

Date: March 14, 1979

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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

MEMBERS ABSENT:

NONE

A quorum being present, Chairman Price called the meeting to order at 2:05 on March 14, 1979. He stated the purpose of the meeting to be the presentation of subcommittee reports. He began by calling upon Mr. Bergevin, chairman of the subcommittee on spending and revenue caps, for his report.

Mr. Bergevin stated that they had had a number of meetings and had studied a number of different plans regarding these caps. He stated that they had looked at comparative approaches, one using SB 204, another approach whereby they talked about freezing the present budgets until the 1975-76 CPI and cap limit caught up with them. Each time they would get the results of the figures they could see the terrible inequities in them.

Finally, they came up with the proposal of using the submitted budgets, which were submitted July 1978, as the base year and in the instance of schools using the enrollment figure plus a 80% of a 5 year average of the cap rate going back to 1973-74. They came up with the situation whereby all entities, all schools, all cities and all counties, would be entitled to more money this year than they had in their present spending budget.

He presented the committee with some rough figures of how the various entities would be effected under both 100% cap and an 80% cap. These are attached to these minutes as Exhibits A and B. He pointed out that figures that show how much they would have for expenditures is not actually their allowable expenditures in that they are going to require them to have between a 3-5% ending balance in this figure. Basically, what the subcommittee was trying to do was not to put anybody into a regression spending level. The end figures on this plan came out to be more equitable and fair to everybody than anything else they had looked at.

Mr. Bergevin went on to point out the basic features of the plan. These are included in a sheet marked as Exhibit C and attached to these minutes.

Mr. Mann stated that what they tried to do is to establish a tax cut situation but yet try to provide a way that government could continue along with the monies that they have been spending. He cited the situation of Clark County School District where it would lose \$20,000,000 under SB 204, while under this proposal it would be about \$7-8,000,000. He added that they felt that they had gone as far as they could to provide equity and yet meet the demands of the people.

Mr. Bergevin pointed out that they did feel that the figures for Lyon County were not accurate and they were attempting to find out where the error was. He stated they would like to provide an emergency appropriation to the interim finance committee to help in areas where some relief would be needed.

Mr. Marvel moved for adoption of the subcommittee's report and Mr. Mann seconded the motion.

Mr. Weise stated that he would have no problems with the formula but he wondered whether the measure was stern enough to meet the demands of the people. He stated that it has always been the position that the people in the counties pay at a lower rate than cities because they receive fewer services. However, under this plan it would appear the counties would be paying at a higher rate. Mr. Marvel pointed out that the figures shown on these sheets did not reflect the combined rate.

Mr. Mann stated that there had been much debate in the subcommittee as to how hard they should "stick it to the local governments" or how easy they should make it. He stated that this is a fair and equitable compromise. He added that it really doesn't satisfy him as much as he would like to see taxes cut but he felt that they had to be more responsible than those people who have been advocating Question 6. This proposal stresses that they recognize that there is no way without killing certain entities of making the kind of massive cuts that SB 204 suggests. From this point on they will be restricted to the demands of the people. The 80% of CPI reflects roughly the GNP Deflator. He finished by stating that he felt this was very competitive with Question 6 and that it would then be up to the people. Although this will hurt some local government and school districts it will definitely make them more responsive.

Mr. Bergevin stated that the school districts will have to take another look at their priorities.

In order to hear from the other subcommittee, Mr. Marvel and Mr. Mann withdrew their motion and second.

Mr. Craddock, Chairman of the subcommittee dealing with property taxes, presented his report on this subcommittee. This report is attached to these minutes as Exhibit D. Also attached is a copy of their proposal in figure terms and examples. This is attached as Exhibit E.

Mr. Craddock stated that they would suggest that in Exhibit E they require a 2/3 vote of the people for approval to raise any tax. Mr. Craddock also stated that he had heard nothing against the figures as presented. He ended his comments by thanking the subcommittee and Jim Lien for their cooperation.

It was pointed out that the cap would be lower than the rate as proposed by the subcommittee. Mr. Craddock stated that they really would like to see the rate hit at \$3.16.

Mr. Price stated that they could have the proposal drafted while at the same Mr. Miles could be working on the calculations as they would be with the cap reflected. Mr. Craddock stated that the figure that would be interesting would be the latitude that would exist between the two proposals.

