

MEMBERS PRESENT:

CHAIRMAN PRICE
VICE CHAIRMAN CRADDOCK
ASSEMBLYMAN CHANEY
ASSEMBLYMAN COULTER
ASSEMBLYMAN DINI

ASSEMBLYMAN MANN
ASSEMBLYMAN BERGEVIN
ASSEMBLYMAN MARVEL
ASSEMBLYMAN RUSK
ASSEMBLYMAN WEISE

MEMBERS ABSENT:

ASSEMBLYMAN TANNER

GUESTS:

SEE ATTACHED LIST

A quorum being present, Chairman Price called the meeting to order at 1:30 p.m. The purpose of the meeting was to hear testimony on AB 63, 211, 232 and 266.

AB 63

Dr. Donald Baepler, Chancellor of the University System, spoke in support of this bill. He stated that AB 63, as amended, follows what they construe to be the legislative intent of the last session with reference to AB 612 of that session. He presented copies of the letters from the Assembly Taxation Committee and Senate Finance Committee of last session regarding this intent. These letters are attached to these minutes as Exhibits A and B. Also attached as Exhibit C is a copy of the proposed amendments.

AB 63 provides for the continuation of the slot machine tax in the amount of \$250 per year once the federal slot machine tax expires. At the present time, 80% of the federal slot machine money has been rebated to the state for the proposes of constructing the facilites of higher education with the remainder of the money after the first \$5,000,000 to go into the DSF replacing state appropriated dollars. Due to the efforts of the congressional delegation, this recently has been increased from 80% to 95%. On June 30, 1980 the federal tax will expire at which point this provision in this bill would become effective.

Dr. Baepler stated that the bill is devised so that the University system and the DSF receive equal amounts of money. The amount of money generated by this fund will rapidly approach the figure of \$20,000,000 and the critical factor involved in this bill is that it will permit the University system to bond for specific capital projects upon authorization of the legislature rather than the use it in a cash flow basis. This will also provide the necessary funding for the sports pavilions at the Universities in Las Vegas and Reno.

Mr. Weise inquired how much money they forecast would be generated by this. Dr. Baepler stated that in 1979-80 they would project \$18,600,000 total and in 1980-81, \$19,600,000. However, they feel that these are very conservative figures. The first \$10,000,000 would go to the capital improvement fund, the remainder to the DSF, until the figure of \$20,000,000 is reached and the excess of \$20,000,000 would be split down the middle.

Mr. Weise inquired whether the revenue bonds on most campuses for such things as sports pavilions are supported by activities in those facilities. Dr. Baepler stated that it would be very difficult to sell a bond based on the activities in those buildings. Mr. Weise went on to ask how the bonds are retired at other institutions. Dr. Baepler stated that there are a variety of ways; sometimes out of general fund, special student fee, activities in facility contribute a portion etc. Dr. Baepler stated that these bonds here would be retired out of the fund created by the slot machine tax rebate. The funds generated from the use of the facility would hopefully would be sufficient to pay for the cost of operating the facility. Mr. Weise stated that then the purpose of the slot tax was to create the base for the bonds as well as to retire the bond.

Mr. Rusk inquired whether there had been any consideration to using the fund to back up a short fall in operational expenses. Dr. Baepler stated that the original intent of the funds from the federal government's perspective and all of the previous legislative action has been for capital construction.

Mr. Mann stated that in hearings held last session, they felt that if they tried to use some of this money for operating expenses they might run into a problem with the federal government. The federal government had been sold on this rebate proposition based on the fact that it would go into the DSF and the capital improvement fund for the university system.

Mr. Weise inquired how they had developed the formula used in the amendment. Dr. Baepler stated that they had studied this to a great extent but they were advised by the bonding people that if it was going to generate \$10,000,000 for each anyway, that they should use the first \$10,000,000 rather than the first and the third \$5,000,000, because it would provide a much better bonding base. Dr. Baepler stated that they have never used this fund for bonding but rather they had taken the \$5,000,000 each year and spent it in cash. This bill would permit them to bond against that money to expedite some of their capital projects.

Dr. Baepler stated that if they had the first \$10,000,000, they would have to lose more than 40% of the slot machine in the state before that first \$10,000,000 would be eroded.

Mr. Mann stated that he felt that they were changing a precedent and that bothered him. He stated that if the economy were to get into a situation where they did not generate the enough money to cover both funds the DSF would experience a real loss while the

University system would get their full \$10,000,000. He stated that he really wouldn't like to support the sports pavilion in lieu of the DSF. He added that the federal government had been sold on the increase to 95% based on the fact that it was going to DSF.

Dr. Baepler stated that the original federal legislation was oriented towards capital construction at the university and the newly emerging community colleges. The first distribution was \$5,000,000 for the university and less than \$2,000,000 for the DSF.

John Stratton, Gaming Control Board, stated that they were in support of this bill and that they would have one suggestion. This suggestion would be to amend the amendment. On page 4, Section 2, subsection (b) the third line, they would delete the words "by dividing into 12" and inserting "monthly after July 31".

Mr. Price inquired whether the amendment would take care of the problems that had occurred regarding the counting methods. Mr. Stratton stated that that was found on page 1 of the amendment on the bottom of the page. He stated that they had encountered some problems in the past with the way the state counts the machines and the way the feds count them.

Mr. Dini moved "amend and do pass and re-refer to Ways and Means". Mr. Chaney seconded the motion. The motion passed with Mr. Mann, Mr. Marvel, Mr. Bergevin and Mr. Tanner absent from the meeting at this point.

AB 211

Robert Sullivan, representing Carson River Basin Council of Governments, spoke in support of AB 211. He stated that they realize that this is indeed a very sensitive issue. This bill basically follows a concept of a resolution passed by the Nevada Association of Counties.

Mr. Sullivan stated that they in the counties feel that there is a problem in the difference in taxing between the mobile home structure and the "frame" structure in the use of the applicable multiple. Mobile homes are depreciating on the tax schedule yet they are selling for \$60,000. The counties are looking for an equal tax structure no matter what mode of construction in terms of single family residence. He cited the situation in Lyon County where mobile homes make up 33% of the housing units in 1976. In other counties it goes from 18-22%. He stated that in a very urban context, mobile homes require less cost on some services, however, not in proportion to the present taxation structure.

