

MEMBERS PRESENT:

CHAIRMAN PRICE  
VICE CHAIRMAN CRADDOCK  
ASSEMBLYMAN CHANEY  
ASSEMBLYMAN COULTER  
ASSEMBLYMAN MANN

ASSEMBLYMAN BERGEVIN  
ASSEMBLYMAN MARVEL  
ASSEMBLYMAN RUSK  
ASSEMBLYMAN TANNER  
ASSEMBLYMAN WEISE

MEMBERS ABSENT:

ASSEMBLYMAN DINI

GUESTS PRESENT:

SEE ATTACHED GUEST LIST

A quorum being present and in the absence of Chairman Price, Vice Chairman Craddock called the meeting to order. He stated the chairman would be late and because the time limit they would begin without him. Mr. Craddock called upon Frank to discuss SB 77 before beginning hearings on AB 31, 33, 107 and AJR 15 and 10.

SB 77

Chairman Price stated that he had asked Frank Daykin to come up because he understood that SB 77 had been drawn up in a "clean manner" to meet a constitutional requirement. He stated that there may be some reasons for avoiding making amendments to the bill.

Mr. Daykin stated that SB 77 was drawn so that it obeys the requirements of Question 4 of the last election and does nothing else. Question 4 is not self executing and does not of itself automatically reduce the taxes, it merely requires the legislature to do so. This bill would carry out the mandatory provisions of Question 4. It does not however, deal with the premissive provisions. If the legislature passes this it has done everything that the constitution requires it to do.

Mr. Mann stated that Question 4 also authorized the removal of personal property tax if they so desire. He wondered if that clause was included in this bill would it be in fault. Mr. Daykin stated that it would not be void or questionable in any way but that it was drawn to do one specific thing. The bill would not be jeopardized as to its constitutionality in any way.

Mr. Price inquired what would happen if this bill were not passed this session. Mr. Daykin stated that there probably would be a rash of lawsuits against the Tax Commission to enjoin the collection of the tax upon this sort of property.

AB 31

Sam Mamet, representing Clark County, stated that it had been recommended by the Clark County Recorder on behalf of some of the smaller counties. He stated that the counties are required to collect certain taxes on apiary and livestock. If there is a tax refund that has to be made then the refund has to be made by the county directly. The special taxes go directly into the state treasury. They feel that any money that the county has to refund should be recovered by the county from the money that it has to return to the state. The fiscal impact on this would be nil because there is no change from what it has been handled in the past. Apparently though some counties would like the bill.

Mr. Bergevin stated that the head tax is mandatory and there is no refund on it. The producers can ask for a refund which they have to put through the county. He stated that he felt they were probably talking about less than \$200 total a year. He felt that the administrative costs on this would be higher than the actual refund costs.

Mr. Bergevin moved for an "indefinite postponement" and Mr. Marvel seconded the motion. The motion passed unanimously with Mr. Mann and Mr. Dini absent at this time.

AB 107

Mr. Weise, who originally requested this bill, stated that he would have to admit that he does have a conflict of this as he has property that would be involved. He stated that the exemption provision in the existing law was enacted 4 years ago whereby you can take a piece of property and put into agricultural or open space use. It has to conform to the existing county zoning. Thereby it is put into a lower rate of assessment. The idea behind is that the growth and development in many areas have caused these properties to be in a tax bracket where they are being taxed off their land. The exemption allows them to continue farming the property and pay a tax based on that rate. Even at that rate the agri-business return is such that it is difficult to make a living on a farm. At the present time if they sell a small piece of land they have to fill out a new application on the balance of the property. It does not change the tax but is strictly administrative procedure. To many people this is complicated and difficult and they do not really understand all this. The bill would allow them to allow this under the original filing.

Mr. Weise stated that the meat of the bill deals with penalties and interests. There is a fiscal note which states that there have been very little penalties collected. However, according to Mr. Weise this could increase rapidly in the very near future. He stated that he felt the penalty served no real purpose. The people that would have to pay on the whole would not be doing anything maliciously. Perhaps this was put into the original

bill with speculators in mind. However, he could see real reason for it. It would create a problem for the unsuspecting person rather than the malicious person. The final thing is the interest. The property involved has been taken off the highest and best use property rolls. The idea of paying interest is that at such time the property comes off the agricultural use rolls and goes back on the higher use, the people should be paying interest on the monies that they have not had to pay while it was in agricultural use.

Mr. Weise stated that he felt that social welfare value of retaining these properties far outweighs any penalty and interest that have to be paid. He stated that he felt they should be encouraging people to keep their land in agricultural use. At the time the property converts they are subject to this tax and it often creates a real hardship for the family. This often occurs due to a death in the family.

