

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

GUESTS PRESENT:

See attached Guest List

A quorum being present, Chairman Price called the meeting to order. He stated the purpose of the meeting to be to take testimony on AB 211, AB 721, AB 733, AB 740 and AB 741. He added that he would also take testimony on SJR 2 and AJR 4.

SJR 2 and AJR 4

Stan Warren, representing Nevada Bell, appeared in opposition to the bills. He introduced John Miller, tax authority for the company, who spoke on the subject.

Mr. Miller stated that both resolutions propose to depart from the uniform and balance system, created over 100 years ago and which has served the state very well. The system proposed is know by many names. It is known by split-roll assessment, variable ratio assessment, classification of taxes, homeowner relief to mention just a few. Mr. Miller stated that the problem with this is that is a expedient at best and it may not have the desired results of reducing residential taxes while making up the business with higher business rates. At the present time, according to Mr. Miller, there are only 8 states that have this as part of their property tax system. It has been around since 1913 and yet only 7 more states have adopted it since that time. It has been proven that once established it gets more complicated. It can become a real administrative burden and they have undesirable side effects. He cited the situation in Minnesota where there are 33 different classifications, in Montana where there are 19 and South Carolina that has 7. The lowest number in any state that has it is from 3 to 5.

Although the SJR 2 carries with it only 2 classes of property, AJR 4 does not even have this limitation and future session of the legislature could go to more. The record of split-roll assessment is that legislatures do make changes in the system.

Mr. Miller cited several examples of what has happened in Minnesota and in Montana. He added that history indicates that going to

split-roll is an irreversible action and that no state that has it has ever been able to go back to uniform system. The rate that is set up for residential property is the rate that will be there forever, according to Mr. Miller. One of the most insidious side effects of split-roll assessment would take place in residential communities, such as Sparks and North Las Vegas. There would be a shift in the tax burden relieving the residential property owners of some of the tax burden they are experiencing. The people who live there had better brace themselves in cutbacks in governmental services and increase prices in the goods and services that they purchase. The pressure from the public in a split-roll system is always downward. This erodes the tax base, causing high rates to the business community and it is felt by many experts that state and local bonds suffer as a result of this erosion.

Mr. Miller stated that he had been unable to find many positive things about split-roll assessment. He presented some information regarding Minnesota's split-roll assessment. This is attached to these minutes as Exhibit A.

In summary, Mr. Miller stated that a departure from the uniform and balanced system has many more hazards than benefits. The impact that can result to utilities and their customers and any other business is large. The thing that bothers Mr. Miller most about split-roll assessment is that when taxes are hidden in the price of telephone services one cannot determine how much their telephone service costs nor can they determine how much their taxes cost.

Mr. Craddock presented a two page position paper he had developed on this subject. This is attached to these minutes as Exhibit B.

Mr. Price inquired if Mr. Miller had taken the opportunity to develop any figures on how Question 6 would effect the utility companies of the state. Mr. Miller stated that he had not but that he would do so if Mr. Price would like him to. Mr. Price stated that he would like to see some figures of a 5-year estimate on valuation increases bearing in mind that Question 6 limits it to 2% a year, showing that figure as opposed to what it probably would really be.

Mr. Weise stated that many people feel that if they can duck a tax they can pass it onto somebody else. The purpose of this bill is to push the taxes off on to somebody else. This bill would not change the amount of tax it would just change who pays it.

Mr. Weise moved for no further consideration of AJR 4 and Mr. Mann seconded the motion. The motion passed unanimously with Mr. Chaney absent.

#### AB 211

Joe Midmore, Nevada Consumer Finance Association, stated that this bill had been heard on March 5 with very little interest or testimony against the bill. He stated that at that time he testified that they were interested in this because the people who are members of the association have many millions of dollars in mobile home

Date: April 24, 1979

Page: Three

financing through loans under the Nevada Installment Loan Act. Passage of this could affect those loans if not at present then certainly in the future. He suggested that it would obviate any difficulty for his clients if AB 211 were amended to insure that their loans were not placed in jeopardy or any wish by the people who hold those loans to possibly refinance them at a future date. He stated that they still support AB 211 and that they feel that is reasonable legislation if the amendment that he had discussed were to be passed. The amendment simply removes the restrictions on real estate loans that now exist in NRS 675 and thereby makes any loans that they have on mobile homes, should they become legally real estate, allowable.

Mr. Mann brought up a point of order and stated that he felt that this amendment should be discussed by the Commerce Committee and was in fact being discussed by it. The Commerce Committee does have a bill that they are presently holding hearings on that deals with this same subject.

Mr. Midmore pointed out that the validity of the amendment and the subject matter of the bill had passed the judgment of the chief bill drafter. The title of the bill would also be amended. Mr. Mann interjected that then the bill would have to go to Commerce Committee.

Mr. Midmore stated that he had been asked if this amendment did the same thing as AB 547 and he acknowledged that it does in part what AB 547 does, however it does not do everything that AB 547 would do. He added that he felt that it would not be improper to add this amendment and that he was only interested in protecting existing loans and the rights of their customers.

Mr. Dini stated that without the amendment they would be putting them in adverse position as far as existing loans on mobile homes.

Mr. Price stated that the amendment would appear to expand the authority of small loan businesses to make real estate loans other than just on mobile homes. He added that he would have no objections to limiting it to just mobile homes but that this amendment would expand it further.

Mr. Mann again stated that he had no problem with mobile home financing but that he felt that expanding the authority was the purview of the Commerce Committee.

Mr. Tanner agreed with Mr. Mann and stated that Taxation should consider just AB 211 and let Commerce handle the amendment.

Mr. Craddock stated that he felt that the committee had some responsibility to respond to the effects of "changing the rules in mid-stream" regarding what mobile homes are classified as.

Mr. Midmore stated that they were talking about some unknown percentage in so far as how many mobile homes are involved, and what may be as high as \$100,000,000 in financing. He added that he would have

(Committee Minutes)

to disagree with grandfathering in present loans as they feel that they should have the right to continue to make loans on mobile homes.

Mr. Bergevin stated that he had some severe problems with this bill as he felt that it would establish a dual assessment procedure on mobile homes of like quality and like manufacture. He added that he could not support under any circumstances as he felt that it was not constitutional.

Mr. Rusk inquired if there had been any testimony from the Counsel Bureau regarding this point. Mr. Bergevin replied that testimony from Tax Commission in previous hearing had stated that this is exactly what it would do.