Mr. Sullivan stated that they are conducted a study on this issue and one of the things that it turned out was average tax yield per conventional home versus mobile home and also for apartments. They would see a disparity per square foot running from the mobile home being 30% to 50% of the single family dwelling.

Mr. Coulter inquired whether mobile homes were appreciating at the present time rather than depreciating. Mr. Sullivan stated that this has been the trend in the last four or five years.

Mr. Craddock asked Mr. Sullivan to leave the committee some of the fiscal data which he had. Mr. Sullivan stated that he would make it available to the committee. See Exhibit D.

Mr. Sullivan stated that the definition in AB 211 is probably problematic and that perhaps the definition found in AB 232 meets the spirit and intent of describing a mobile home. He added that definition of this has changed over the years, but that perhaps tying into the land use as found in AB 232 would help.

Assemblyman Virgil Getto, who originally requested the bill, spoke in support of the legislation. He stated that he had requested basically for the people in the rural county. He stated that many young people and older people cannot purchase new homes because of the inflated rate and they cannot get any type of long term financing for mobile homes. He stated that the old concept of mobile home no longer applies to the modern manufactured housing of today. He stated that this bill would allow them to get some better financing and also remove the stigma of living in mobile home. At the present time the stigma is the fact that many people feel that mobile home owners are not paying their fair share of the taxes.

Mr. Getto stated that he felt the most important that this bill would do is to open up the financing market on mobile home so that they can be bought on the conventional loan method.

Mr. Rusk stated that the key to this bill then is the fact that the mobile home must be permanently affixed and on the land that they own.

Mr. Marvel inquired what the write off on these mobile homes should be and should it be the same as conventional home. Mr. Getto stated that he felt that on this newer type mobile or manufactured home that it should be 20 years at least.

Mr. Dini inquired if they were talking just about manufactured housing and not a small 8x10 mobile home. It was pointed out that the 8x10 one would be called a travel trailer and would not be included. Mr. Nickson of the State Tax Department read the statute regarding the definition of a mobile home. Someone in the audience pointed out that manufacturing housing is a new term that HUD introduced since 1976. This is mobile only to the extent that it is mobile from the factory to the site.

Mr. Chaney inquired what would happen to the people who are buying their mobile home, but have it parked on a leased lot in a mobile home park. Mr. Getto stated that these would continue to be taxed as personal property. The stipulation in this bill is that the home is sitting on land that they own or are buying.

Mr. Bergevin stated that he could envision people leaving the running gear attached to the home and building the foundation around it. He stated that putting these on an appreciated schedule would in effect raise the taxes on them. He also stated that he felt that they would be creating an inequity in taxation in that mobile homes would be taxed differently. Mr. Getto stated there were other states that had similar laws with no problems. He added that mobile homes are depreciating that fast any more.

Mr. Getto stated that a few sessions ago they had passed some legislation which mandated the Tax Commission to do a study every so many years to see what the actual market was.

Roy Nickson, Department of Taxation, stated that hearings were held last fall where it was the Commission's intention to go to the NADA Blue Book for mobile homes. To this date he is being inundated with letters from residents of mobile homes that this would extent the schedule to something like 30 years and would raise the values from the current table that they now use.

Mr. Nickson went on to state that the Tax Commission is required right now to value each mobile home each year. Mr. Getto inquired whether they reappraise them on market value or blue book value. Mr. Nickson stated that they use blue book and not actual sales. He added that he felt that it should be on actual sales.

Mr. Craddock stated that they should also take into consideration the tax load that mobile home owners have in the sales tax and personal property tax that is relatively high for the first few years. He wondered how this leveled out over the long span. Mr. Nickson stated that they had never done any studies that would indicate a comparison between the stick home owner and the mobile home owner. He stated that the Commission does take this disparity into consideration when it places a value on the mobile home. Mr. Craddock inquired if Mr. Nickson could develop some figures along these lines for the committee and Mr. Nickson stated that he would have some as soon as possible.

Mr. Getto inquired whether if mobile home was made real property and on the second time they were sold would there be sales tax. Mr. Nickson stated that he would assume that under this bill they would become real property and the county assessor would be required to appraise it. He added that presently if an individual sells the mobile home to another individual there is no sales tax but if sold through a dealer there is sales tax.

Mr. Craddock pointed out that it becomes real estate it would be subject to the real property transfer tax. He added that

he really could not see any real big disparity going on at the present time.

Mr. Weise inquired whether there would be a problem of putting all mobile homes into real property classification. Mr. Nickson stated that part of the problem is that a true mobile home can be moved out of the state and would be subject to the quarterly payment of tax. Mr. Weise went on to say that if all mobile homes were recognized as real property, did Mr. Nickson see any problems with regulating this. Mr. Nickson stated that the definition would have to be changed and the sales tax law would also have to be changed.

Bruce Robb, Nevada Manufactured Housing Association, stated that they support the provisions of AB 211. They support it for the reason that there will be available to the consumer long term financing, the savings of which will much more offset any increase in taxation. It is for the tremendous savings reason that the industry supports this bill. He added that if the committee wanted to extend real property taxation to all mobile homes then they should look to the provisions as written in AB 232. The reason the industry would like to go with AB 211 is that it would be a primary push to recognize the manufactured home as being equal to a conventionally built structure.

James Maddex, Nevada Savings Association, stated that he was employed by Yegen Associates, who represent Nevada Savings in the mobile home industry in financing. They presently have better than \$29,000,000 in mobile home financing in the State. Over 50,000 single family people in Nevada live in manufactured housing. The national average for a manufactured home to be financed is 10 years. The industry has financial plans available at this time whereby 25 year financing would be available if the mobile home were changed from personal property to real property and located on private land and currently affixed to this private land. He cited an example of payment structure in regards to this situation. By going on a real estate type loan they go from add on interest to simple interest. Taking a mobile home costing \$20,000 and put on a lot at \$8,000; on a 20-year loan with simple interest at 10.75 the payment would be \$303.44 and with a 25-year loan it would be \$289.75. Leaving at personal property and taking a loan of 15 years on the same mobile home, at a 8% add-on interest, the payment would be \$236.11. To this you would have to add the average cost of land rental which is \$150.00 making a total of \$386.11.

Mr. Maddex stated that the industry has received in writing from the Federal Home Loan Bank Board, an opinion that since the perspective owner would own the underlying land, the housing unit would qualify under their regulations as a single family dwelling for the purpose of a real estate loan and the loan could be for a maximum period of 30 years. Therefore, they fully support AB 211.

