance in 1978.

BY WAY OF EXPLANATION TO THE
ASSEMBLY TAXATION COMMITTEE
STATE OF NEVADA
APRIL 12, 1977

-RE: NRS 361.091

THERE ARE: APPROX. 95,000 VETERANS IN NEVADA

APPROX. 7,000 ELIGIBLE FOR DAV'S
INCLUDES PURPLE HEART AND 0% RATED VETERANS

APPROX. 5,200 ARE RATED 10% OR MORE DISABLED

APPROX. 3,000 ARE RATED 10 - 19% DISABLED

APPROX. 1,200 ARE RATED 20 - 49% DISABLED

APPROX. 750 ARE RATED 50 - 69% DISABLED

APPROX. 250 ARE RATED 70% OR MORE DISABLED
(60% IS 100% DISABLED FOR UNEMPLOYMENT PURPOSES)

THE DISABLED AMERICAN VETERAN WILL ALWAYS HAVE A 'PERMANENT' DISABILITY.
AND WILL HAVE SCARS FOR LIFE THAT MOST PEOPLE CAN NEVER SEE. HOWEVER, IN
THEIR WISDOM (OR LACK OF IT) THE V.A. WILL CUT DISABILITY COMPENSATION.
SINCE IT IS DONE BY OTHER 'HUMAN BEINGS' THE CUTTING IS SOMETIMES DONE
ON A PERSONAL RATHER THAN MEDICAL BASIS.

THEREFORE, WE BELIEVE THE EXEMPTION AB622 SHOULD PASS ON THE
BASIS OF DISABILITY COMPENSATION PAID RATHER THAN USING THE
NOMENCLATURE 'PERMANENT' AND THE WORD 'DISABILITY' WITHOUT
SAYING 'DISABILITY COMPENSATION'.

AS WE GET FURTHER FROM THE WARS - AND DANGER IS NO LONGER IMMINENT -
THERE IS A TENDENCY FOR EVERYONE TO FORGET. MOST OF US BELIEVE THAT WHAT
HAPPENED TO US HAD TO HAPPEN TO SOMEONE. WE WOULD LIKE TO FORGET WHAT DID
HAPPEN TO CAUSE OUR PRESENT PHYSICAL CONDITON. HOWEVER, WE CAN NOT.

OUR INJURIES, GREAT OR SMALL, HAVE LEFT A TRAUMATIC EFFECT ON OUR LIVES AND THE LIVES OF OUR FAMILIES. IT SEEMS THE OLDER WE GET, THE LESS ABLE WE ARE TO FEND FOR OURSELVES AND THE MORE PRONOUNCED OUR PHYSICAL SHORTCOMINGS AND AGGRAVATIONS ARE. THERE ARE MANY HANDICAPPED WITH BIRTH DEFECTS OR SUBSEQUENT DISEASE OR SUFFERING FROM PHYSICAL TRAGEDY WHO ARE NOT VETERANS. WE AS DAV'ERS, SYMPATHIZE WITH THESE PEOPLE AND RELATE TO THEM. HOWEVER, I BELIEVE THE TRAUMA SUFFERED BY DAV'S CAN NEVER BE MEASURED OR COMPARED WITH THESE OTHER UNFORTUNATE PEOPLE

TO HAVE ENTERED SERVICE HEALTHY AND BECOME WOUNDED OR HURT 6000 MILES FROM HOME HAS DRASTICALLY CHANGED THE LIFE STYLE OF ALL DISABLED AMERICAN VETERANS. WE DO NOT WISH TO CONTINUALLY POINT OUT TO THE PUBLIC OUR PARTICULAR PROBLEMS; HOWEVER, THIS SEEMS TO BE THE ONLY WAY WE CAN SEEK REASONABLE STATE BENEFITS. AS YOU NOW KNOW, NEVADA RATES A VERY POOR LAST PLACE IN VETERANS BENEFITS.

ACCORDING TO THE PRAYERS AND WISHES OF THE AMERICAN PEOPLE, THERE WILL BE NO MORE WARS. THEREFORE, YOU ARE CONSIDERING A FEW BILLS LIMITED TO A HANDFUL OF WWI VETERANS. THE MAIN BULK OF ALL VETERANS ARE THOSE WHO SERVED IN WWII AND FOUGHT THE 'POLICE ACTIONS' OF KOREA AND VIET NAM.

WE ARE NOT BEGGING, PLEADING OR THREATENING. WE ARE SIMPLY TELLING YOU HOW IT IS WITH US. WE ASK EACH OF YOU IN YOUR WISDOM, VOTING YOUR CONSCIENCE, TO CONSIDER OUR POSITION AND NEED. ~~YOU CAN HELP ALL NEVADA VETERANS BY PASSING AB-582.~~ *Postponed!*

YOU CAN HELP ALL NEVADA DISABLED AMERICAN VETERANS BY PASSING AB 622
WITH THE SUGGESTED AMENDMENTS. *AB 696: LICENSE PLATES FOR 100% ER'S.*

WE BELIEVE OUR REQUESTS FOR THESE NEW LAWS ARE NECESSARY AND REASONABLE!