Mr. Rusk continued that he felt that it was a first step in something that many agreed should have been done a long time ago.

Mr. Weise stated that if they got to the dual system as being unconstitutional, he would hope that they would bring all mobile homes under as real property. He stated that he would be willing to stretch it in order to try to bring in mobile homes as real property.

Mr. Bergevin stated that he felt that AB 232 would do a better job as it also would take care of sales tax problem. He added that he would agree philosophically that they should be real estate. He continued that either the people who live in mobile homes are not aware of what this bill will do or they are under some very severe false allusions. This bill will double their tax bill.

Mr. Rusk pointed out that their was the advantage of better financing for the consumer.

Mr. Getto, sponsor of the bill, stated by definition of real property it would have to be affixed to the land. He felt that this would break the difference in a constitutional question. The whole focus of the bill is financing. This would allow people to get into housing and this would reduce their payments and open up some financing to people that cannot qualify otherwise today.

Mr. Weise stated that he believed that there was plenty of precedents to moving these to real property. He cited the situation of the old mansion on Peckham Lane that had been moved out to Pleasant Valley.

Mr. Getto stated that it would be by definition that it would become real property. He cited the situation of a manufactured home that is transpoted similar to a mobile home and is classified as a real property once it is set down.

Mr. Marvel stated that the merit of this bill is that it would make long term financing available under certain requirements.

Because of the various questions and concerns that the committee had, it was decided to assign this to a subcommittee for further work. Mr. Price appointed Mr. Rusk, Mr. Marvel, Mr. Dini and Mr. Tanner to a subcommittee to further develop AB 211. Copies of information on this bill is attached to these minutes as Exhibits C and D.

AB 721

There was nobody present to testify on this bill.

At this point, Mr. Weise, Mr. Chaney, Mr. Bergevin and Mr. Mann were excused from the meeting.

AB 733

Gene Phelps, State Highway Department, spoke in opposition to this bill. He stated that the opposition was primarily because of the fiscal impact upon the highway fund. As the bill is written the Department of Motor Vehicles estimates that it would effect 166,700 vehicles and reduce the revenue to the highway fund by \$2,400,000 annually, at least in the first year. He added that he understood the DMV has some serious problems with the definition "motor truck not used primarily for business purposes". He finished by stating that the department feels that the highway fund can ill afford that kind of revenue loss at this time.

Mr. Marvel moved for "indefinite postponement" of AB 733 and Mr. Craddock seconded the motion. The motion passed unanimously with Mr. Weise, Mr. Chaney, Mr. Mann and Mr. Bergevin absent.

AB 740

Calvin Dodson, Sparks Masonic Building Association, spoke in favor of the bill. He pointed out that their association was incorporated as a nonprofit organization in 1919. They are authorized to purchase land for the purpose of erecting Masonic Temples and to erect such temples. He cited the situation they have where they own property which has been set aside for the building of a temple. He stated that originally the taxes on this were minimal, but at the present rate of inflation it has been brought to their attention that they may end up being forced to sell this property due to high tax. The property value has increased 16 times. It had not been their intention to buy this property for a profit and if that had been their intent, they could have sold it within the last year many times. This bill would correct this situation in as much as it would not get them out of the taxes but would merely defer them. If they sold the property for any reason other than its original use, they would have to pay all back taxes.

In answer to Mr. Marvel's question, Mr. Dodson explained that the portion of the present temple that is used for lodge purposes is tax exempt. They do pay taxes of any portion that is rented out for commercial or other uses. Since the property is sitting vacant it is subject to full taxes.

AB 741

John Kadlic, Washoe County District Attorney's Office, spoke in support of this bill. He stated that passage of this bill would take care of a problem that presently exists. He added that the problem is that under NRS 36.140 as it presently stand, you can incorporate yourself as a nonprofit charitable or religious, educational corporation and the only other qualification is that you receive donations in all or in part from the public. The problem that Mr. Kadlic has run into is that the only money that a particular corporation is going to receive is from the donation of the director in the form of his salary. They are calling this the public donation. This bill would not allow officer or trustee to donate his salary and count it as part of public donation. This would make them go out and "beat on doors" to get some sort of public donation. This would avoid any type of scam operation. The bill would also require a substantial amount and cover the case of just going out and getting one dollar and making that the public donation. The bill clarifies the language of the law for this type of operation.

COMMITTEE ACTION

AB 740

Mr. Dini moved for "do pass" recommendation and Mr. Marvel seconded the motion. Mr. Coulter amended the motion to delay action until the full committee was present. Mr. Rusk seconded this amended motion. Mr. Dini and Mr. Marvel withdrew their motion and second.

AB 741

Mr. Tanner moved for "do pass" recommendation and Mr. Coulter seconded the motion. The motion passed unanimously with Mr. Weise, Mr. Chaney, Mr. Mann and Mr. Bergevin absent.

AB 226

Mr. Marvel moved for "do pass" recommendation and Mr. Tanner seconded the motion. The motion passed unanimously with Mr. Weise, Mr. Chaney, Mr. Mann and Mr. Bergevin absent.

AB 112

Mr. Tanner presented copies of the proposed amendments that the subcommittee had developed on this bill. These are attached to these minutes as Exhibit E. He then went through the amendment and explained the various changes. Mr. Marvel moved to accept the subcommittee report and Mr. Rusk seconded the motion. The motion carried unanimously.

Mr. Dini moved to "amend and do pass" AB 112 and Mr. Tanner seconded the motion. The motion carried unanimously with Mr. Weise,

Minutes of the Nevada State Legislature  
Assembly Committee on Taxation  
Date: April 24, 1979  
Page: Six

Mr. Chaney, Mr. Mann and Mr. Bergevin absent.

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

Respectfully submitted,

*Sandra Gagnier*  
Sandra Gagnier,  
Assembly Attache

Also attached to these minutes are copies of the Fiscal Notes for AB 733 and AB 740. These are attached as Exhibits F and G.