Mr. Bergevin stated that if this were to pass, they would in effect be creating a dual taxing system whereby two identical mobile homes could be tax differently. He wondered if Mr. Robb felt that this was constitutional. Mr. Robb stated that he felt it was and that 24 states currently do it. He added that he felt that it would meet the criteria for equal protection under the Nevada Constitution in that there would be a reasonable distinction between like property in that the one would have the running gear removed and be affixed to real property permanently.

Mr. Weise stated that he would be concerned about the individual who goes out and gets the long term financing and still possibly qualifying it under personal property for tax purposes. He wondered what would prevent this. Mr. Maddex stated that it would be possible to remove the running gear and make it virtually impossible to put these back on. This would make it permanently affixed and as long as on the long term financing it would have to remain as real property. Mr. Weise stated that there really doesn't have to be a correlation between the assessor and the financing and could have the person telling the assessor to put the home on as personal property even though it was financed as real property. Mr. Maddex stated that they would do a actual appraisal of the home and the running gear would have to be removed after it was placed on the land. Mr. Weise stated that there probably should be language that once it is real property it would always be real property.

Mr. Dini stated that there would be problem with existing people and that it would have to be worded in the law. He added that with existing people that are currently being assessed as personal property that want to get on the roll as real estate.

Mr. Maddex stated that the person would have the option of obtaining short term financing and leaving it as personal property and not having it permanently affixed.

Mr. Rusk stated that he felt the definition of permanent foundation should be made clearer. He also questioned the difference between manufactured home and mobile home. Mr. Robb stated that they were defined in SB 173 which is pending. They are also found in Chapter 489 of NRS. The reason mobile home is the only one referred to in AB 211 is because the others are already taxed as real property. Mr. Robb stated that this bill makes no distinction between the mobile home and the manufactured home that has come on the market in recent years.

Mr. Chaney stated that the long term financing would not then be available to someone who is buying his mobile home but is presently parking it on rented or leased land. Mr. Maddex stated that they are presently looking at the possiblity of having 20 year financing for mobile homes that are going into a mobile home park or on rented land. However, this is not included at this time. Mr. Robb stated that federal regulations preclude the giving these long term loans unless they are dealing with real estate.

Joe Midmore, representing Nevada Consumer Finance Association, stated that many of his clients, the small loan companies as defined in Nevada law, have been making loans on mobile homes for many years. The way Nevada law is presently constituted, if this bill were to go through as written, it will place his members in the position of having quite a few illegal loans on their books because according to NRS 675.350, they cannot make loans on which they take real property as collateral. This bill would turn some of their personal property collateral to real property.

Bob Beach, President of Nevada Consumer Finance Association and Vice President of Northern Nevada Finance, stated that he would suggest that the Department of Commerce, Banking Division, be contacted in regards to some exact figures on what percentage of financing on mobile homes this would involve. He added that two years ago it was testified that one arm of the finance industry had over \$44,000,000 of mobile home loans in this state and he thinks that the savings and loans industry presently has \$27,000,000. He stated that there are also a number of other lenders that buy these contracts and that by changing this law they may be forced out of business.

Mr. Marvel asked if this was a major part of Mr. Beach's loan business. Mr. Beach replied that for some companies it is; there are different arms of companies that buy contracts from dealers and the change from personal to real property would preclude this. This would take a lot of money out of the market.

Mr. Midmore stated that there would also be situations where the person buying a mobile home cannot put it on his own property immediately but would plan on it in the near future. This would cause some problems also.

Mr. Rusk inquired what type of term loan they extend on mobile homes. Mr. Beach replied stated that on the direct loans it cannot exceed 7 years or \$10,000. On the contract basis some of them can go out to 12 years.

Mr. Beach stated that it is almost impossible to get a loan on both mobile home and real property if you want to recapture equity or anything like that. People that own mobile homes and property are having real problems using that equity for a second or to improve property or recapture capital.

Mr. Beach pointed out that the bill would have to be amended if they would like to allow the small loan and financing companies to get into this program. At the present time they would be precluded from it by Nevada law.

Robert Hadfield, Douglas County Manager, stated that he feels that the discussion on this boils down to two very important points. The first is that so called mobile homes are no longer depreciating in value but in fact are becoming a very important part of the housing market. He added that these mobile homes are not necessarily mobile and the cost of moving them is quite prohibitive.

Mr. Hadfield stated that in many of the counties they have many mobile homes that are not part of a park but rather on tracts of land that have been sold without concern with respect to what type of home might be located on them. They have a mix between the manufactured home and standard "stick" home. In those areas the people that have the stick home of the same assessed valuation pay more taxes than the people that live in the mobile home. The people with children living in mobile homes have the same impact on the school district.

Mr. Hadfield stated that they have adopted a resolution in principal that there is something wrong with the present way the mobile homes are taxed as they are simply no longer a depreciated market. He would urge the committee to give equal weight to equalizing those taxes where people do have an impact.

Mr. Bergevin inquired if Mr. Hadfield felt that this bill accomplished equality as far as different classes of mobile home owners are concerned. Mr. Hadfield stated that he had some concerns about that in that if the house is worth a set amount it doesn't matter if it is sitting on rented or owned property. The value of the house is what is important. He stated that he also had some concerns regarding the removal of the running gear and suddenly the mobile home is not a mobile home. He stated that he felt the key is that it meets the same requirements for use of land as conventional dwellings in the same area.

Mr. Craddock asked Mr. Hadfield if he felt they should be using the blue book or willing exchange of value in the market. Mr. Hadfield stated that if they use the blue book for mobile home assessment they should use blue book for all housing.

Mr. Hadfield stated that he felt all the housing should be treated the same with respect to not having sales tax on it. Mr. Craddock stated that the sales tax on a conventional home is considerably less in that it is not on the labor and on the mobile home it is on the entire product.

Ernest H. Heying, Fallon Board of Realtors, stated that they favor AB 211. He stated that presently it is impossible to get a FHA or VA loan for mobile homes. This would open the door for this. This is what is important. He added that he would defy anybody to tie up a mobile home behind a vehicle that is over 12 wide and try and get down a Nevada highway. They have to have a permit for it and so a mobile home is not as mobile as it used to be.

Jeff Robinson, Fallon Board of Realtors, stated that one of the concerns of the committee seems to be the removal of the running gear and perhaps the bill needs to be amended in this area. Mr. Robinson stated that once it is defined as real property it would remain as real estate.