WE ARE DEEPLY GRATEFUL TO ASSEMBLYWOMAN KAREN W. HAYES AND ASSEMBLYMAN NASH

M. SENA FOR INTRODUCING AB 581, HOWEVER WE FEEL IT IS ASKING TOO MUCH TO PASS

THIS BILL. WE WOULD LIKE TO SEE ALL VETERANS PAY THEIR DUES FOR A WHILE TO

OUR GREAT STATE BEFORE BECOMING ELIGIBLE FOR AN EXEMPTION. ~~AB 582 WOULD MAKE~~

~~THIS POSSIBLE. WE WOULD LIKE TO SHORLEN RESIDENCY REQUIREMENTS AS SUGGESTED~~

~~IN AB 582. HOWEVER, WE WOULD BE MOST HAPPY TO HAVE THIS BILL PASSED AS WRITTEN.~~

~~IT FAR SURPASSES N.R.S. 360.090 WHICH REQUIRES A VETERAN TO HAVE BEEN A NEVADA~~

~~RESIDENT PRIOR TO DECEMBER 31, 1960, IN ORDER TO BE ELIGIBLE.~~

SINCERELY,



RAY A. CROSBY
LEGISLATIVE CHAIRMAN
DEPARTMENT OF NEVADA
DISABLED AMERICAN VETERANS
5835 LEON DRIVE
SUN VALLEY, NEVADA 89431

STATE AGENCY ESTIMATES Date Prepared February 2, 1979

Agency Submitting Department of Taxation

Revenue and/or Expense Items	Fiscal Year 1978-79	Fiscal Year 1979-80	Fiscal Year 1980-81	Continuing
Total				

Explanation (Use Continuation Sheets If Required)

There is no fiscal impact on this bill. The Senior Citizens Rebate Program is being implemented according to the proposed changes in this bill and contrary to existing statutory law.

Local Government Impact YES NO
 (Attach Explanation)

Signature *Ray E. Spiller*

Title Executive Director

DEPARTMENT OF ADMINISTRATION COMMENTS Date February 2, 1979

I agree with the above comment.

Signature *Howard E. Barrett*
 Howard E. Barrett
 Title Director of Administration

LOCAL GOVERNMENT FISCAL IMPACT Date
 (Legislative Counsel Bureau Use Only)

CHARLES M. MURPHY
ATTORNEY AT LAW

FIRST NATIONAL BANK BUILDING
ONE EAST FIRST STREET
RENO, NEVADA 89501

TELEPHONE 329-6431
AREA CODE 702

February 1, 1979

The Honorable Robert Price
Chairman, Assembly Taxation Committee
Nevada State Legislature
Capitol Complex
Carson City, Nevada 89710

Dear Assemblyman Price:

I am the Chairman of the Kappa Lambda Fraternity, Inc., a non-profit corporation holding title to real property for the fraternity house occupied by the Lambda Chi Alpha Fraternity at the University of Nevada. I am writing in support of Assembly Bill 55 introduced by the Taxation Committee which would eliminate the requirement for filing annual exemption statements for recognized fraternities and sororities. That amendment to N.R.S. 361.100, while minor in comparison to the many other issues of tax reform which face your committee during this session, would be a worthwhile change to the procedures applicable to those particular organizations which provide a unique experience at the University of Nevada. A.B.55 would provide that fraternities and sororities, which are already exempt from real property taxation, would continue to maintain that exemption after filing an initial claim for exemption. At the present time, alumni corporations which hold title to real property used for fraternity and sorority purposes are required to file annual claims for exemption.

In contrast, churches and other religious organizations which are exempt of taxation under the provisions of N.R.S. 361.125 maintain that exemption after an initial claim is filed. The annual exemption claim imposes a burden on the Washoe County Assessor's Office, which has been most cooperative in seeking to assure that exemption forms are distributed and received back before the deadline. A failure to comply with the technical requirements of the statute, of course, compels the County official to impose the taxation of the property, and, I am certain that such inadvertent failures have, in the past, caused substantial financial hardship to those non-profit corporations.

The Honorable Robert Price
February 1, 1979
Page 2

A change in the statute would not interfere with an orderly tax collection process. At the University of Nevada, the fraternities and sororities have been in existence for a great number of years and seldom, if ever, trade in real property or otherwise change their status. The Lambda Chi Alpha Fraternity, for example, has occupied its premises virtually since its founding in the 1920's. The experience is the same with most of the other fraternities and sororities, and the necessity for an annual filing of a claim of exemption is, therefore, not great.

We appreciate your consideration of A.B.55 and urge your favorable recommendation on it.

Sincerely yours,

Charles M. Murphy

CMM:msg

cc: The Honorable Steve Coulter
Philip K. Klink
Gregory J. Damm, Esquire