ASSEMBLY TAXATION COMMITTEE

GUEST LIST

Date: 4/24/79

NAME	REPRESENTING	WISH TO SPEAK	
		YES	NO
Calvin J. Dodson	Sparks Masonic Bldg. Association	✓	
Tom Smart	" " " "		✓
Ed B. Cochran	" " " "		X
Orville Hartstad	" " " "		✓
Bruce R. 66	NEVADA MANUFACTURED HOUSING ASSN	✓	
STAN WARREN	NEVADA BELL	ASR-4 STR-7	
JOHN MILLER	NEVADA BELL	ASR 4 STR 2	
Wayne Titman	Commerce Dept - Mobile Home Agency		✓
Gene Mcclary	Nevada Manufact. Hous. Assoc.	✓	
Bill Corant	Nevada Association of REALTORS	ASR4 AB211 STR2 AB721	??
Joe Midmore	Nevada Consumer Finance Assn.	✓	
Richard Hoy	NEV. MANUFAC HOUSING ASSN.	✓	
Gene Phelps	New Hwy Dept		AB733



In the "Governor's Minnesota Tax Study" Rolland B. Hatfield, the present State Auditor and former Tax Commissioner, criticized Minnesota's classified property system as summarized below:

1. It erodes the property tax base so that the effect of rising valuations and increased construction are nullified.
2. It causes the property tax mill rate to be at least three times higher than it should be which places Minnesota's tax rates out of line with other states and makes it difficult to sell state and local bonds.
3. It shifts the burden of taxation every time a new class is created by the legislature so that the taxes of every owner are affected without his knowledge.
4. Because assessors do not use a uniform percentage of the true market value they have in fact created de facto classification which results in property tax burdens which are different from those intended by the legislature.
5. It is generally agreed by everyone who understands the classified system that there is no economic justification for placing property in different classes for tax purposes.
6. It uses the property tax system to subsidize certain industries and yet the exact amount of this subsidy is generally unknown.
7. There is no indication that the special preference given to homesteads has had any effect on homeownership in Minnesota.
8. The greatest criticism which can be made of the system is that there is really no place to logically stop.
9. This system of classification is unnecessarily costly and difficult to administer.

## CHANGES IN MINNESOTA PROPERTY TAX CLASSES, 1937-71

Session	Subject	Change
1937	Underground iron ore mined and stockpiled by August 1	Valued as unmined for 1 assessment
1937	First \$4,000 of a homestead	Exempt from State Property Tax, except for debt
1939	Stockpiled iron ore containing phosphorus in excess of .180 dried analysis	Minor valuation change
1941	Livestock, poultry, horses, mules, agricultural tools, machinery used in agriculture	From 33 1/3% to 20%
1941	Open pit iron ore	Same valuation as unmined ore
1941	Homestead	Homestead benefit to continue during serviceman's period of service, regardless of use
1943	Homestead	Tightened serviceman provision
1943	Wine in hands of producer held in storage under bond	From 33 1/3% to 10%
1945	Direct products of blast and open-hearth furnaces	From 33 1/3% to 15%
1945	Unplatted lands	Redefined as "real estate that is rural in character"
1947	Homestead	Class given to purchasers unable to take possession before lien date due to rent control regulations
1951	Buildings and structures on rural lands leased from state and federal government	33 1/3%
1951	Crude petroleum refineries	From 40% and 33 1/3% to: Real estate: 20%; Personal Property: 17%
1953	Homesteads	Removed from State mill rate
1953	Homesteads of paraplegic veterans with service-connected disabilities	5% of first \$8,000 (of adj. market); 40% on balance
1955	Rural real property used exclusively for growing trees, lumber and wood products	From 33 1/3% to 20%
1957	Motor vehicle parking ramps in any city of the first class with under 450,000 population	From 40% to 20% (for 15 years after completion)

Session	Subject	Change
1959	Stockpiled iron ore	To be valued as unmined for 2 assessment periods
1959	Seasonal lakeshore cottages not used commercially	From 40% to 33 1/3%
1959	Garage and service facilities in a parking ramp	From 40% to 20%
1961	Homesteads	Extended to any Minnesotan on active duty in armed forces (or his immediate family)
1961	Parking ramps	Extended benefits
1961	Stockpiled iron ore	To be valued as unmined for 3 assessment periods
1963	Stockpiled iron ore	To be valued as unmined for 5 assessment periods
1965	Stockpiled iron ore	A clarification; benefits applicable to stockpiled ore also apply to processed ore
1967	Homesteads	A 35% credit is established against the tax on homestead property up to \$250
1967	"Rural" land becomes "agricultural" land	To limit class to bonafide farmers
1969	Blind person homesteads	5% of the first \$8,000 (of adj. market); 40% on balance
1969	Housing for elderly, low or moderate income levels as defined in Title II of the National Housing Act financed by Federal loans	20%
1971	Business equipment and inventories	Totally exempted (eff. 1973)
1971	All other property (Class 4; commercial, industrial)	Increased from 40% to 43% ("Trade-off" for inventory exemption)
1971	Residential, other than seasonal residential recreational and homesteads (i.e., commercial residential)	40% (to distinguish from class immediately above)

This chronology shows that the Minnesota property tax classification system has produced over 30 changes and spawned over 30 specific property tax

classes in its 60-year existence. It shows the effect of a "wide open" constitutional split roll provision upon successive legislatures.

value index. The homestead base value index shall be computed by the equalization aid review committee for each year immediately preceding an assessment year. This index is computed in the following manner. The annual statewide average market value of homestead property as indicated by bona fide real estate sales during the year shall be divided by the statewide average market value of all homestead property sold in 1974. This quotient is multiplied by 100. For each increase of a full three and one half points in the index the homestead base value shall be increased \$500 in the following assessment year. On or before December 1 of any year preceding an assessment year the commissioner of revenue shall certify the homestead base value for that year. [Comp. ¶ 20-324a.]

(Sec. 273.122 is as added by Ch. 437, Laws 1975, effective for taxable years commencing after December 31, 1974.)

[¶ 91-749]

Sec. 273.13. Classification of property.—1. How classified.—All real and personal property subject to a general property tax and not subject to any gross earnings or other lieu tax is hereby classified for purposes of taxation as provided by this section. [Comp. ¶ 20-325.]