Mr. Craddock wondered what would happen if the people just kept selling piece by piece off until they had only the actual house they were living in and yet were under the lower tax rate. Mr. Weise stated that have to demonstrate a certain gross income from the agriculture business. He added that because of growth and inflation and such, they are having to sell some portion of their property just to keep up. When they do sell the property they do have to make up for those lost taxes and so the community benefits by an assessment going against the property for the back taxes that are paid on that portion that is no longer being used for agricultlural lands.

Mr. Mann stated that in 1975 the hearings they held on this issue were rather long and extensive and he would hesitate to make any changes in the law without the same kind of attention. He also stated that since there have only been the small amount listed in the fiscal note collected he wondered whether there really was a significant enough problem to warrant changing it. Mr. Weise stated that much of the property that was covered under this previous bill has not come out but that as it does there will be tremendous amounts of money being paid on both penalties and interest.

Mr. Mann stated that if he recalled the testimony showed that these people really weren't being hurt when they sold the property because they were realizing a great profit on their property. Mr. Weise stated that they have been having problems with cash buyers and when they have to pay back taxes, 6% interest, inheritance taxes and everything they can easily go into bankruptcy very easily.

Mr. Bergevin stated that in 1975 they have tried to get the 6% interest removed from the bill. He added that with some of the problems with subdivisions and zero growth there is a freeze being put on the farmland so that you can't find buyers for the land. They are not really concerned about the rollback aspect of the taxes but they do feel that the 6% interest is

something that is unnecessary and somewhat unfair.

In response to Mr. Tanner's questions regarding time limits and gross income, Mr. Bergevin stated that after 1975 they are on a 7-year perpetual recapture period and the gross income is \$2,500 a year off the land.

Mr. Weise pointed out that in Washoe County with the present sewer capacity problems there is a freeze on development in some areas so even if they wanted to develop the land they couldn't but yet they are being assessed at the higher use.

Mr. Craddock stated that perhaps it would be wise to pull the minutes out for these hearings held in 1975. Mr. Mann stated that they also should ask Speaker May to testify on this as he is a real expert on this subject.

Sam Mamet, Clark County, stated that he would like to point out several things. He stated that he did not know where the information used on the fiscal note was obtained but that in Clark County during the 1976-77 year the interest on the taxes was \$7,200 and in 1977-78 is was \$6,400.

Mr. Mamet stated that their county treasurer stated that perhaps the penalty is steep and unfair but on the other hand if the penalty is removed perhaps it could be argued that some incentive to make prompt notification might be taken away.

Mr. Mamet stated that it was brought to his attention that the County Commissioners Association in November adopted a resolution asking for a study of the greenbelt process.

Mr. Mann stated that perhaps for the purpose of notification they could leave the language found on lines 13-17 on page 3 in the bill. Mr. Bergevin stated that he would have no problems with that. Mr. Weise stated that he felt that there should be something that made the penalty effective only for intentional misuse.

Mr. Price asked Jeanne Hannafin of the Tax Department to get the information regarding the fiscal note for the committee. Mrs. Hannafin stated that she would have the information by Monday.

Chuck White, Nevada Farm Bureau Federation, spoke in support of this bill. A copy of Mr. White's statement is attached to these minutes as Exhibit A. He added that for the record they are also in support of AJR 15 as they feel that the 7-year period is a bit excessive.

Mr. Mann stated that he remembered that the 6% had been a big issue during the debate but he could not remember why. Mr. White stated that the Assembly had taken it out but that the Senate would not go along with so in order to save the rest of the concept they had given up on the idea of removing it.

Gene Milligan, Nevada State Realtors Association, stated they also opposed the 6% in 1975 and they still maintain this position. They feel that AB 107 and AJR 15 are good bills and can see no problems with them.

Mr. Rusk stated that he would really like to have some input on this from Mr. May on the original intent of the 6%.

AB 33

Harold Myers, representing the Nevada Association of Dispensing Opticians, stated that support this bill because of the inequities that have existed in the state over the taxation of eyeglasses. He pointed out that eyeglasses bought from optometrist are not subject to sales tax but if the patient went to a nondispensing ophthalmologist and then went to an optician, he would have to pay sales tax for the glasses. What they are asking for is some equity in this law. They are asking for an exemption of eyeglasses entirely. He stated that they feel that glasses are a necessity and should be exempt.

Mr. Mann stated that they had heard testimony that perhaps they should not exempt frames. He stated that he would have problems exempting the real fancy carriers that cost quite a bit. Mr. Myers stated that they were not adverse to having them taxed as long as everyone is taxed on the same basis.

Mr. Chaney stated that he felt that they should eliminate tax on this completely so to benefit the people that seem to need them the most - the older citizen and the under privileged.

Mr. Mann stated that he felt they should take a serious look at this as they really are talking about a large amount of money. He stated that he was not aware of the inequity that presently exists.

AJR 15

Mr. Weise spoke in support of this bill. He stated that it would change the assessment period from 7 years to 4 years for recapturing tax. Even with the 4 year period you would be keeping the speculator out of the business and this lower time period would help the families that are forced to sell because of a death or something similar to that.