He added that the sales tax is higher in that it is paid on the whole product but the point about the Transfer Tax could be answered in that the that tax would be so minimal in comparison and it would be advantage to the mobile home owner.

He ended by stated that the real advantage to the consumer is the better forms of financing that would be available.

Dee Montooth, Fallon Board of Realtors, stated that nobody has discussed what happens to the existing mobile homes that are presently on land that is owned by the mobile home owner. She wondered what their reaction would be when their taxes are doubled. Many of these have reached the end of their depreciation scale and all of a sudden they would be taxed as real property.

She stated that she wasa member of the Churchill County Mobile Home Association and they have discussed this several times. They have been told that senior citizens would be able to receive a property tax rebate on this. She added that under this bill mobile home owners would have some of the privileges along with the responsibilities of the frame home owner.

Mrs. Montooth stated that in the cow counties there is a stigma to living in a mobile home that is not paying its fair share. At the present time there is zoning going on in Churchill County that will restrict where mobile homes can be located because they do not pay their fair share of the taxes. This is not the mobile home dwellers fault. This bill would take out the inequities of the system and give some of the responsibilities and privileges to the mobile home owner.

Mr. Marvel inquired whether the senior citizen wasn't presently getting the tax rebate if they live in a mobile home. Mr. Nickson stated that they do if they are entitled to it.

AB 266

Ruth Ann Wright, Northern Nevada NOW, stated that they support the concept of equality for all. She stated that she is finding herself testifing more and more for men's rights as well as for women's. She would urge passage of this bill as there shouldn't be sexism flected in the laws of this state or nation. She stated that she feels that widower should have the same benefits as a widow.

Mr. Coulter questioned the rationale that would give widows or widowers a break over anyone else. Ms. Wright stated that research has pointed out that widows find their income cut by 60%. Widowers may find themselves with same income perhaps but with additional costs for child care and household needs. In that sense they are economically disadvantaged.

AB 232

Mr. Price pointed out that this bill is the result of a combination of about 6 proposed bills that dealt with many facets of the industry. He stated that he felt that some parts of the bill should be dealt with in the Commerce and Government Affairs Committees. He added that with the permission of the committee he would request that testimony on this bill be confined to those aspects of it that deal with taxation and that should the committee find merit with the bill, it could pass it out of committee and have it re-referred to the other committees for their consideration. The committee as a whole agreed with the Chairman's suggestion.

Bruce Robb, Nevada Manufactured Housing Association, stated that there were two taxation aspects of this bill. One would tax all manufactured homes as real property, irrespective of where they are situated. This is how it differs from AB 211. They would urge the passage of AB 211 over this as it would afford the owner of the mobile home long term housing.

The other item refers to sales and use tax and it would essentially remove the sales tax on sale of used mobile home. The industry would support this. They would hope that this committee and the legislature would recognize that a manufactured home is a dwelling and should be treated as similarly as possible to a conventional home.

Mr. Robb stated that the proposed request for the reduction in sales tax is good and that they would request this committee to recognize that in conventional housing, no sales tax is assessed for labor. This is an unfair and unequal burden that is placed on the mobile home buyer. This would not benefit the industry but is a cost that is passed directly to the consumer.

Robert Hadfield, Douglas County Manager, stated that he would like his statement regarding AB 211 to also apply to this bill and he commended the committee for realizing where the various parts of the bill should be heard.

As there was no further business to be heard, Chairman Price adjourned the meeting.

Respectfully submitted

Sandra Gagnier
Sandra Gagnier
Assembly Attache

(Committee Minutes)

ASSEMBLY TAXATION COMMITTEE

GUEST LIST

Date: 2/5/79

NAME REPRESENTING WISH TO SPEAK
YES NO

Robert Sullivan	Carson River Basin COG	✓ 211	
Joe Midmore	Nev. Consumer Finance Assn.	AB211	
Michael Hatch	Churchill County	AB 223	
B.P. Salinger	Churchill County		✓
Harold Dayton	Nevada Assoc of Counties	-	
John Stutton	Harrison	21663	
Harlan Elger	"	1	
Robert Richard	Douglas County	211 232	
Don E. Jackson	Douglas County	237	
Gene Wilcox	Nevada Assoc. of Realtors	237 217	
James E. Malley	Yogen Associates	211	
ERNEST H. HEVING	FALLOU BOARD OF REALTORS	211	
Dee Moutooth	Fallon Board of Realtors	211	
Jeff Robinson	Fallon Board of Realtors	211	
Ruth Ann WRIGHT	NORTHERN NU NDW	266	

PRINT



PRESIDENT'S OFFICE

Nevada Legislature

FIFTY-NINTH SESSION
May 4, 1977

University of Nevada, Las Vegas

Board of Regents
University of Nevada System
405 Marsh Avenue
Reno, Nevada 89509

RE: Assembly Bill 612

Gentlemen:

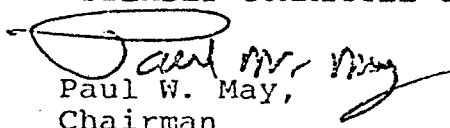
May this correspondence from myself and the undersigned members of the Assembly Committee on Taxation indicate beyond any doubt the legislative intent insofar as the Assembly Committee on Taxation finds it. Although Assembly Bill 612 is now in second reprint form, the original intent is still carried forth insofar as the first use of any monies obtained under the provisions of the measure be used for the specific purposes as outlined in the original bill on Page 3, Section 3, Subsections 1 and 2.

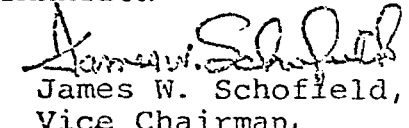
It is our intention that any additional slot machine tax rebate received from Congress be placed in the Special Higher Education Construction Fund to be used to underwrite bonds to allow construction of these projects at the earliest feasible date.

As chairman of the Assembly Committee on Taxation, I cannot indicate too strongly we feel, regardless of procedure now required in Assembly Bill 612 in second reprint form, the Assembly concurring with that version, that the intent as stated above should be final and binding to anyone concerned with this measure.