Mr. Hataway, Carson City, stated that he had a question on the removal of sales tax in regard to the city or county share. He wondered if this was to be absorbed by counties or picked up by the State. Mr. Craddock stated that it would be picked up by the State. Mr. Mann stated that this was figured into their figures and would come from the State general fund.

Mr. Weise inquired whether Mr. Craddock's committee had explored a \$3.50 or \$3.20 rate. Mr. Craddock replied that they had not and that they had taken the figures of the money that was available and worked from there. Mr. Mann pointed out that the cap really serves the purpose as far as the reduction. The \$3.64 rate basically leaves or allows the mechanism for the people to be able to override in cases where they feel strongly enough.

Mr. Marvel stated that the \$3.64 is the \$5.00 used right now. Mr. Craddock added that they were trying to make available 50¢ on a local optional basis. This still would only come up to \$3.64.

Mr. Nickson stated that he had reviewed the various work sheets and could find nothing wrong with the figures as calculated. He stated that they would administer anything that was legislated for them. Mr. Bergevin inquired whether Mr. Nickson could see any problems of administration in this. Mr. Nickson stated that he could not. Mr. Rusk then asked if this proposal would be easier to administer than SB 204. Mr. Nickson stated that this would be a simpler bill to administer from a departmental standpoint.

Mr. Weise stated that they really have to talk about a cap and a rate together. He stated that he had just done some figures and he could find only one school district that would have to cut their budget by more than 5%. He stated that he felt that this didn't seem very substantial.

Mr. Mann stated that they had had problems with taking and overtly cutting programs or to make public employees actually have to live with a situation where they have no pay raises. They did recognize

the inequities as far as the taxpayers are concerned. But he felt they should stress the future and not so much the punishment aspect of this.

Mr. Bergevin stated that previous legislatures have had a good deal to do with the spending patterns of the local entities. He stated that he felt that this would level off considerably and in several years they would be talking about a different "ballgame".

Mr. Dini inquired where they had gotten the populations figures for Lyon County. Mr. Bergevin stated that they came from the State Planning Coordinator's Office. He added that they did feel that there were some problems with the Lyon County figures.

Mr. Mann stated that the committee decided that the Tax Department should be allowed to readjust this kind of figures because they figure they are in error. Therefore they would not be wired into these populations figures of say Lyon County.

Mr. Price inquired whether the committee wished to put these proposals into one bill. Mr. Mann stated that he wouldn't like to see some of these proposals have to go to Ways and Means when it really wasn't necessary. He stated that things like the cap and property tax proposals really didn't need to be discussed in Ways and Means.

Mr. Bergevin moved that the committee accept the report on the spending cap which would base the figures on 80% of the 5 year average of CPI, plus a school enrollment factor and population factor for cities and counties. Mr. Mann seconded his motion. The motion carried with Mr. Dini and Mr. Weise not voting. Mr. Dini stated that he would not vote because of the questionable impact to his district.

Mr. Craddock moved for adoption of the subcommittee report on property tax. Mr. Tanner seconded the motion. The motion passed with Mr. Dini not voting.

Mr. Weise inquired whether it would be possible for Mr. Miles to mesh the figures to come up with a combined rate for the various districts.

Mr. Price stated that he would see about having the drafts prepared over the long weekend so the committee would have them at the beginning of the next week.

Mr. Price stated that he would like consideration of amending the constitution to propose that any new section that requires the statute that would make certain increases would have to contain an appropriation for the amount of those increase. The committee decided that the idea had merit and perhaps Mr. Price should have the bill drafted.

As there was no further business to discuss at this time,
Chairman Price adjourned the meeting.

