

MEMBERS PRESENT:

CHAIRMAN PRICE
VICE CHAIRMAN CRADDOCK
ASSEMBLYMAN DINI
ASSEMBLYMAN MANN

ASSEMBLYMAN BERGEVIN
ASSEMBLYMAN MARVEL
ASSEMBLYMAN RUSK
ASSEMBLYMAN TANNER

MEMBERS ABSENT:

ASSEMBLYMAN CHANEY
ASSEMBLYMAN COULTER
ASSEMBLYMAN WEISE

GUESTS PRESENT:

See attached Guest List

Chairman Price called the meeting to order for the purpose of hearing AB 554.

AB 554

Sam Mamet, Clark County, spoke in support of the bill. He began by stating that there had been much talk about Clark County and the City of Las Vegas going at each other's throats during this session and that the staff of both had worked delingently and closely on a number of bills that are of vital concern to them. This bill is an example of this cooperative spirit of both the city and county.

Mr. Mamet stated that about a month ago they held a meeting in the lounge at which time this proposal was unvieled before this committee as well as the senate and other members of the Clark County Delegation. It was their purpose at the time to indicate to the legislature that they were operating under some rather unique and significant situations in Clark County and an example of this would be the consent decree for the jail in which they were working for additional funds to help them with these various mandated responsibilities.

Charles Zobell, City of Las Vegas, stated that the city and counties staffs met together for over a month addressing this. They were trying to find a way to help finance the jail and metropolitan police department in the amount that the sheriff has asked for. The purpose of this bill is two fold. The first part is meant to compensate the cities and counties for the expected loss in revenue from the exemption of food. Twenty percent of the total entertainment tax taken in by the state would be returned to those cities and counties on a population basis. This would apply to those cities and counties that have assessed the city-county relief tax. Mr. Zobell referred to the information which is attached to these minutes as Exhibit A. The money going to all the counties must be appropriated for public safety, regional street and highway construction, air quality planning and water quality planning and public transportation systems.

(Committee Minutes)

Mr. Zobel continued by stating that when they met with the delegation they had gone into the many obligations that are facing local governments in southern Nevada in particular. Their purpose was to try to get some assistance from the state in meeting some of these local obligations. This bill is not aimed just at Clark County but would provide assistance to every county and city in the state.

Mr. Price stated that under the spending caps being proposed some of the cities and counties will not be able to spend all of the money they are able to collect and he wondered what they would propose to do with this extra money over the cap, would they push the ad valorem down.

Mr. Mamet stated that would be one option.

Mr. Mann inquired where they would want to raise this money and what they would suggest cutting out of the tax proposal to do so.

Mr. Mamet stated that they do have some significant problems in southern Nevada and in looking at the impact of the caps and how they were going to fund those various responsibilities and in looking at options, obviously they looked at the casino entertainment tax. He stated that he recognized with the tax reform being the issue that it is, the great significance of this tax because it is the tax that has helped the state to develop the surplus that it has.

Mr. Mann stated that the one thing that he has held consistently was that it was not just an obligation, it is mandatory that the legislature be fiscally responsible based on what Question 6 passage could do to the state. If they were to cut something or reduce the spending caps in order to accomodate this bill, Mr. Mann feels that there would be no question that Question 6 would pass. Mr. Mann ended by stating that this is not the year for this.

Bob Hadfield, Douglas County Manager, stated that Douglas County would actually be better off with Question 6. He stated that he felt that Question 6 also carried another message and that message was that the property tax is not the appropriate way to support functions which are rather dramatically and seriously adversely impacted by other groups of nonresidents. He urged the committee to consider that as being one of the messages in Question 6. He added that there are certain things that might be logically related to property tax and other things which could be considered services that are provided, that should either be supported on enterprise funds through rates charged for their specific use or those costs should be offset by those people who are creating the impact. He felt that the state should also take a look at this in their revenues. Mr. Hadfield continued by stating that this entertainment tax is one of the taxes that generates money from the people who do create the impact. It is not the residents of the county that create the problems and it is getting to the point where counties cannot afford to pay for problems created by visitors.

Mr. Price asked Mr. Hadfield to clarify his statement that Question 6 would be less adverse than the Assembly tax package.

Mr. Hadfield stated that they have a very low property tax rate now. He added that they presently have a CLU case filed against their jail which could very easily shut the Douglas County Jail. If they did not have the impact from the tourism from the casinos they wouldn't need the new jail facility.

Mr. Mann stated that this was a two each sword in that if it were not for the casinos there would be fewer jobs and citizens in Douglas County. He added that when you pass tax legislation it can not be done based on one county or two counties.