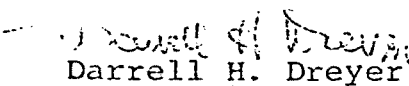
Sincerely,

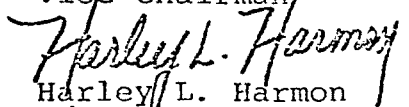
ASSEMBLY COMMITTEE ON TAXATION

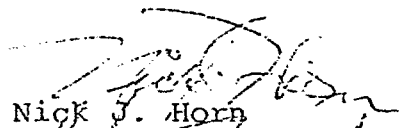

Paul W. May,
Chairman

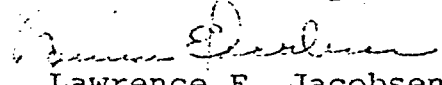

James W. Schofield,
Vice Chairman


Robert G. Craddock


Darrell H. Dreyer


Harley L. Harmon


Nick J. Horn


Lawrence E. Jacobsen


Lloyd W. Mann


Patrick M. Murphy

cc: Governor Mike O'Callaghan.
Dr. Donald Baeplar, President, UNLV
Dr. Max Milam, President, UNR
Howard E. Barrett, Budget Director
William E. Hancock, Secretary-Manager, State Public Works Board
Joseph E. Dini, Jr., Speaker of the Assembly

PWM:crrj



Nevada Legislature

FIFTY-NINTH SESSION

April 26, 1977

Board of Regents
University of Nevada System
Reno, Nevada

Gentlemen:

The purpose of this letter is to make clear the intention of the Senate Finance Committee in the amendments adopted to S.B. 612, that we support the Special Events Center at the University of Nevada, Las Vegas.

We hope in the interim if the Congressional action is successful in the increased slot machine tax rebate that the necessary procedure can be followed to present this project for approval at the next Legislative session.

It is our intention that any additional slot machine tax rebates received from Congress be placed in the Special Higher Education Construction Fund to be used to underwrite bonds to allow the construction of this project at the earliest feasible date.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Floyd R. Lamb".

Floyd R. Lamb, Chairman
Senate Finance Committee

FRL:hjv

cc. Dr. Don Baepler
Governor Mike O'Callahan
Howard Barrett
William Hancock
Dr. Max Milam

PRESIDENT'S OFFICE
MAY 2 1977
University of Nevada, Las Vegas

1979 REGULAR SESSION (60TH)

ASSEMBLY ACTION		SENATE ACTION		Assembly	AMENDMENT BLANK
Adopted	<input type="checkbox"/>	Adopted	<input type="checkbox"/>	AMENDMENTS to <u>Assembly</u>	
Lost	<input type="checkbox"/>	Lost	<input type="checkbox"/>	Bill No. <u>63</u> Joint <u>Resolution No.</u>	
Date:		Date:		BDR <u>41-766</u>	
Initial:		Initial:		Proposed by <u>Committee on Taxation</u>	
Concurred in	<input type="checkbox"/>	Concurred in	<input type="checkbox"/>		
Not concurred in	<input type="checkbox"/>	Not concurred in	<input type="checkbox"/>		
Date:		Date:			
Initial:		Initial:			

Amendment N^o 58



Amend the bill as a whole by adding a new section, designated section 1, following the enacting clause, to read as follows:

"Section 1. NRS 463.372 is hereby amended to read as follows:

463.372 For purposes of administering the quarterly state license fee imposed by NRS 463.373, [and] the annual state license fee imposed by NRS 463.375, [a slot machine means any device, contrivance or machine, otherwise fitting the description provided by NRS 463.0127, which was intended by manufacture or design to be played or operated by one person, notwithstanding the fact that any such device, contrivance or machine may have been installed in a licensed gaming establishment in conjunction with one or more like or similar devices, contrivances or machines for the purpose of affording one person an opportunity to play or operate any such combination.] and the annual tax imposed by NRS 463.385, the commission shall prescribe by regulation the

o: E & E
 LCB File
 Journal
 Engrossment
 Bill

Date 2-12-79 Drafted by FWD:sl

Amendment No. 58 to Assembly Bill No. 63 (BDR 41-766) Page 2

manner of counting slot machines whose operations are related to one another."

Amend the bill as a whole by renumbering section 1 as section 2.

Amend section 1, page 1, line 4, by deleting open bracket.

Amend section 1, page 1, line 7, by deleting closed bracket and "an annual tax of \$250."

Amend section 1, page 2, by deleting lines 2 through 12 and inserting: "fund and the [higher education] capital construction fund [,] for higher education, hereby created in the state treasury, in the amounts and to be expended only for the purposes specified in subsections 4 and 5.

4. [Except as provided in subsection 6, during] During each fiscal year the state treasurer shall deposit the first [\$5 million] \$10,000,000 and one-half of any amount exceeding \$20,000,000 of the tax paid over to him by the commission in the [higher education] capital construction fund [.] for higher education. When [requested by the board of regents of the University of Nevada,] specific projects are authorized by the legislature, money in the [higher education capital construction fund shall] fund must be transferred by the state controller and the state treasurer to the state public works board for the purpose [only] of con-".

Amendment No. 58 to Assembly Bill No. 63 (BDR 41-766) Page 3

Amend section 1, page 2, line 18 by inserting open bracket before "Unless".

Amend section 1, page 2, line 20 by deleting brackets and "money".

Amend section 1, page 2, by deleting line 24 and inserting:
"moneys in the higher education capital construction fund.]
When authorized by the legislature before the bonds are issued,
money in the fund must be disbursed by the state controller and
the state treasurer for the payment of interest and amortization
of principal on bonds issued to defray costs of construction of
specific projects."

Amend section 1, page 2, by deleting line 28 and inserting:
"[higher education] capital construction fund for higher education
for authorized expenditure."

Amend section 1, page 2, by deleting line 31 and inserting:
"first \$5 million] the next \$10,000,000 and one-half of any amount
exceeding \$20,000,000 of the tax paid over to him by the com-".

Amend section 1, page 2, line 35 by deleting "6. [If" and
inserting "[6. If".

Amend section 1, page 2 and 3 by deleting all matter printed
in italics after the closed bracket on page 2, line 46.

Amend the bill as a whole by adding new sections, designated
sections 3 and 4, following section 1, to read as follows:

"Sec. 3. NRS 463.385 is hereby amended to read as follows:

Amendment No. 58 to Assembly Bill No. 63 (BDR 41-766) Page 4

463.385 1. In addition to any other license fees and taxes imposed by this chapter, there is hereby imposed upon each slot machine operated in this state [a tax equal to the amount of any credit which may be allowed against the tax imposed on slot machines by 26 U.S.C. § 4461 or other federal statute for the payment of a state tax. If no credit is allowed, no tax is payable under this subsection.] an annual tax of \$250.