Respectfully submitted,

Sandra Gagnier
Sandra Gagnier
Assembly Attache

Base: 1978-79 Budget (July 1, 1978) Less Federal Funds
 CPI SYR Average = 9.36% X 80% = 7.48%
 Enrollments Sept 1971 - Sept 1978

Schools:

School	1978-79 Budget	Enrollment	78-80 w/ 7.48% CPI	78-79	Adj. Budget	Test Loss	Ratio	Test Loss
Carson	9247458	10736	104789778	1231490	1670459	191481	64	16887
Churchill	4065753	10622	4873761	808008	5098687	2249224	29	4840760
Clark	181031259	10727	14981996	1950737	12727756	7045760	25	226276
Dalygo	5586758	11046	6964370	1377612	1242437	278267	7	65492
Elcho	6639569	1983	720194	580625	1505386	285194	19	15138
Comuelba	450706	1944	500704	49798	495086	21589	6	104001
Cruck	716684	1709	785770	68586	1012059	21589	6	104001
Stampslett	3153530	10767	3831857	678324	3724403	199701	47	629483
Standen	1626876	16313	1893461	266585	2092442	117885	11	25217
Truelbe	846872	10443	3776602	327730	2123987	694983	88	196659
Byon	4069130	10278	4719838	650708	5416824	401371	132	64722
Myc	2117860	1724	2324723	204263	2724494	117885	11	25217
Mud	3259253	11028	4056291	797058	4357950	301659	22	196659
Reading	1340567	1954	1505924	165357	1609646	165722	24	64722
Slany	461656	1188	615714	154058	567694	379454	17	2975454
Wacker	21396479	1988	4990057	5393598	6006957	379454	17	2975454
White Pine	3201765	8816	3185502	<16262>	3175161	379454	17	2975454
Total	227212185		256904636	39692452	28514999	3781790		9160589

EXHIBIT A

Base: 1978-79 Budgets - July 1, 1978
 CPI 9.36 x 50% = 7.48%
 Pop 1977-78

Initials _____ Date _____
 Prepared By _____
 Approved By _____

Cities

COLUMN
WRITE X

	1978-79 Base	Population	TR 80 Cap 7.48% Apr 1 1975	Adjusted 1978-79 Tax	Text Budget	Text Law	Rate Adj.														
Fallon	1173253	1,033	1367757	194504	1476094	108337	31%														
Boulder City	1936558	1,040	2316612	380054	2524752	208140	31%														
Henderson	4983985	1,046	5883359	899374	4157706	274347	8%														
Las Vegas	42799240	1,060	50458173	7458933	48726250	-	16%													Unsupp. tentatives budget	
N. Las Vegas	8862471	1,036	10164346	1301875	10570863	406517	21%														
Carlin	305081	1,016	345804	44723	377450	27646	32%														
Elko	2007200	1,023	2317305	310106	2421115	106810	4%														
Wells	293748	-	331506	37758	332225	719	29%														for food: unapproved Corp
Winnemucca	1061277	1,053	1261171	199894	1357330	96159	26%														
Caliente	120025	.974	131931	11906	142343	10412	24%														
Huntington	463410	.962	503103	39693	584657	81554	95%														
Carbo	165236	1,021	190391	25155	165382	25009	-														old. Gov. Act
Lovelock	273115	1,029	317159	44044	365056	47897	80%														
Reno	30087804	1,053	35073874	4986070	40449454	5375580	53%														
Sparks	9470120	1,051	11018515	1548395	11909595	891080	72%														
City	747600	.946	798136	50536	790000	191864	1.00														
Totals	104950123				28553272																
		Population in 1974 -	1978 x 50%																		Adjusted for food tax