Mr. Price stated that he would like to stray from this bill and ask Mr. Hadfield whether he had testified on the impact that SB 204 would have in Doulgas County regarding administrative costs. Mr. Hadfield stated that it would cost them \$50,000 for the assessor in the rebate proposal but that he had not testified on the Senate side regarding this. This would have serious impact on them.

Mr. Price referred the committee to the memo from the Department of Taxation on the fiscal note of SB 204. A copy of this is attached to these minutes as Exhibit B.

Mr. Hadfield stated that the administration of the rebate program would be a real "nightmare" for the rural counties.

Returning to AB 554, Mary Kincaid, City of North Las Vegas, who spoke in support of the bill even though she "had seen the hand-writing on the wall" that this bill is basically dead. She suggested that perhaps the committee would consider a compromise. They would offer perhaps a 30% rebate to the cities and counties to help offset this lost revenue from sales tax on food. She stated that their mass transit, which is partly mandated by the federal government, is going to cost them a great deal of money and this is a problem that many cities face. They are forced to do many things because of federal regulations and mandates that they do not have the money for. They are forced to provide the everyday services for the people but they have very few sources of revenue.

Mr. Mann interjected that the federal government does not mandate rapid transit but rather offer incentives to build rapid transit. He added that he was very thankful that local governments do have the right to tax more then what they do. He added that he felt that more and more they would be seeing the state say "no" to federal bureaucracy.

Mrs. Kincaid stated that she felt what was a priority to their citizens may not necessarily be a priority in another area and if local government taxed the citizens on the local level for what they considered priorities, perhaps there would be less problems.

Mr. Mann pointed out that under AB 616 they could do that if they could convince the people to override the cap by a vote of the people.

Mrs. Kincaid stated that when asking local people what they feel should be cut it is generally something that has nothing to do with local government, such as foreign aid, welfare programs, etc., which property tax has nothing to do with.

Ernie Newton, Nevada Taxpayers Association, stated that he felt that the problem of loss revenues due to the sales tax on food being exempt would be handled by the Real Estate Transfer Tax and County Gaming Tax being given back to the county. He felt that it would actually almost be a "washout".

Mr. Newton continued by stating that he felt that Question 6 had a stronger message than the one dealing with property tax and that was regarding spending. He cited the situation in California where they have received 3rd highest number of names on petition for initiative that has ever been received which will place a cap on expenditures. This is now being referred to as "the spirit of 13". The people there were aiming at a reduction in governmental expenditures and they thought Prop. 13 would do that. However, without a cap this did not occur. He added that he felt that Question 6 might well go in Nevada in 1980 but if it does he feels that Nevadans will be back immediately to place a cap on expenditures, unless the legislature does it.

Mr. Craddock stated that there was some information being compiled at this time that would indicate that the gaming tax and real estate transfer taxes would almost completely washout the loss of revenue from the food tax proposal.

Mr. Dini pointed out that this would have to be total dollars because some counties do not have gaming. This would have to be a statewide thing.

Mr. Marvel moved for indefinite postponement of AB 554 and Mr. Mann seconded the motion. The motion passed unanimously with Mr. Weise, Mr. Chaney, and Mr. Coulter absent.

AB 5

Mr. Tanner stated that the subject of this bill was better covered in another bill, AB 111.

Mr. Mann moved for indefinite postponement and Mr. Tanner seconded the motion. The motion passed unanimously with Mr. Weise, Mr. Chaney, and Mr. Coulter absent.

Mr. Dini stated that he had received an inquiry on the tax package regarding whether the purchase of a fire truck, which occurs about every 9 or 10 years, would be allowed under the cap. He wondered how this would be coped with and whether the exemption for life and safety would cover this situation.

Mr. Craddock stated that he had tried to address this problem in some amendments which he had withdrawn when it was pointed out that actually didn't accomplish this. He stated that in the case of general improvement districts that he felt that there should be some consideration given to the space between the ad valorem income and the cap and when that develops to the point where they can take care of some capital investments then it should be allowed.

Mr. Dini stated that the bill doesn't work that way, however. Most of these have small budgets and they may put part of that away each year for capital improvement fund and when there is enough money they go to bid and buy a fire truck or something like that. They have the money and it is not going to increase their ad valorem but it will increase their budget for that year outside the cap.

Mr. Craddock stated that he had intended that the ad valorem income that had exceeded the cap, that portion be set aside until it reaches the 12% and the trigger device takes over, be excluded from the triggering device and built into a surplus. Then two years later the legislature could authorize the purchase it was intended for.

Mr. Mann stated that he felt that there were some real problems with that concept in that it puts the legislature in the position of starting to run local governments. He felt such things as the purchase of fire truck would be covered on the override for public safety aspect. He pointed back to the simple fact that if a program is so valuable that it can be sold to the people, the people will override the spending cap by their vote. He finished by stating that he would rather have them decide to raise the ad valorem than to put so many "loopholes" into the bill.