2. The commission shall:

(a) Collect the tax annually on or before June [20,] 30, as a condition precedent to the issuance of a state gaming license to operate any slot machine [.] for the ensuing fiscal year beginning July 1, from a licensee whose operation is continuing.

(b) Collect the tax in advance from a licensee who begins operation or puts additional slot machines into play during the fiscal year, prorated by dividing into 12 the number of full or partial months remaining in the fiscal year.

(c) Include the proceeds of the tax in its reports of state gaming taxes collected.

3. The commission shall pay over the tax as collected to the state treasurer to be deposited to the credit of the state distributive school fund and the capital construction fund for higher education, hereby created in the state treasury, in the amounts

and to be expended only for the purposes specified in subsections 4 and 5.

4. During each fiscal year the state treasurer shall deposit the first \$10,000,000 and one-half of any amount exceeding \$20,000,000 of the tax paid over to him by the commission in the capital construction fund for higher education. When specific projects are approved by the legislature, money in the fund must be transferred by the state controller and the state treasurer to the state public works board for the purpose of constructing capital improvement projects for the University of Nevada System, including but not limited to capital improvement projects for the community college division. As used in this subsection, "construction" includes but is not limited to planning, design, site acquisition and development, construction, reconstruction, furnishing, equipping, replacing, repairing, rehabilitating, expanding and remodeling. When authorized by the legislature before the bonds are issued, money in the fund must be disbursed by the state controller and the state treasurer for the payment of interest and amortization of principal on bonds issued to defray costs of construction of specific projects. Any money remaining in the capital construction fund for higher education at the end of a fiscal year does not revert to the general fund in the state treasury but remains in the capital construction fund for higher education for authorized expenditure.

Amendment No. 58 to Assembly Bill No. 63 (BDR 41-766) Page 6

5. During each fiscal year the state treasurer shall deposit the next \$10,000,000 and one-half of any amount exceeding \$20,000,000 of the tax paid over to him by the commission in the state distributive school fund to be apportioned as provided in NRS 387.030 among the several school districts of the state at the times and in the manner provided by law.

Sec. 4. NRS 463.386 is hereby amended to read as follows:

463.386 1. [In the event] If the securities of a corporate licensee are or become publicly held or publicly traded, the gaming operations of [such] the corporation may be transferred to a wholly owned subsidiary corporation, if [such] the subsidiary corporation applies for and obtains a license.

2. If the commission approves the issuance of a license to [such] the wholly owned subsidiary corporation, all prepaid state gaming taxes and fees which are credited to the account of the parent corporation shall be transferred and credited to the account of the subsidiary.

3. If a corporate gaming licensee is merged with another corporation, at least 80 percent of which is owned by shareholders of the former corporate licensee, and which is thereafter licensed at the same location within 30 days following the merger, then for the purposes of NRS 463.370, 463.373, 463.375, 463.380, [and] 463.383 [,] and 486.385, and for those purposes only, the gaming

Amendment No. 58 to Assembly Bill No. 63 (BDR 41-766) Page 7

license of the merged corporate licensee shall be deemed to have been transferred to the surviving corporation and the previously licensed operation shall be deemed to be a continuing operation under the license of the surviving corporation.

4. If a corporate gaming licensee is dissolved, and the parent corporation of the dissolved corporation or a subsidiary corporation of [such] the parent [corporations,] corporation, 80 percent of which is owned by [such] the parent corporation, is licensed at the same location within 30 days following the dissolution, then for the purposes of NRS 463.370, 463.373, 463.375, 463.380 , [and] 463.383 [,] and 463.385, and for those purposes only, the gaming license of the dissolved corporate licensee shall be deemed to have been transferred to [such] the parent corporation or subsidiary corporation of [such] the parent corporation and the previously licensed operation shall be deemed to be a continuing operation under [such] that other corporate license."

Amend the bill as a whole by renumbering section 2 as section 5.

Amend section 2, page 3, line 3, by deleting "Section 1" and inserting "Sections 1, 3 and 4".

Amend section 2, page 3, line 6, by inserting "and section 2 of this act" after "section".

Amendment No. 58 to Assembly Bill No. 63 (BDR 41-766) Page 8

Amend the title of the bill, 3rd line, by inserting:

"revising the distribution of revenue from this source
between the public schools and the state university;"
after "machines;".



MAILING ADDRESS: P.O. Box 1927, Carson City, NV 89701

Ph. 885-4680

March 6, 1979

TO: Assembly Taxation Committee

FROM: Robert Sullivan, Executive Secretary

SUBJECT: AB 211 - Material Supporting Agency's 3/5/79 Testimony

For your information, as requested, are the following:

- Attachment "A" - "Applicable Multiple" depreciation schedule and discussion (Nevada Review of Business and Economics, Fall 1978).
- Attachment "B" - Mobile Home Study, Report for Nevada Tax Commission... re: CRBCOG Counties (Department of Taxation, 1978).
- Attachment "C" - "Average Tax per Square Foot" and "Average Tax Yield", CRBCOG Counties (A Look at Mobile Homes in the Region, 1975, CRBCOG).

In addition, 1976 percentage composition of mobile home units to all housing units in this region indicates that mobile units comprise the following per cent of housing stock: Douglas, 15.5%; Carson City, 19.3%; Lyon, 33.3%; and Churchill, 22.5%. No data is available for Storey County. (State Department of Commerce, Housing Division.)

RTS:mer
Att.

BOARD OF DIRECTORS

Dan Hickey, chm. Commissioner Douglas County	Jack Warnecke Supervisor Carson City	Bill Lee Commissioner Churchill County	John McNow Commissioner Lyon County	Robert Berry Commissioner Storey County
--	--	--	---	---

EXECUTIVE SECRETARY

Robert Sullivan

Nevada Mobile Home Taxation: Proposed Changes

by David O. Thacher, Ronald L. Shane
and Michael E. Wetzstein*

In 1975, the 58th session of the Nevada Legislature adopted Assembly Concurrent Resolution No. 35 which directed the Legislative Commission to study the methods, procedures and bases of taxation of mobile homes. The concern of the Legislature was that mobile home owners were not, on average, paying as much ad valorem (at value) property tax as the conventional home owner.