Base: 1978-79 Budget - All Funds
 C/F 9.36% x 80% = 7.49%
 Pop 1977-78

Initials _____ Date _____
 Prepared By _____
 Approved By _____

Counties

COUNTY

	1978-79 Base	Populations	79-80 C/F 7.48% C/F	Increase 78-79	Tent Budget	Tent Load	Rati adj.	8	9	10
Canon	9,165,350	1,133	1,149,6923	233,0573	9,782,556	-	✓			
Cherokee	3,136,122	1,040	3,680,808	544,686	3,724,177	43,369	✓	16.1	7.4	
Clark	7,608,786	1,047	8,477,183	1,868,397	8,191,300	17,141,17	✓	1.7	6	
Douglas	4,741,906	1,086	5,811,653	1,069,747	5,702,538	-	✓			
Elko	3,237,222	1,065	3,890,801	653,579	4,007,300	116,499	✓	2.7	7	
Bonanza	763,970	1,063	916,487	152,517	969,659	53,172	✓	5.1	7.31	
Carroll	1,311,765	1,055	1,561,800	250,035	1,577,210	15,410	✓	1.7	4	
Humboldt	3,120,410	1,049	3,694,061	573,651	3,551,145	-	✓			
Lander	1,599,154	1,010	1,822,56	223,602	2,284,222	461,466	✓	2.0	1.14	
Lincoln	1,151,220	1,044	1,356,262	205,142	1,510,249	213,887	✓	13.4	6.70	
Lyon	3,494,062	.916	3,439,962	(54,099)	4,555,507	11,5545	✓	2.1	1.14	
Mineral	2,296,363	1,087	2,817,001	520,638	2,261,211	-	✓			
Nye	3,992,354	1,040	4,685,752	693,398	5,228,443	542,691	✓	1.5	4.2	
Rushing	1,482,121	1,026	1,716,121	234,000	1,591,012	-	✓			
Storey	741,944	1,050	879,181	137,235	1,004,140	124,959	✓	12.7	9.2	
Washoe	3,669,893	1,130	4,908,883	1,238,990	4,819,942	228,205	✓	1.1	1.4	
White Pine	2,709,740	1,036	3,168,139	458,399	4,467,597	129,945	✓	2.5	2.85	
Total	14,251,421		18,322,873	4,071,452	18,659,208	798,463				
			18.5%	18.6%	27.3%					

EXHIBIT A

BASE: 1978-79 Budgets (July 1, 1978) Less Federal Funds
 CPI SYR Average Nov 1973 - Nov 1978 = 9.36%
 Enrollments Sept 1977 to Sept. 1978

Prepared By _____ Initials _____ Date _____
 Approved By _____

Schools:

COLUMN WRITE X

	EB	1978-79 Budget	Enrollment	1979-80 CAP w/ 9.36% CPI	Increase over 78-79	Adjusted Tent. Budget	Tentative Loss	Rate adj:	Tent. Loss		
Carson	3%	1724788	10236	10662272	1414784	10670459	8187	-	0		
Churchill	5%	4065753	10662	4959011	893258	5098687	139676	16	0		
Clark	3%	18031259	10229	147517967	19484708	52727756	5209789	16	2304789		72
Douglas	5%	5586758	11046	7086188	1199430	7242637	156949	1	104449		14
Elko	3%	6639569	9023	7346427	706978	7505386	158899	2	0		
Emmet	5%	450706	9844	509463	58757	495086	-		0		
Esch	5%	716684	9709	799005	82321	812859	13854		0		
Humboldt	5%	3153530	10767	3898076	745346	3724403	-		0		
Jordan	5%	1626876	10313	1926580	299704	2092462	165882	89	70882		15
Lindsay	5%	1846872	10443	2214674	367802	2223987	9513	-	0		
Lyon	5%	4069130	10278	4802392	733266	5416821	619425	60	546955		53
Mineral	5%	217860	9724	2364775	246915	2724494	359719	122	0		
Nye	5%	3259233	11028	4127242	868009	4357950	230708	17	125708		9
Oriskany	5%	1340567	9954	1532265	191698	1609666	77381	17	38381		9
Stony	5%	461656	11818	626454	164828	567694	-		0		
Washoe	3%	51396479	19981	5783407	6386928	60069511	2786104	11	1982604		9
White Pine	5%	3201765	8816	3241222	39457	3175161	-		0		
Total		277212185		261398314	8486129	28514999	9116685		5172768		
					5.4%	19.1%					

- Comments:
1. 1978-79 Budget - General fund only less federal funds and less budgeted ending balance
 2. Enrollments Sept 77 to Sept 78 weighted enrollments
 3. 1979-80 CAP w/ 9.36% CPI and a 3% or 5% ending balance
 4. Allowable increase over 1978-79 Budget
 5. Adjusted Tentative Budget = Tent. plus est % increase from state support. Taken from School Superintendent Report

EXHIBIT B

Base: 1978-79 Budgets - All Appropriation Funds
 CPI Sgn. 9.36%
 Pop. 1977-78

Prepared By _____ Initials _____ Date _____
 Approved By _____

Counties:

COUNTY	WRITE	FD	1978-79 Base	Population	79-80		Total Loss	Rate adj.		
					Pop. w/9.36% CPI	Revenue 78-79			Total Budget	10
Carson	3%	9165350	11330	11697005	2531654	9782556	-			
Churchill	5%	3136122	10400	3745192	609070	3724177	-			
Clark	5%	72608786	10470	87989810	3301024	88191300	201490	1	*	
Douglas	5%	4741906	10860	5913308	1171402	5702538	-			
Elko	5%	3237222	10450	3958857	721635	4007300	48443	3		
Esmeralda	5%	763970	10430	732518	168548	969659	37141	22		
Eureka	5%	1311765	10550	1509118	277353	1577210	-			
Humboldt	5%	3120410	10490	3758676	638246	3551145	-			
Lander	5%	1599154	10100	1854639	259485	2200222	429583	106		
Lincoln	5%	1151220	10440	1300087	278867	1570299	190162	.60	(2)	
Lyon	5%	3494062	9160	3675139	181077	4555507	880360	.89	(1)	
Mineral	5%	2296363	10870	2066275	569912	2261211	-			
Nye	5%	3992354	10400	4767713	775359	5220443	460730	35	(1)	
Presidio	5%	1482121	10260	1746139	264018	1591012	-			
Storey	5%	741946	10500	894559	152613	1004140	109581	50		
Washoe	3%	3698930	11300	46711904	10012974	18190942	1479038	9		
White Pine	5%	2709740	10360	3223555	513815	4467597	1244092	* 271		
Totals		154251421		186704494	32453073	88659208	5080578			

CAP w/ENDING Pst allows 21% 1978 base - incl. end bal.
 Plus include 14 and debt service
 + White Pine would be unable to pay a lot

EXHIBIT

Base: 1978-79 Budgets - July 1, 1978
 CPI 9.56%
 Pop 1977-1978

Prepared By _____
 Approved By _____

Cities

	EB	1978-79 Base	Population	79-80 Cap @ 9.56% w/mt. ad	Amount due 78-79	Tent. Budget	TENT LOSS	Rate ad	8	9	10
Fallon	5%	1173253	1033	1391681	218428	1476094	84413	192			
Boulder City	5%	1934558	1060	2357133	420575	2524752	167619	21			
Henderson	5%	4983985	1046	5986268	1002283	6157706	171438	—			
Las Vegas	3%	42999240	1060	5340769	8341529	48726250	—	—			
N. Las Vegas	3%	8862471	1036	10342137	1479666	10570863	228726	—			
Carlin	5%	305081	1016	355923	50842	377450	21527	14			
Elko	5%	2007200	1023	2357838	350638	2424115	66277	—			
Wells	5%	293748	—	337304	43556	332225	—	—			
Winnemucca	5%	1061277	1053	1283231	221954	1357330	74099	15			
Caliente	5%	120025	874	134238	14213	142343	8105	15			
Yerington	5%	463410	962	511903	48493	584657	72754	83			
Goods	5%	165286	1021	193721	28485	165382	—	—			
Loockout	5%	273115	1029	322107	49592	365056	42349	68			
Reno	3%	30087804	1053	35687373	5599569	10449454	1762772	46			
Sparks	5%	9470120	1051	11211247	1741127	11909595	698348	15			
Ely	5%	747600	946	812097	64497	990000	177903	92			
Totals		104950123		134625570		128553272	6575730				
				18.75%	18.0%	22.5%					

Population in 1976-77 is 15014

Adjusted for Food tax

EXHIBIT B

543

ASSEMBLY TAXATION COMMITTEESubcommittee on Expenditure LimitationsBasic Features

- . Base Year 1978-79 (Current year budgets as of July 1, 1978)
- . Population Increases - with an appeal process
- . Inflation - 80% of the last 5 years average CPI
- . Funds - limit all funds receiving property taxes
- . State Expenditures - limit state General Fund expenditures in the same manner as A.B. 438. (Base 1975-77 Biennium)
- . Overrides - limits may be exceeded to protect life and property and by a vote of the people
- . Trigger - allow additional tax relief if state revenues exceed expectations

Population Factor

- . Population changes for the state are those of the U.S. Department of Commerce
- . Population changes for local governments are those certified by the Governor with appeals to the Tax Commission
- . Population changes for schools are weighted enrollments certified by the State Board of Education

Inflation Factor (1979-80)

- . State Index is July 1974 to July 1978 (32.91%)
- . Local Index is November 1973 to November 1978 at 80% (7.48%)