Mr. Rusk inquired if it would be possible to get a reading on this to determine exactly what the case was.

Mr. Bergevin read the definition of public safety that was in bill which would allow for the override. Mr. Bergevin inquired of Mr. Newton if there was provision in the law that provides for setting aside ad valorem money for capital improvements. Mr. Newton stated that there was. Mr. Bergevin stated that since that was in the law, he could see no reason why you couldn't put a disclaimer in the bill that those funds so set aside and spent for capital improvement would not be charged against your budget.

Mr. Newton stated that he did not feel that they even needed to do that. He felt that they could be included in the annual budget and that is an expenditure.

Mr. Bergevin stated that the only thing that he would be concerned about is that it definitely be for capital expenditures and not for something else. Mr. Newton stated that this was part of the law now. The problem is that when a large amount of money is put together, it often time is not spent very prudently.

Mr. Mann inquired how they would deal with the ending balance concept. Mr. Newton stated that it would be a separate fund and it wouldn't be in the general fund ending balance at all.

Mr. Miles stated that he felt that it would depend on how the local government is handling it. If they are taking the ad valorem into the general fund, appropriating that money to a building acquisition fund or a capital improvement fund that doesn't receive property taxes directly, they could continue to do it. If they are putting property taxes directly into that fund, under the terms of the cap, that fund would come under the cap. He stated that he had presented a list of things that should probably be looked at in the bill and this type of thing was one of the points. He felt that perhaps the Department needed the authority to straighten out any accounting problems within some of the counties.

Mr. Mann stated that he felt that it was important to give the Department the right to make some judgments in this area rather than try to legislate for every problem.

Mr. Dini stated in connection with the two bills on the tax package he felt that the definition of funds was better in SB 204 than in AB 616. He suggested that perhaps the committee should go along with this definition.

Mr. Mann stated that he felt that AB 616 definition of food for human consumption was better than in SB 204.

The information received from the county assessors regarding the cost of SB 204 was then discussed (Exhibit B). Mr. Craddock questioned why they seemed to be rather inconsistent. Mr. Newton stated that these figures are slide figures and are really an education guess by the assessor. Some of the areas have almost no solid residential property and there are areas that the present workload is light and therefore it would not require additional staff, just additional work for existing staff.

Mr. Newton stated that he had contact some treasurers and had been told that there would be very little cost to them because most of the delinquent taxes were on undeveloped land not on residential property.

Mr. Milliken, Clark County Assessor's Office, stated that a lot of their delinquent taxes come from land that is vacant and which borders on BLM land.

The committee discussed what they felt was a disparity in the initial cost of rental parceling. Many felt that these figures were out of proportion. It was again pointed out that this was best estimate that they could come up with and that it probably was on the conservative side.

Mr. Dini read into the record a statement from the Lyon County Assessor. A copy of this statement is attached to these minutes as Exhibit C.

Mr. Mann stated that he felt that figures were indeed conservative and that they would make the point that the program would be administratively expensive.

It was pointed out that this information would be made available at the joint meeting of the two committees.

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

Respectfully submitted,

Sandra Gagnier
Sandra Gagnier,
Assembly Attache



ASSEMBLY BILL 554

CASINO ENTERTAINMENT TAX BILL

Assembly Bill 554 provides that the casino entertainment tax collected by the state and currently deposited in the state general fund would be distributed to the cities and counties according to the following schedule:

Total Tax Estimated to be Collected Fiscal Year 1979-80	\$17,942,100
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Twenty percent (20%) of the tax to be distributed to cities and counties to compensate for the expected loss of revenue for sales tax on food (\$17,942,100) (.20)

\$ 3,588,420

Two-tenths of one percent (.2%) of tax remaining after the above allocation to be distributed equally to all counties (\$17,942,100 - \$3,588,420) (.02) (17 counties)

\$ 488,019

Remainder to be divided among the counties in which the entertainment tax collected within that county is an amount greater than .2% of the state-wide collection.

\$13,865,661

Total:	\$17,942,100
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DISTRIBUTION OF CASINO ENTERTAINMENT TAX - AB 554

YEAR ENDED JUNE 30, 1980

	20% To Compensate for Expected Loss of <u>Sales Tax on Food</u>	.2% <u>All Counties</u>	<u>Remainder</u>	<u>Total</u>
CARSON CITY	116,982	28,707	67,942	213,631
CHURCHILL COUNTY	57,237	28,707		85,944
Fallon	22,425			22,425
CLARK COUNTY		28,707	11,023,200	11,051,907
Boulder City	58,721			58,721
Henderson	184,640			184,640
Las Vegas	1,416,537			1,416,537
No. Las Vegas	407,738			407,738
DOUGLAS COUNTY	52,032	28,707	1,619,509	1,700,248
ELKO COUNTY		28,707	65,169	93,876
Carlin	13,831			13,831
Elko	80,285			80,285
Wells	11,383			11,383
ESMERALDA COUNTY		28,707		28,707
EUREKA COUNTY		28,707		28,707
HUMBOLDT COUNTY	21,028	28,707	30,504	80,239
Winnemucca	27,057			27,057
LANDER COUNTY		28,707		28,707
LINCOLN COUNTY	12,437	28,707		41,144
Caliente	6,940			6,940
LYON COUNTY	46,901	28,707		75,608
Yerington	15,178			15,178