Currently, the mobile home property tax appraisal procedure employs depreciation schedules to determine the value for mobile homes. This procedure is, however, inadequate due to the divergence between market value and appraised value for taxation as a mobile home ages. In response to present inadequacies of assessment, a system of appraisal that more closely approximates mobile home market values has been proposed by the Nevada Tax Commission.

This article examines the current and proposed appraisal methods. In addition, an example is presented of how the value of mobile homes is determined under the two methods followed by a brief discussion of some implications resulting if the proposed modifications are implemented.

Present Appraisal Method

All mobile homes are subject to a maximum tax rate of \$5.00 for every \$100 of assessed value. Assessed value is determined as 35 percent of full cash value, where full cash value for new mobile homes is the fair retail delivered price. Assessed value of used mobile homes is computed by multiplying the suggested retail price, listed in the "Official Mobile Home Market Report" (Blue Book) by the "applicable multiple" (see Table 1). The assessed valuation in any case, however, shall not be less than \$100.

For example, a 1976 mobile home with a suggested retail price of \$10,000 is valued at \$9,300, given a seven percent depreciation rate. Thus, the assessed value is 35 percent of \$9,300 or \$3,255. Alternatively, multiplying the suggested retail price (\$10,000) by the "applicable multiple" (32.55 percent) also results in an assessed value of \$3,255. Application of the local tax rate will then determine the tax liability.

*David O. Thacher is a graduate student, and Ronald L. Shane and Michael E. Wetzstein are Assistant Professors in the Division of Agricultural and Resource Economics, University of Nevada, Reno.

Proposed Appraisal Method

Under the proposed appraisal method, all mobile homes are subject to the same maximum tax rate of \$5.00 for every \$100 of assessed value. In addition, as with the present method, the assessed value is determined as 35 percent of full cash value. The major difference between the present and proposed methods is in determining full cash value.

The proposed appraisal method would require the State Department of Taxation to employ *The Official Mobile Home Appraisal Guide* of the National Automobile Dealers Association (N.A.D.A.). The N.A.D.A. system provides a reference of market values for particular makes and models over time. Market value is based on a manufacturer's present wholesale price of a used mobile home, modified to approximate a trailer's used value at a given age.¹ Market value is updated and published quarterly by national sales records.

Thus, the proposed appraisal method replaces the arbitrary depreciation schedule in determining full cash value with an updated approximation of market value.

TABLE 1
"Applicable Multiple" by Year Manufactured

Year Manufactured	Age	% Good	Assessment Ratio	Applicable Multiple
1977	new	35%	of Nevada retail delivered price	
1976	1	93	@ 35%	= 32.55%
1975	2	87		= 30.45
1974	3	79		= 27.65
1973	4	72		= 25.20
1972	5	66		= 23.10
1971	6	60		= 21.00
1970	7	56		= 19.60
1969	8	52		= 18.20
1968	9	49		= 17.15
1967	10	46		= 16.10
1966	11	43		= 15.05
1965	12	40		= 14.00
1964	13	37		= 12.95
1963	14	34		= 11.90
1962	15	31		= 10.85
1961	16	28		= 9.80
1960	17	26		= 9.10
1959	18	24		= 8.40
1958	19	22		= 7.70
1957	20	20		= 7.00

SOURCE: Nevada Tax Commission, Bulletin No. 139, p. 13.

DIVISION OF ASSESSMENT STANDARDS
MOBILE HOME STUDY
REPORT FOR THE NEVADA TAX COMMISSION
JUNE 27, 1978

EXHIBIT D
Attachment B

On May 1, 1978, the Division of Assessment Standards was directed by the Nevada Tax Commission to determine the relationship of current market values to the values reflected by the National Automobile Dealers Mobile Home Appraisal Guide. The NADA revised Guide was originally published in 1977. The values contained in the Guide underline the need for a departure from the concept that a mobile home is an ever-depreciating unit that has little value after its first few years of life. The resale market in used mobile homes does not substantiate this theory. The Guide's intent is to reflect the current mobile home market by substantiating values with actual sales information. Staff's function was to relate these established sales values to current market conditions.

Our findings have resulted in the following conclusions:

1. NADA values are generally and almost consistently, lower than values indicated by current market conditions.
2. Present mobile home assessments are generally below NADA values, and, therefore, even further below current market conditions.
3. Present mobile home assessments vary in such proportions from current market conditions that, at the present time, the concept of equalization is virtually nonexistent.

In order to establish the relationship between NADA values and current market values, Staff felt it was necessary to obtain recent sales involving the many types of mobile homes, the various ages of the units available on the market, and to obtain sales from as many locations as possible. Originally, over 350 sales were collected from Washoe County, Carson City, Clark County and Douglas, Lyon and Churchill Counties. These 350 sales were analyzed. Those sales which could not be verified by buyers or brokers or did not meet the necessary requirements to constitute an "arms-length" transaction were eliminated. In addition to this, with rare exception, the sales which were included in the study took place during 1977 or early 1978. The original sample was reduced to approximately 200 reliable, verifiable sales.

Each of the units involved in the sales were then valued according to the NADA Guide. A value was established for the unit itself and also for any additional optional equipment and/or personal property involved in the sale. The problem of what constitutes "optional" equipment was addressed in this way: Believing that a reliable sale involved knowledgeable individuals, Staff was guided by the opinions of these knowledgeable buyers and sellers. In other words, if the buyer and/or broker considered any equipment to be optional, an additional NADA cost was added to the unit to allow for that

option. The value of the unit according to the NADA Guide was then compared to the sales price. The results of this comparison are tabulated later in this report.

EXHIBIT D

Once the comparison between current local market prices and NADA values was completed, Staff then decided to extend the study to include the relationship between current mobile home assessments and the assessed valuations derived by use of the NADA Guide. Staff also felt that it was necessary to indicate the relationship between current mobile home assessments and current market prices. The tabulation of these additional comparisons is also included later in the report.

The effect of the condition of the mobile home unit was analyzed by a visual inspection of all units possible. Again, NADA guidelines were used: NADA assumes a unit to be in "good" condition for the first five years and between "fair" and "good" condition thereafter. By this definition, Staff felt a "condition adjustment" was only necessary for less than 2 percent of the units sampled.