[¶ 91-750]

2.\* Class 1.—Iron ore, whether mined or unmined, shall constitute class one and shall be valued and assessed at 50 per cent of its value. If unmined, it shall be assessed with and as a part of the real estate in which it is located, but at the rate aforesaid. Iron ore which either (a) is mined by underground methods and either placed in stockpile or concentrated and placed in stockpile or (b) is mined by open-pit methods and, in accordance with good engineering and metallurgical practice, requires concentration other than crushing or screening or both to make it suitable for commercial blast furnace use, and is either placed in stockpile for the purpose of concentration in the course of a concentration operation, or is concentrated and placed in stockpile, for three taxable years after being mined only, shall be listed and assessed in the taxing district where mined at the same amount per ton as it would be assessed if still unmined, except that if such ore contains phosphorous in excess of .180 percent or is classified in the trade as manganiferous ore, then irrespective of whether it requires such concentration or has been so concentrated it shall be so listed and assessed as if it were unmined ore for five taxable years after being mined only, and thereafter such ore in stockpiles shall be valued and assessed as mined iron ore, as otherwise provided by law. The real estate in which iron ore is located, other than the ore, shall be classified and assessed in accordance with the provisions of classes three, three "b," and four, as the case may be. In assessing any tract or lot of real estate in which iron ore is known to exist the assessable value

of the ore exclusive of the land in which it is located, and the assessable value of the land exclusive of the ore shall be determined and set down separately and the aggregate of the two shall be assessed against the tract or lot. (As amended by Ch. 40, Laws 1959; Ch. 710, Laws 1961; Ch. 426, Laws 1963; Ch. 259, Laws 1965; Ch. 427, Laws 1971, effective for taxes assessed in 1972 and payable in 1973 and thereafter and for tax rate limits and net debt limits based on the assessment of property made in 1972 and thereafter.) [Comp. ¶ 20-326.]

\* Sec. 27. The term value as applied to iron ore in section 273.13, subdivision 2 and in section 273.15 shall be deemed to be three times the present value of future income notwithstanding the provisions of section 273.11. The present value of future income shall be determined by the commissioner of taxation in accordance with professionally recognized mineral valuation practice and procedure. Nothing contained herein shall be construed as requiring any change in the method of determining present value of iron ore utilized by the commissioner prior to the enactment hereof or as limiting any remedy presently available to the taxpayer in connection with the commissioner's determination of present value, or precluding the commissioner from making subsequent changes in the present worth formula. (Sec. 27 is part of Ch. 427, Laws of 1971.)

[¶ 91-751]

Class 1a.—All direct products of the blast and open hearth furnaces that are utilized in the form produced and are not further processed, shall constitute class 1a and shall be valued and assessed at 15 per cent of the market value thereof. (As amended by Ch. 427, Laws 1971, effective for taxes assessed in 1972 and payable in 1973 and thereafter and for tax rate limits and net debt limits based on the assessment of property made in 1972 and thereafter.) [Comp. ¶ 20-327.]

[¶ 91-751a]

2a. Class 1b.—"Mineral interest", for the purpose of this subdivision, means an interest in any minerals, including but not limited to gas, coal, oil, or other similar interest in real estate, which is owned separately and apart from the fee title to the surface of such real property. Mineral interests which are filed for record in the offices of either the register of deeds or registrar of titles pursuant to Minnesota Statutes, Sections 93.52 to 93.58, constitute class 1b, and shall be taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of \$.25 per acre or portion of an acre of mineral interest is hereby imposed and is due and payable annually. If an interest filed pursuant to sections 93.52 to 93.58 is a fractional undivided interest in an area, the tax due on the interest per acre or portion of an acre is equal to the product obtained by multiplying the fractional interest times \$.25, computed to the nearest cent. However, the minimum annual tax on any mineral interest is \$2. No such tax on mineral interests is due and payable on the following: (a) Mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests; (b) Mineral interests which are exempt

¶ 91-748c § 273.13

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from taxation pursuant to constitutional or related statutory provisions. Tax money received under this subdivision shall be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest mill rate of a taxing district bears to the total mill rate applicable to surface interests in the area taxed. The tax imposed by this subdivision is not included within any limitations as to rate or amount of taxes which may be imposed in an area to which the tax imposed by this subdivision applies. The tax imposed by this subdivision shall not cause the amount of other taxes levied or to be levied in the area, which are subject to any such limitation, to be reduced in any amount whatsoever. The tax imposed by this section is effective for taxing years beginning January 1, 1975. Twenty percent of the revenues received from the tax imposed by this section shall be distributed

under the provisions of section 4 [of Ch. 650, Laws 1973, Art. XX]. (As added by Ch. 650, Laws 1973, effective as noted above.)

[¶ 91-752]

3. Class 2.—All household goods and furniture, including clocks, musical instruments, sewing machines, wearing apparel of members of the family, and all personal property actually used by the owner for personal and domestic purposes, or for the furnishing or equipment of the family residence, shall constitute class 2 and shall be valued and assessed at 25 per cent of the market value thereof. (As amended by Ch. 427, Laws 1971, effective for taxes assessed in 1972 and payable in 1973 and thereafter and for tax rate limits and net debt limits based on the assessment of property made in 1972 and thereafter.) [Comp. ¶ 20-329.]

[The next page is 9371.]

## [¶ 91-752a]

Class 2a.—All mobile homes, as defined in section 168.011, subdivision 8, shall constitute class 2a and shall be valued and assessed at 40 percent of the market value thereof. The valuation of class 2a property shall be subject to review and the taxes payable thereon in the manner provided by Sec. 274.19. (As added by Ch. 562, Laws 1959; as amended by Ch. 340, Laws 1961; Ch. 606, Laws 1967; Ch. 763, Laws 1969; Ch. 797, Laws 1971; Ch. 376, Laws 1975, effective for taxes payable in 1976 and thereafter.) [Comp. ¶ 20-339a.]

## [¶ 91-753]

4. Class 3.—(a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33½ percent of the market value thereof except as provided in clause (b). Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use. (As amended by Ch. 338, Laws 1959; Ch. 32, Laws 1967, 1st Sp. Sess.; Ch. 427, Laws 1971; Ch. 31, Laws 1971, 1st Sp. Sess.; Chs. 774, and 650, Laws 1973; Ch. 545, Laws 1974, Ch. 423, Laws 1977, effective August 1, 1977.) [Comp. ¶ 20-330.]

## [¶ 91-753a]

(b) For taxes assessed in 1977, payable in 1978, agricultural land and real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 31 percent of its market value, and for taxes assessed in 1978, payable in 1979 and thereafter, it shall be assessed at 30 percent of its market value. (As added by Ch. 423, Laws 1977, effective August 1, 1977.)