Formula Example

Expenditure Base: 1978-79 Budget	\$1,000,000
Times: Population Increase	1.06
	<u>\$1,060,000</u>
Times: Inflation Index	1.0748
Expenditure Limit 1979-80	<u><u>\$1,139,288</u></u>

SUBCOMMITTEE REPORT

TO: Assembly Taxation Committee
FROM: Subcommittee on Property Taxes
SUBJECT: Property Tax Report

On February 28, 1979, Chairman Robert Price, of the Assembly Taxation Committee appointed a subcommittee to look into the question of major property tax reform. Members appointed to the subcommittee were Assemblyman Robert Craddock, Chairman, and Assemblymen John Marvel, Darrell Tanner and Robert Rusk, members. The subcommittee was directed to study ways to achieve major tax relief for the property taxpayers of the state using the tax rate as the primary instrument for reductions. With this guideline, the subcommittee met and developed a proposal, the major features and costs of which are included in the attachment to this report. The following sections are a discussion of the major reform features and are the recommendations of the subcommittee.

Maximum Tax Rate

The subcommittee recommends the establishment of a maximum tax rate of \$3.64. The maximum rate would apply to all local government purposes including debt service. The \$3.64 is established at the level of recommended state tax relief, that is, the difference between the Constitutional rate limit of \$5.00 and the amount of the rate proposed to be funded by the state of \$1.36. Since the maximum rate was arrived at by subtracting state funding from the \$5.00 rate, no local government entities will have to reduce their existing rates. A.B. 270, as originally proposed, would require the combined local government rate to be reduced to \$2.70 plus the school rate and school debt service. This approach would require tax rate cuts in those counties that have relatively low debt rates, but not those with high debt. The subcommittee recommends, therefore, that a maximum rate be established at the point that state funding can support the balance up to the \$5.00 Constitutional limit.

State Funding

The Subcommittee recommends that the state give up its 25¢ levy, the 11¢ levy counties are required to transmit to the state for medical care for the indigent and to fund \$1.00 of the existing school levy through the Distributive School Fund. The school levy of \$1.00 would eliminate the need for the existing 70¢ mandatory levy and 30¢ of the current 80¢ optional levy.

Rapidly increasing sales and gaming taxes at the state level have provided revenues in excess of current state operational needs and a substantial surplus. It has been recommended by the Governor, and the subcommittee concurs, that the excess revenues in the next biennium be returned to the taxpayers of the state in the form of property tax relief. The Subcommittee assumed in its deliberations that it was the sense of the full Taxation Committee that the sales tax on food would be removed. The subcommittee's recommendations on property tax relief, therefore, are limited by the amount, over the biennium, of anticipated excess revenues over operational needs after the sales tax on food is removed.

The Subcommittee feels that it is essential that maximum property tax relief be granted as soon as possible. In this regard, it is recommended that the state fund the full \$1.36 of the existing tax rate immediately and maintain that level of relief for the duration of the biennium. This will possibly require that the state spend more in the first year of the biennium than it receives in revenue, however, by the end of two years it is anticipated that the total tax relief granted will be within funds projected to be available.

Local Tax Rates

The combined tax rate in many localities after the proposed tax relief is granted would be below the maximum \$3.64 proposed. In order to prohibit these rates from rising to the \$3.64 limit and reducing planned tax relief, the Subcommittee recommends that the tax rates of each taxing district be limited to the rate in effect during the current year, fiscal 1978-79, after reducing that rate for the \$1.36 that will no longer be levied. It is also recommended that this rate may be exceeded by a vote of the people in the area to be affected.

The subcommittee also recommends that the remaining school levy of 50¢ (80¢ current less 30¢ state funding) be made optional so that all local government entities would be on an equal basis in regard to the combined tax rate that may be levied. School debt levies would remain a mandatory part of the tax rate and would not be affected.

The subcommittee further recommends that the imposition of any new tax or the increase in the rate of any existing tax be approved by a vote of the people. The subcommittee feels that new or increased taxes should only be imposed under the most compelling circumstances and that a vote of the people insures that sufficient reason exists.