The effect of location on the market price of the unit was the next consideration. Locational factors including quality of the mobile home park or area and remoteness of the area were analyzed. Generally, location influence could not be established. That is, there were both high and low sales for each type of location within each separate county.

Since any guidebook used in the valuation of mobile home will probably be universally instituted, Staff feels that the lack of locational influence can be related to certain conditions. For example, a low quality mobile home in a higher quality location, or a higher quality mobile home in a low quality location will influence an isolated sale. However, when this individual sale is incorporated into a large sample, such influence is moderated.

The mean and median figures of the information were established. The degree of difference between the mean and median reflects the extremes encountered in the sample. It is Staff's opinion that these extremes are representative of current market conditions and assessment practices and, therefore, the mean is used as the comparative indicator. No other statistical comparisons are reported even though they may be relevant, because what is considered a "normal" condition or what is to be "expected" from the sample is unknown. The charts which are included in the report represent specific areas or counties and no state overall figures are presented. This is because Staff recognizes that current market conditions and assessment practices in the areas sampled are so varied that overall figures would not be representative of any one area.

For each county or area, the relationship of the NADA value to market value is established for the overall sample. These figures were then broken out into specific year categories, according to the age of the model (1977-74, 1973-70, 1969 and older). The initial figures represent the percentage of NADA value to market value for that particular sample. Next, the increase required in the NADA value to arrive at market price is indicated. Then the increase required for the assessed value to arrive at market price is indicated. Finally, where such information was available, figures showing the approximate increase in present assessed values necessary to arrive at proposed NADA assessed values are included.

CARSON CITY

I. Relationship of NADA values to market value

A. Overall - Sample Size 47

Mean - .82
Median - .81

(Indicates representative NADA value is approximately 20 percent below market value)

B. Age

	<u>1977-74</u>	<u>1973-70</u>	<u>1969 & OLDER</u>
Mean	.82	.82	.79
Median	.84	.80	.78

In order for NADA value to reach market value, the following approximate increases would need to be applied to the indicated NADA value.

	<u>1977-74</u>	<u>1973-70</u>	<u>1969 & OLDER</u>
	20-25 %	20-25 %	20-25 %

II. Relationship of present assessed valuation to market value.

In order for present assessed valuation to reach market value, the following approximate increases would need to be applied to the present assessment.

	<u>1977-74</u>	<u>1973-70</u>	<u>1969 & OLDER</u>
	28 %	47 %	154 %

III. Relationship of present assessed valuation to NADA values.

In order for present assessed valuation to reach NADA values, the following average increases would need to be applied to the present assessment.

	<u>1977-74</u>	<u>1973-70</u>	<u>1969 & OLDER</u>
	Relatively no change*	10-15 %	96 %

*Although the percentage of increase or decrease varies widely in the analysis of individual units, when these percentages are averaged, the result is a relatively small increase.

I. Relationship of NADA values to market value

A. Overall - Sample Size 37

Mean - .86
Median - .85

(Indicates NADA value is approximately 15 percent below market value)

B. Age

	<u>1977-74</u>	<u>1973-70</u>	<u>1969 & OLDER</u>
Mean	.91	.90	.79
Median	.97	.96	.80

In order for NADA value to reach market value, the following approximate increases would need to be applied to the indicated NADA value.

<u>1977-74</u>	<u>1973-70</u>	<u>1969 & OLDER</u>
10-15 %	10-15 %	20-25 %

II. Relationship of present assessed valuation to market value.

In order for present assessed valuation to reach market value, the following approximate increases would need to be applied to the present assessment.

<u>1977-74</u>	<u>1973-70</u>	<u>1969 & OLDER</u>
50-55 %	25-30 %	60-65 %

III. Relationship of present assessed valuation to NADA values.

In order for present assessed valuation to reach NADA values, the following average increases would need to be applied to the present assessment.

<u>1977-74</u>	<u>1973-70</u>	<u>1969 & OLDER</u>
40-45 %	Relatively no change*	10-15 %

*Although the percentage of increase or decrease varies widely in the analysis of individual units, when these percentages are averaged, the result is a relatively small increase.

Average Tax Per Square Foot For
Conventional Homes, Mobile Homes and Apartments A

	Carson City	Churchill County	Douglas County	Lyon County	Storey County
<u>Average Age (Years)</u>					
Conventional Homes	16	16	11	10	40
Mobile Homes	8	8	7	6	9
Apartments	7	C	C	C	C
<u>Average Size B (Square Feet)</u>					
Conventional Homes	1660	1589	1610	1185	1276
Mobile Homes	637	760	814	872	781
Apartments	762	C	C	C	C
<u>Average Assessed Valuation (Dollars)</u>					
Conventional Homes	6635	5242	5891	3648	3059
Mobile Homes	1271	1622	2218	1743	1713
Apartments	3370	C	C	C	C
<u>Average Tax (Dollars)</u>					
Conventional Homes	291.75	241.80	222.09	155.56	132.03
Mobile Homes	62.62	67.31	90.48	76.25	68.22
Apartments	166.68	C	C	C	C
<u>Average Tax Per Square Foot</u>					
Conventional Homes	.17	.15	.14	.13	.10
Mobile Homes	.09	.08	.11	.09	.09
Apartments	.21	C	C	C	C

EXHIBIT D
Attachment

A This table does not take into account that conventional homes continue to pay a level of taxes on an annual basis as opposed to the declining taxes caused by the annual depreciation of mobile homes.

B Includes garage when attached for conventional homes and tongue on mobile homes.
Insufficient Data.

476

TABLE IV

Average Tax Yield as Related to County Government Costs
For Different Types of Dwelling Units

	Carson City	Churchill County	Douglas County	Lyon County	Storey County
Operating Budget 1974	\$3,977,380	\$1,083,168	\$2,167,570	\$1,198,776	\$342,814
Total Estimated Dwelling Units	7,319	4,091	3,892	3,236	682
Cost of County Government Per Dwelling	\$ 543	\$ 264	\$ 557	\$ 370	\$ 503
24 Tax Yield Per Sample Mobile Home	\$ 63	\$ 67	\$ 91	\$ 76	\$ 68
Tax Yield Per Sample Single Family Home	\$ 292	\$ 282	\$ 222	\$ 156	\$ 132
Tax Yield Per Sample Apartment Unit	\$ 167	*	*	*	*

* Insufficient Data.

Source: Carson River Basin Council of Governments, County Assessors Offices.