## [¶ 91-754]

5a. Class 3a. Class 3a shall constitute commercial use real property which abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in

Minnesota Tax Reports

the year preceding the year of assessment, which includes a portion used as a homestead by the owner, with the following limitations: the area of the property which shall be included in class 3a shall not exceed 100 feet of lakeshore footage for each cabin located on the property, up to a total of 800 feet, and 500 feet in depth measured away from the lakeshore. Class 3a shall be assessed at 18 percent of the market value thereof in 1977, for taxes payable in 1978, and at 16 percent thereafter. The remainder of the parcel shall be classified and assessed according to the provisions of subdivision 4. (As added by Ch. 767, Laws 1978, effective for taxes levied in 1978 and thereafter, payable in 1979 and thereafter.)

## [¶ 91-755]

6. Class 3b.—Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed at 18 percent of the market value thereof in 1977, for taxes payable in 1978, and at 16 percent thereafter. The property tax to be paid on class 3b property as otherwise determined by law not exceeding 120 acres less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 45 percent of the tax; provided that the amount of said reduction shall not exceed \$325. Valuation subject to relief in 1977 for taxes payable in 1978 shall be limited to 120 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included therein utilized by the owner in an agricultural pursuit. For taxes levied in 1978 payable 1979 and subsequent years, valuation subject to relief shall be limited to 160 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and such other structures as may be included therein utilized by the owner in an agricultural pursuit. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed at 31 percent of its market value in 1977, for taxes payable in 1978, and at 30 percent thereafter. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. (As amended by Ch. 32, Laws 1967, 1st Sp. Sess.; Ch. 417, Laws 1969; Ch. 427, Laws 1971; Ch. 650, Laws 1973; Ch. 437, Laws 1975; Ch. 423, Laws 1977; Ch. 767, Laws 1978, effective for taxes levied in 1978 and thereafter.) [Comp. ¶ 20-332.]

## [¶ 91-755a]

Agricultural land as used herein, and in section 273.132, shall mean contiguous acreage of ten acres

§ 273.13 ¶ 91-755a

or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs. (As added by Ch. 32, Laws 1967, 1st Sp. Sess., applicable to 1968 and subsequent assessments.) [Comp. ¶ 20-332.]

## [¶ 91-755b]

Real estate of less than 10 acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes. (As added by Ch. 32, Laws 1967, 1st Sp. Sess., applicable to 1968 and subsequent assessments.) [Comp. ¶ 20-332.]

## [¶ 91-755c]

Reserved

## [¶ 91-755d]

6a. Homestead owned by family farm corporation or partnership.—(a) Each family farm corporation and each partnership operating a family farm shall be entitled to class 3b assessment and shall be eligible for the credit provided in subdivision 6 for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Such a homestead shall not exceed 160 acres, and shall be assessed as provided in subdivision 6, notwithstanding the fact that legal title to the property may be in the name of the corporation or partnership and not in the name of the person residing thereon. "Family farm corporation" and "family farm" shall mean as defined in section 500.24. (As added by Ch. 395, Laws 1975; Ch. 767, Laws 1978, effective for taxes levied in 1978 and thereafter.) [Comp. ¶ 20-332a.]

## [¶ 91-755e]

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership shall also be assessed as class 3b property, and be entitled to the credit provided in subdivision 6, but the property eligible shall be limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and shall not include any other structures that may be located thereon. (As added by Ch. 395, Laws 1975, effective for 1975 assessment year and thereafter.) [Comp. ¶ 20-332a.]

## [¶ 91-756]

7. Class 3c, Class 3cc.—All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a

homestead, shall constitute class 3c, and shall be valued and assessed at 22 percent of the market value thereof in 1977, for taxes payable in 1978, and at 20 percent thereafter. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325. If the market value is in excess of the sum of the homestead base value, the amount in excess of that sum shall be valued and assessed at 36 percent of market value in 1977, for taxes payable in 1978, and at 33½ percent thereafter. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. Class 3cc property shall include only real estate which is used for the purposes of a homestead by (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof, or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheel chair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability; or (c) any person who: (1) is permanently and totally disabled and (2) is receiving (i) aid from any state as a result of that disability, or (ii) Supplemental Security Income for the disabled, or (iii) Workmen's Compensation based on a finding of total and permanent disability, or (iv) Social Security Disability, or (v) aid under the federal railroad retirement act of 1937, 45 United States Code Annotated, Section 228b(a)5 which aid is at least 90 percent of the total income of such disabled person from all sources. Class 3cc property shall be valued and assessed at five percent of the market value thereof. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325. If

¶ 91-755a § 273.13

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the market value is in excess of the sum of \$28,000, the amount in excess of that sum shall be valued and assessed at 31 percent in 1977, for taxes payable in 1978 and 30 percent thereafter, in the case of agricultural land used for a homestead and 36 percent in the case of all other real estate used for a homestead for taxes payable in 1978 and 33½ percent for taxes payable in 1979 and subsequent years. (As amended by Ch. 32, Laws 1967, 1st Sp. Sess.; Ch. 407, Laws 1969; Ch. 427, Laws 1971; Ch. 31, Laws 1971, 1st Sp. Sess.; Ch. 650, Laws 1973; Ch. 556, Laws 1974; Ch. 437, Laws 1975; Chs. 2, and 245, Laws 1976; Ch. 423, Laws 1977, effective August 1, 1977.) [Comp. ¶ 20-211, 20-333, 20-333a.]

[¶ 91-757]

7a. Percentage of full and true value.—Except as otherwise provided for the purpose of determining salaries of all officials based on assessed valuations and of determining tax limitations now established by statute or by charter, class 3b and class 3c property shall be figured at 33½ percent and 40 percent of the market value thereof, respectively. (As amended by Ch. 427, Laws 1971, effective for taxes assessed in 1972 and payable in 1973 and thereafter and for tax rate limits and net debt limits based on the assessment of property made in 1972 and thereafter.)

[¶ 91-757a]

7b. Class 3f.—Class 3f consists of all buildings and appurtenances thereto owned by the occupant and used by him as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant. Such buildings shall be valued and assessed as if they were homestead property within the scope of class 3b, 3c, or 3cc, whichever is applicable. (As added by Ch. 1132, Laws 1969, applicable to taxes payable in 1970 and subsequent years.) [Comp. ¶ 20-333b.]

[¶ 91-757b]

7c. Townhouses; common areas.—Townhouse property shall be classified and valued as is other property under this section except that the value of the townhouse property shall be increased by the value added by the right to use any common areas in connection with the townhouse development. The common areas of the development shall not be separately taxed. The total value of the townhouse property, including the value added as provided herein, shall have the benefit of homestead treatment or other special classification if the townhouse otherwise qualifies. (As added by Ch. 456, Laws 1973, effective for taxes assessed and levied in the year 1973 and thereafter and payable in the year 1974 and thereafter.) [Comp. ¶ 20-335a.]