Household Personal Property

The subcommittee recommends that household personal property be exempted from property taxes. Question 4, which passed two sessions of the legislature and a vote of the people in November 1978, changed the Nevada Constitution to require the exemption of business inventories and to permit the exemption of livestock and other personal property. Personal property to be exempted is left to the discretion of the legislature.

The Subcommittee further recommends that the household exemption be limited to property in single households and owned by a member of the household. This would prevent the exemption from being applied to furniture and other personal property in hotels and other commercial properties.

Question 6

The subcommittee recommends that a provision be placed in the legislation that would repeal all portions of the tax relief program granted by the 1979 Legislature in the event that Question 6 should pass a vote of the people in November 1980. Since no impact from Question 6 would occur until July 1, 1981, because taxes for the fiscal year 1980-81 would have already been levied and partly collected when the voters approved the question, the recommended repealer should become effective at June 30, 1981.

Appropriations

It is recommended that the following appropriations be included in the legislation:

- (a) For Fiscal Year 1979-80, the sum of \$56,430,000.
- (b) For Fiscal Year 1980-81, the sum of \$64,867,000.

These are the amounts that would be required in the Distributive School Fund for the \$1.00 of tax rate proposed to be made up by the state. The \$1.00 share consists of the 70¢ mandatory school levy and 30¢ of the 80¢ levy which would no longer be imposed.

In addition, the subcommittee recommends that the Assembly Taxation Committee send a letter of explanation to the Assembly Ways and Means Committee requesting that the 25¢ state rate no longer be levied and that sufficient state funds be included in the Title XIX budget to make up for the 11¢ county tax that would no longer be levied. In addition, if the tax on food should be removed, the Ways and Means Committee should be advised so that appropriations to the Distributive School Fund will be sufficient to make up for reduced school support tax.

Timing

The subcommittee recommends that the legislative package be made effective upon passage and approval. In addition, in order that no mistake be made about the intent of the Legislature, the subcommittee recommends that language be included in the legislation that directs the Department of Taxation to adjust local government tax rates, if necessary, for fiscal year 1979-80 and, thereafter, to comply with the tax rate limitations proposed.

Controlling Government Growth

The Subcommittee also recommends that limitations be placed on the growth of either local government taxes or expenditures. In order for the major tax relief proposed by the subcommittee to have any permanence it is imperative that controls be set in place. Without controls, tax relief implemented today may well deteriorate into no relief in future. If the state grants tax relief and replaces lost funds to the local governments, the legislature assumes a great responsibility to maintain such relief in future years and under such circumstances it seems imperative that the legislature require assistance from those local governments. Expenditure or tax limitations offer such a control.

Respectfully submitted,

_____, Chairman
Robert G. Craddock

_____, Member
John W. Marvel

_____, Member
Robert F. Rusk

_____, Member
Darrell D. Tanner

ASSEMBLY TAXATION PROPOSAL

<u>State Relief:</u>	<u>1979-80</u>	<u>1980-81</u>
Food Tax - State 2¢	\$ 13,600,000	\$ 16,000,000
Food Tax - Schools 1¢	6,900,000	8,000,000
State 11¢ Share	6,207,000	7,137,000
State 25¢ Share	14,107,000	16,222,000
Schools 70¢ Share	39,500,000	45,400,000
Schools 30¢ Share	16,930,000	19,467,000
	<u>\$ 97,244,000</u>	<u>\$112,226,000</u>

<u>Local Relief:</u>		
Household Personal Property	\$ 3,500,000	\$ 4,000,000
Food Tax - Cities/Counties 1/2¢	3,400,000	4,000,000
	<u>\$ 6,900,000</u>	<u>\$ 8,000,000</u>

<u>Total Tax Relief:</u>	<u>\$104,144,000</u>	<u>\$120,266,000</u>
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Biennial Total	<u>\$224,370,000</u>
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<u>State Costs:</u>		
Tax Relief	\$ 97,244,000	\$112,226,000
Real Estate Transfer	2,500,000	2,750,000
County Gaming	2,700,000	2,900,000
Child Welfare	220,000	220,000
	<u>\$102,664,000</u>	<u>\$118,096,000</u>

<u>Total Cost: Biennium</u>	<u>\$220,760,000</u>
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Available	<u>\$224,500,000</u>
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A.B. 270 AMENDED

Features:

- . Maximum tax rate reduced from \$5.00 to \$3.64
- . State would fund the entire \$1.36 reduction as follows:
 - 11¢ Medicaid would be state funded
 - 25¢ State Tax would not be levied
 - 70¢ Mandatory school levy would be state funded
 - 30¢ School levy (part of current 80¢) would be state funded
- \$1.36
- . Remaining 50¢ school levy would be made optional putting schools on equal basis with other local government entities
- . Across-the-board tax relief to all taxpayers
- . Requires 2/3 local ~~governing board~~ approval to raise any tax
- . Self-destruct if Question 6 passes in November 1980
- . Exempt household property

Fiscal Impacts:

State:		<u>1979-80</u>	<u>1980-81</u>
Property Tax Relief (State funded)	11¢	\$ 6,207,000	\$ 7,137,000
	25¢	14,107,000	16,222,000
	70¢	39,500,000	45,400,000
	30¢	<u>16,930,000</u>	<u>19,467,000</u>
		\$76,744,000	\$88,226,000
Local Impact: (Household Property)		\$ 3,500,000	\$ 4,000,000

Impact on Taxpayers:

Assuming \$50,000 Residence:	<u>Current Method</u>	<u>Proposed</u>	<u>% Relief</u>
Value	\$50,000	\$50,000	
	35%	35%	
Assessed Value	<u>\$17,500</u>	<u>\$17,500</u>	
Rate	5.00	3.64	
Tax	<u>\$ 875</u>	<u>\$ 637</u>	<u>27.2%</u>

FAMILY TAX RELIEFAssume:

Family of 4
 Income \$19,000
 \$50,000 Residence

<u>Property Tax:</u>	<u>Current Method</u>	<u>Proposed</u>	<u>% Relief</u>
House: Value	\$50,000	\$50,000	
	35%	35%	
	<u>\$17,500</u>	<u>\$17,500</u>	
Rate	5.00	3.64	
Tax	<u>\$ 875</u>	<u>637</u>	27.2%
Household: @ 5% of home	44	0	5.0%
<u>Food Tax:</u>	83	0	
Total Tax Burden	<u>\$ 1,002</u>	<u>\$ 637</u>	<u>\$36.4</u>

A.B. 270 AMENDED

<u>Entity</u>	<u>Existing Rate</u> <u>FY 1978-79</u>	<u>Proposed Rate</u> ¹ <u>FY 1979-80</u>
Carson Urban	\$4.8339	\$3.4735
Rural	3.6460	2.2860
Churchill County	3.8000	2.4400
Fallon	5.0000	3.6400
Clark County	3.5828	2.2228
Boulder City	5.0000	3.6400
Henderson	4.9985	3.6385
Las Vegas	4.9985	3.6385
North Las Vegas	4.9985	3.6385
Douglas County	3.0100	1.6500
Minden	4.8688	3.5088
Elko County	3.0500	1.6900
Elko	4.4036	3.0436
Esmeralda County	3.7500	2.3900
Goldfield	4.7000	3.3400
Eureka County	3.4200	2.0600
Eureka	3.9200	2.5600
Humboldt County	3.2300	1.8700
Winnemucca	4.8800	3.5200
Lander County	3.9200	2.5600
Battle Mountain	5.0000	3.6400
Lincoln County	3.6000	2.2400
Caliente	5.0000	3.6400
Lyon County	3.9140	2.5540
Yerington	5.0000	3.6400
Mineral County	5.0000	3.6400
Nye County	3.7000	2.3400
Gabbs	4.9500	3.5900
Pershing County	3.2800	1.9200
Lovelock	5.0000	3.6400
Storey County	4.7900	3.4300
Virginia City	4.9900	3.6300
Washoe County	3.8690	2.5090
Reno	5.0000	3.6400
Sparks	4.9990	3.6390
Incline Village	4.6350	3.2750

EXHIBIT E

<u>Entity</u>	<u>Existing Rate FY 1978-79</u>	<u>Proposed Rate¹ FY 1979-80</u>	
White Pine County	3.6000	2.2400	
Ely	5.0000	3.6400	
Maximum Allowable Rate	5.0000	3.6400	27.2%

1. Proposed rate is existing rate less \$1.36 (11¢ share, 25¢ share and \$1.00 schools).