EXHIBIT A

	20% To Compensate for Expected Loss of <u>Sales Tax on Food</u>	2% <u>All Counties</u>	<u>Remainder</u>	<u>Total</u>
MINERAL COUNTY	53,487	28,707		82,194
NYE COUNTY	35,733	28,707		64,440
Gabbs	6,610			6,610
PERSHING COUNTY	8,271	28,707		36,978
Lovelock	11,824			11,824
STOREY COUNTY	5,383	28,707		34,090
WASHOE COUNTY		28,707	1,059,337	1,088,044
Reno	687,553			687,553
Sparks	228,207			228,207
WHITE PINE COUNTY		28,707		28,707
TOTAL	3,588,420	488,019	13,865,661	17,942,100

Department of Taxation

Capital Plaza, 1100 E. William
CARSON CITY, NEVADA 89710
Telephone (702) 885-4892
In-State Toll Free 800-992-0900




ROBERT LIST, Governor

ROY E. NICKSON, Executive Director

April 16, 1979

TO: Ed Schorr
Dan Miles
Deputy Fiscal Analysts, Legislative Counsel Bureau

FROM: Jeanne B. Hannafin, Deputy Executive Director 
Department of Taxation

SUBJECT: Fiscal Note SB 204

On April 13, 1979 all county assessors were contacted by this office for the purpose of obtaining an estimate of cost to the assessors office to implement the rental parceling system and homeowner allowance program provided for in SB 204.

The attached expenses are the approximate costs estimated by the assessors.

Most of the offices indicated that included in the cost are requirements for additional staff. An exception to this was the Elko County Assessor who stated that since the personal property tax was being removed he would not need additional employees.

All county treasurers were also contacted and all indicated that there would be very little additional cost as there was a very low percentage of delinquent taxes with homeowners.

JBH:mfs
Att.

Information Received from County Assessors Indicating Estimated Cost of Implementation of SB-204

COUNTIES	Initial Cost of Rental Parceling	Ongoing Cost of Homeowner Allowance Program	Total Estimated Cost First Year
Cason City	2,500	48,000	50,500
Churchill	3,000	16,000	19,000
Clark	15,000	135,000	150,000
Douglas	No estimate	75,000	75,000
Elko	2,500	12,000	14,500
Esmeralda	Negligible	Negligible	-0-
Eureka	Negligible	3,000	3,000
Humboldt	5,000	50,000	55,000
Lander	3,000	16,000	19,000
Lincoln	1,000	5,000	6,000
Lyon	10,000	42,000	52,000
Mineral	1,500	15,000	16,500
Nye	4,500	50,000	54,500
Pershing	3,000	Negligible	3,000
Storey	Negligible	14,500	14,500
Washoe	15,000	120,000	135,000
White Pine	2,500	25,000	27,500
TOTALS	68,500	626,500	695,000

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OFFICE OF
LYON COUNTY ASSESSOR
BOX 460
YERINGTON, NEVADA 89447

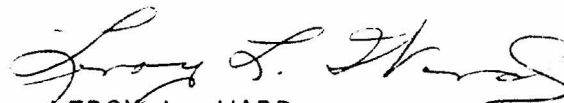
RE: TO IMPLEMENT SB 204

THE FOLLOWING IS AN ESTIMATED AMOUNT FOR EXTRA PERSONNEL, MATERIAL, ETC. NEEDED TO IMPLEMENT THE PASSAGE OF SB 204.

PERSONNEL	28,400
RETIREMENT	2,270
INSURANCE	2,820
N.I.C.	410
POSTAGE	1,500
SUPPLIES	2,400
MACHINE TIME AND PROGRAMMING	2,500
OTHER	<u>100</u>
	41,400

IT IS MY OPINION, WHEN THE PROPERTY OWNERS VOTED FOR PROPOSITION 6, THEY DID NOT INTEND FOR THE SENATE TO PASS A BILL THAT WOULD COST THE TAX PAYER MORE MONEY AND AN INSURMOUNTABLE AMOUNT OF PAPER WORK.

I SUGGEST WE WORK FOR THE PASSAGE OF ASSEMBLY BILL 616.


LEROY L. WARD
LYON COUNTY ASSESSOR