[¶ 91-758]

8. Class 3d.—(Repealed by Ch. 32, Laws 1967, 1st Sp. Sess., effective for the 1967 assessment of taxes payable in 1968 and subsequent years.)

[¶ 91-759]

8a. Class 3e.—Real estate, rural in character, and used exclusively for the purpose of growing trees for timber, lumber, wood and wood products shall constitute class three "e," and shall be valued and assessed at 20 percent of the market value thereof. (As amended by Ch. 427, Laws 1971, effective for taxes assessed in 1972 and payable in 1973 and thereafter and for tax rate limits and net debt limits based on the assessment of property made in 1972 and thereafter.) [Comp. ¶ 20-334A.]

[¶ 91-760]

9. Class 4.—All property not included in the preceding classes shall constitute class 4 and shall be valued and assessed at 43 percent of the market value thereof. (As amended by Ch. 427, Laws 1971; Ch. 31, Laws 1971, 1st Sp. Sess., effective for the January 2, 1972 assessment and thereafter.) [Comp. ¶ 20-335.]

[¶ 91-761]

10. Homestead of member of U.S. armed forces in class 3b or 3c.—Real estate actually occupied and used for the purpose of a homestead by a member of the armed forces of the United States, or by a member of his immediate family on or after July 1, 1940, shall, notwithstanding the removal therefrom of such person, while on active duty with the armed forces of the United States or his family under such conditions, be classified in class 3b or 3c, as the case may be, provided, that absence of the owner therefrom is solely by reason of service in the armed forces, and that he intends to return thereto as soon as discharged or relieved from such service, and claims it as his homestead. Every person who, for the purpose of obtaining or aiding another in obtaining any benefit under this subdivision, shall knowingly make or submit to any assessor any affidavit or other statement which is false in any material matter shall be guilty of a felony. (As amended by Ch. 243, Laws 1961, effective April 11, 1961.) [Comp. ¶ 20-212.]

[¶ 91-762]

11. Assessor may require proof.—The assessor may require proof, by affidavit or otherwise of the facts upon which classification as a homestead may be determined under the provisions of subdivisions 6, 7 and 10. [Comp. ¶ 20-212.]



9373-2

Minn.—The Law—Taxes; Listing, Assessment

## [¶ 91-763]

12. Real estate purchased for occupancy as a homestead.—Real estate purchased for occupancy as a homestead shall be classified in class 3b or 3c, as the case may be, where the purchaser is prevented from obtaining possession on January 2 next following the purchase by reason of federal or state rent control laws or regulations. The assessor shall require proof by affidavit from the purchaser of the existence of facts entitling the purchaser to benefits under this section. (As amended by Ch. 709, Laws 1969, applicable to 1970 and subsequent assessments.) [Comp. ¶ 20-212.]

## [¶ 91-764]

13. Class 3h, Class 3.—(Repealed by Ch. 313, Laws 1974, effective for taxes levied and assessed in 1974 and thereafter, and payable in 1975 and thereafter.)

## [¶ 91-764a]

14. Parking ramps in certain first class cities.—In any city of the first class having a population of not more than 400,000 inhabitants that portion of real property which is assessed as a structure upon the land which is used for the sole purpose of a motor vehicle public parking ramp garage, and purposes incidental thereto which is subject to a general property tax, shall be classified for purposes of taxation, at its present classification rate or the classification rate determined in accordance with the following schedule, whichever is the greater; 25 percent in the 1972 assessment, 30 percent in the 1973 assessment, 36 percent in the 1975 assessment and 43 percent in the 1977 assessment. (As amended by Ch. 541, Laws 1959; Ch. 475, Laws 1961, Ch. 760, Laws 1969, Ch. 427, Laws 1971; Ch. 31, Laws 1971, 1st Sp. Sess., effective for the January 2, 1972 assessment and thereafter.)

## [¶ 91-765]

14a. Buildings and appurtenances on land not owned by occupant.—The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by 45 percent of the amount of the tax in respect of said value as otherwise determined by law, but not by more than \$325. (As added by Ch. 1128, Laws 1969; Ch. 437, Laws 1975; as amended by Ch. 423, Laws 1977, effective August 1, 1977.)

## [¶ 91-765a]

15a. [General fund, replacement of revenue.] (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 6, 7, and 14a.

¶ 91-763 § 273.13

(2) Each county auditor shall certify, not later than May 1 of each year commencing in 1968 to the commissioner of revenue the amount of reduction resulting from subdivisions 6 and 7 in his county, and not later than May 1 of each year commencing in 1970, the amount of reduction resulting from subdivision 14a. In 1975 and subsequent years, this certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections. Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall annually determine the taxing district distribution of the amounts certified under clause (2). On or before July 15, 1975, and each year thereafter, the commissioner of revenue shall pay to each taxing district one half of their distribution. The remaining one half shall be paid on or before November 15, 1975 and each year thereafter. (As amended by Ch. 31, Laws 1971, 1st Sp. Sess.; Ch. 46, Laws 1975, effective April 18, 1975.)\*

\* Sec. 1, Art. XXXVI, Ch. 31, Laws 1971, 1st Sp. Sess. which added to Sec. 273.13, Subdivision 15a, pertaining to general fund, replacement of revenue is not reproduced.

## [¶ 91-765b]

16. (1) Any property which was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead on June 1 of such year, shall constitute class 3, class 3b or class 3cc, as the case may be, to the extent of one-half of the valuation which would have been includible in such class and one-half the homestead tax credit to which it would have been entitled had the property been used as a homestead on both such dates.

(2) Any taxpayer meeting the requirements of clause (1) must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to June 15 of such year in order to qualify thereunder.

The county assessor and the county auditor are hereby empowered to make the necessary changes on their assessment and tax records to provide for proper homestead classification and credit as provided in clauses (1) and (2).

(3) The owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification required in clause (2) has been timely filed, may be entitled to receive such benefits

Ex. A

by proper application as provided in section 270.07, or section 375.192. (As added by Ch. 251, Laws 1969; as amended by Ch. 339, Laws 1975, effective June 5, 1975.) [Comp. ¶20-333B, 20-601.]