AJR 10

John Cockle, Nevada Bankers Association - Trust Division, spoke in opposition to this bill. He stated that the trust division has uniformly opposed this and that the trust division consists of the Trust Divisions of the following banks: Nevada National, First National, Valley, Security, Pioneer Citizens, Nevada State and Bank of Nevada.

He stated that they have seen many wealthy people moving to

this state, not only for the climate and quality of life, but because it has a positive stance against death taxes. So positive that it prohibits any death taxes even those that would otherwise go to the federal government. In the past they had all banks represented as well as people from the real estate industry and brokerage and investment profession. He stated that he has been in touch with these people and because of other conflicts they were unable to attend this hearing, however, they continue their opposition.

Mr. Cockle stated that he would question the figures that are used and deny that they can be quantified to any degree. This tax is a small portion of the federal estate tax and they do not know how many estates would qualify for the federal estate tax. They have heard figures as high as \$3-5million dollars in revenue. He cited the situation of the estate of Mr. Harrah where the fact that he owned property in Idaho would have caused the Nevada to not get any revenue from that estate.

Because of the time limit on this meeting, Chairman Price stated that he would reschedule this bill for another time. With that announcement, Chairman Price adjourned the meeting at 3:00 p.m.

Respectfully submitted,

*Sandra Gagnier*

Sandra Gagnier  
Assembly Attache



60TH NEVADA LEGISLATURE  
ASSEMBLY TAXATION COMMITTEE  
LEGISLATIVE ACTION

Date: March 1, 1979

SUBJECT: AB 31, Permits counties to recover from state refunds  
of overpayments of beef promotion tax and special  
livestock tax.

MOTION:

Do Pass \_\_\_\_\_ ] Amend \_\_\_\_\_ Indefinitely Postpone XX ] Reconsider \_\_\_\_\_

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

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	absent	_____	_____	_____	_____	_____
Mann	absent	_____	_____	_____	_____	_____
Marvel	X	_____	_____	_____	_____	_____
Rusk	X	_____	_____	_____	_____	_____
Tanner	X	_____	_____	_____	_____	_____
Weise	X	_____	_____	_____	_____	_____
TALLY:	9					

ORIGINAL MOTION: Passed XX Defeated \_\_\_\_\_ Withdrawn \_\_\_\_\_

AMENDED & PASSED \_\_\_\_\_ AMENDED & DEFEATED \_\_\_\_\_

AMENDED & PASSED \_\_\_\_\_ AMENDED & DEFEATED \_\_\_\_\_

Attached to Minutes March 1, 1979



NEVADA FARM BUREAU FEDERATION  
PRESENTATION TO THE  
ASSEMBLY TAXATION COMMITTEE ON A.B. 107 AND A.J.R. 15

MY NAME IS CHUCK WHITE, I AM THE EXECUTIVE VICE PRESIDENT OF THE NEVADA FARM BUREAU FEDERATION.

THE NEVADA FARM BUREAU, WITH OVER 4,000 MEMBERS STATEWIDE, IS A VOLUNTARY ORGANIZATION OF FARM AND RANCH FAMILIES UNITED FOR THE PURPOSE OF ANALYZING THEIR PROBLEMS AND FORMULATING ACTION TO SOLVE THESE PROBLEMS.

THE AGRICULTURAL COMMUNITY HAS LONG SUPPORTED THE IDEA OF DIFFERENTIAL ASSESSMENTS, BUT, WE HAVE ALSO OPPOSED FOR AS LONG, THE CHARGING OF 6 PER CENT INTEREST UPON THE AMOUNT OF DEFERRED TAX WHEN A CHANGE OF USE OF AGRICULTURAL REAL PROPERTY OCCURS.

THE AGRICULTURAL COMMUNITY FEELS THAT THIS INTEREST CHARGE IS PUNATIVE. THIS FEELING RESULTED IN THE PASSAGE BY THE VOTING DELEGATES REPRESENTING ALL ON NEVADA'S COUNTY FARM BUREAU OF A RESOLUTION WHICH STATES, "WE BELIEVE THE SIX PER CENT CUMULATIVE INTEREST PROVISION IN THE GREEN BELT LAW IS PUNITIVE TO AGRICULTURE AND SHOULD BE REPEALED."

THEREFORE, WE SUPPORT THE PASSAGE OF ASSEMBLY BILL 107.

WE ALSO FEEL THAT THE RETROACTIVE ASSESSMENT OF SEVEN YEARS IS EXCESSIVE. WE SUPPORT THE PASSAGE OF A.J.R. 15 WHICH WOULD PLACE BEFORE THE VOTERS A PROPOSAL TO AMEND THE NEVADA CONSTITUTION CHANGING THE 7 YEARS TO 4 YEARS.

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