[¶91-765c]

17. Title II property of National Housing Act.—A structure situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or regulations promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of said acts and acts amendatory thereof shall, for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at 20 percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents. (As added by Ch. 422, Laws 1969; as amended by Ch. 427, Laws 1971; Ch. 31, Laws 1971, 1st Sp. Sess.; Ch. 355, Laws 1973, effective August 1, 1973.) [Comp. ¶20-339b.]

[¶91-765d]

17a. The provision of subdivision 17 shall apply only to non-profit and limited dividend entities.

[¶91-765e]

17b. Valuation of property in municipalities of under 10,000.—Notwithstanding any other provision of law, any structure

(a) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration,

(b) located in a municipality of less than 10,000 population,

(c) financed by a direct loan or insured loan from the farmers home administration, and

(d) which qualifies under subdivision 17a, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at five percent of the adjusted market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents. (As added by Ch. 791, Laws 1971; as amended by Ch. 355, Laws 1973, effective August 1, 1973.) [Comp. ¶20-339b.]

[¶91-765f]

18. (1) The county auditor in computing the tax to be paid on account of the principal and interest on bonded indebtedness for the purpose of subdivisions 6 and 7 shall include:

Minnesota Tax Reports

(a) that portion of the tax attributable to local improvements financed by general revenue as certified in clause (2), which prior to 1967 was financed by special assessments, and

(b) the payments on bonded indebtedness as certified pursuant to clause (3).

(2) Each municipality and township shall certify to the county auditor the local improvements paid from general funds and the amount levied therefor, which are of a type which prior to 1967 was levied as a special assessment against benefited property.

(3) Each taxing unit shall certify to the county auditor the amount of principal and interest payments required as specified by the terms of the indenture to be paid in said year on bonded indebtedness which is excluded from the homestead credit of subdivisions 6 and 7. In determining said amount the taxing unit shall include the amount necessary to meet all principal and interest payments due in the calendar year on all debt for which the full faith and credit of the taxing district is pledged except the following shall not be included when actually applied to the retirement of interest or principal on bonded indebtedness:

(a) special assessments on benefited property,

(b) user charges or other net revenues of an income-producing facility, after deducting the operating costs as determined in accordance with rules and regulations established by the commissioner of taxation, when used to retire the indebtedness of the facility or project from which such charges or revenues are produced or derived, and

(c) moneys received under contract, grant or gift from a different unit of government, an individual, corporation, association or foundation but only when such payment on bonded debt is consistent with the purpose for which such moneys are paid or granted; however, the taxing unit may not apply the per capita aid payable under chapter 297A or the aids payable under chapter 162 to the reduction of the costs of the required principal and interest payments on the bonded indebtedness. (As added by Ch. 1137, Laws 1969, effective June 10, 1969.)

[¶91-765g]

19. Class 3d.—Residential real estate, other than seasonal residential, recreational and homesteads shall be classified as class 3d property and shall have a taxable value equal to 40 percent of market value. Residential real estate as used herein means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d and a portion does not qualify for class 3d the valuation shall be

§ 273.13 ¶ 91-765g

apportioned according to the respective uses. Residential real estate containing less than three units when entitled to homestead classification for one or more units shall be classed as 3b, 3c or 3cc according to the provisions of subdivisions 6 and 7. (As added by Ch. 31, Laws 1971; Ch. 767, Laws 1978, effective for taxes levied in 1977 and thereafter.) [Comp. ¶ 20-333c.]

[¶ 91-765h]

20. That portion of real property subject to a general property tax and assessed as a structure upon the land shall, when such structure is constructed with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more is used or is to be used as apartment housing, and no part of which is subject to the provisions of subdivisions 7 and 17 of this section, be classified for the purposes of taxation for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is the earlier date, as follows:

- (a) When such structure is of a height of five or more stories that part, section, floor or area used or to be used for apartment housing shall be valued and assessed at 25 percent of the market value thereof;
- (b) When such structure is of a height of four or less stories that part, section, floor or area used or to be used for apartment housing shall be valued and assessed at 33½ percent of the market value thereof. (As added by Ch. 590, Laws 1973, effective January 1, 1975.) [Comp. ¶ 20-333e.]

(Sec. 273.13 is as amended by Chs. 40, 338, 541, 562, and 70, Laws 1959; Chs. 243, 332, 340, 475, and 710, Laws 1961; Ch. 426, Laws 1963; Ch. 259, Laws 1965; Ch. 606, Laws 1967; Ch. 32, Laws 1967, 1st Sp. Sess.; Chs. 251, 407, 417, 422, 709, 760, 763, 1137, 896, 965, 1128, and 1132, Laws 1969; Chs. 427, 489, 747, 791, and 797, Laws 1971; Ch. 31, Laws 1971, 1st Sp. Sess.; Chs. 355, 456, 774, 650, and 590, Laws 1973; Chs. 545, 556, and 313, Laws 1974; Chs. 46, 339, 376, 395, 437, and 457, Laws 1975; Chs. 245 and 2, Laws 1976; Chs. 319 and 423, Laws 1977, effective August 1, 1977.)

[¶ 91-765i—91-765r]

Reserved

[¶ 91-765a]

Sec. 273.132. State paid agricultural credit.—The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to Minnesota Statutes, Section 273.13, Subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of 15 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the

¶ 91-765g § 273.132

property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

In 1977, payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this section. In 1978, payment shall be made pursuant to sections 124.212, subdivision 7b and 124.11, for the purpose of replacing revenue lost as a result of the reduction in property taxes provided in this section. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make these payments in fiscal year 1978. There is appropriated from the general fund in the state treasury to the department of education the amount necessary to make these payments in fiscal year 1979 and thereafter. (As added by Ch. 334, as amended by Chs. 447 and 423, Laws 1977, effective for taxes payable in 1978 and thereafter.) [Comp. ¶ 20-285.]

[¶ 91-766]

Sec. 273.133. Cooperative associations: assessment and valuation.—1. When a building which contains several dwelling units is owned by a corporation or association organized under Sections 308.05 to 308.18, and each person who owns a share or shares in the corporation or association is entitled to occupy a unit in the building, the corporation or association may claim homestead treatment for each unit in accordance with Section 273.13, Subdivision 7, for the part of the value of the building represented by each such unit occupied by a shareholder. Each unit shall be designated by legal description, and the assessed value of the building shall be the sum of the assessed values of each of the respective units comprising said building. To qualify for the treatment provided by this section, the corporation or association must be wholly owned by persons having shares entitling them to occupy a unit in the building. A charitable corporation organized under the Laws of Minnesota and not otherwise exempt thereunder with no outstanding stock shall qualify for such homestead treatment with respect to member residents of such dwelling units who have purchased and hold residential participation warrants entitling them to occupy such units. (As added by Ch. 705, Laws 1967; as amended by Ch. 322, Laws 1969; Ch. 17, Laws 1974, effective for taxes levied in 1973 and subsequent years.) [Comp. ¶ 20-212a.]

[¶ 91-766a]

2. Other nonprofit corporations.—When a building containing several dwelling units is owned by an entity organized under chapter 317 and operating as a nonprofit corporation which enters into membership agreements with persons under

which they are entitled to life occupancy in a unit in the building, homestead classification shall be given to each unit so occupied and the entire building shall be assessed in the manner provided in subdivision 1 for cooperatives and charitable corporations. (As

[The next page is 9375.]

Class	Description	Percent of Market Value Taxes Payable in:	
		1978	1979
1	Unmined iron ore.....	50%	50%
1A	"Low recovery" iron ore.....	30-48 1/2%	30-48
1B	Severed mineral interest tax.....	25¢/acre, \$10 min. per parcel	25¢/ac \$10 min per pa
3	Agricultural nonhomestead.....	31%	30%
3	Commercial and noncommercial seasonal residential for recreational purposes <sup>1</sup>	31%	30%
3	Tools, implements and machinery which are fixtures to public utility real property.....	33 1/3%	33 1/3
3A	Commercial seasonal recreational residential which contains the owner's homestead within certain limitations: First \$15,000 of market value <sup>2</sup> .....	18%	16%
	Market value in excess of \$15,000.....	31%	30%
3B	Agricultural homestead: First \$15,000 of market value <sup>2</sup> .....	18%	16%
	Market value in excess of \$15,000.....	31%	30%
3C	Nonagricultural homestead: First \$15,000 of market value <sup>2</sup> .....	22%	20%
	Market value in excess of \$15,000.....	36%	33 1/3
3CC	Paraplegic veteran's and blind person's and disabled person's homesteads: First \$28,000 of market value.....	5%	5%
	Market value in excess of \$28,000 Agricultural.....	31%	30%
	Nonagricultural.....	36%	33 1/3
3D	Nonhomestead residential.....	40%	40%
	Examples: 1) Nonhomestead single family dwelling, duplexes, triplexes and dwellings with four or more units 2) Land of Title II of the National Housing Act		
3E	Timber Land.....	20%	20%
4	All other real property.....	43%	43%
	Examples: 1) Commercial, industrial and public utility land and buildings 2) Noncommercial, nonindustrial, nonpublic utility vacant land		

None	Housing for elderly or for low and moderate income families financed by direct federal loan, federally insured loan pursuant to Title II of the National Housing Act or financed by the Minnesota Housing Finance Agency for 15 years from the completion of original construction or substantial rehabilitation.		
	Municipalities of 10,000 or more population (structures only).....	20%	20%
	Municipalities of less than 10,000 population (structures only).....	5%	5%
None	Apartment buildings constructed of Type I and Type II fire resistant materials for a period of 40 years:		
	Five stories or more (structures only).....	25%	25%
	Four stories or less (structures only).....	33 1/3%	33 1/3%

PERSONAL PROPERTY

2A	Mobile homes		
	Homestead		
	First \$28,000 of market value (3CC).....	5%	5%
	First \$15,000 of market value (3C) <sup>2</sup> .....	22%	20%
	Market value in excess of \$28,000 (3CC) and \$15,000 (3C).....	36%	33 1/3%
	Nonhomestead.....	40%	40%
3	Structures on leased public lands in rural areas.....	33 1/3%	33 1/3%
	Tools, implements and machinery which are fixtures to public utility personal property.....	33 1/3%	33 1/3%
3	Leased agricultural real estate on exempt land.....	31%	30%
3F	Owner occupied residences on leased public or railroad lands.....	*	*
4	Structures on leased public lands in urban areas and on railroad rights of way.....	43%	43%
4	Leased all other (nonagricultural) real estate on exempt land.....	43%	43%
4	Systems of electric, gas and water utilities.....	43%	43%
4	Billboards, advertising signs and devices.....	43%	43%

1) Beginning with the 1973 assessment, real property used for more than 200 days in the preceding year may not be taxed as Class 3 property at 31 or 30% but will be assessed at 43% of market value. Commercial Seasonal Recreational Residential property which contains the owner's homestead is assessed as 3A property within certain limitations but is not eligible for the homestead credit.

2) Effective with the 1976 assessment and thereafter, the original homestead base value of \$12,000 is increased by \$500 for each increase of 3.5% in the homestead value index. The index is a measure of inflation according to the state-

AJR 4 - Proposes to amend Nevada constitution (Article X) to permit legislature for property tax purposes to provide separately for assessment of different classes of property.

SJR 2 - Proposes to amend Nevada constitution (Article IV and Article X) to require two-thirds vote in each house of legislature to pass certain tax bills and to permit legislature to provide for assessment of taxes on certain residential real property.

AJR 4 is a sweeping constitutional proposal that would allow the legislature to establish as many assessment classes for property tax purposes as it deems advisable. However, SJR 2 merely expands the special class approach to include owner occupied residences, thus is much more restrictive than AJR 4.

Presently Article X requires a "uniform and equal rate of assessment and taxation" (emphasis added), then specifies special consideration of net proceeds, bank shares, agricultural and open space property, interstate personal property, etc. AJR 4 removes the provision relating to agricultural and open space property for such would be a class for which the legislature could provide by statute (as it has done).

Under AJR 4 one could envision a classification system similar to Tennessee, Illinois, Arizona and other states wherein each class - such as residential, farm, industrial and commercial, and public utilities - has its own ratio of assessed value to full cash value. These might range from 18 percent for residential to 60 percent for public utilities.

One Illinois case states that "the classification of real property does not violate state or federal equal protection provisions nor was it arbitrary to allow classification only in counties of more than 200,000 population".<sup>a</sup> In a Tennessee case where apartment house owners felt they should be classified as residential instead of commercial, the court said, "The definition does not violate the equal protection clause of the U.S. constitution".<sup>b</sup> The Allied Stores case decided by the U.S. Supreme Court in 358 U.S. 522 (1959) permitted states a wide discretion to impose classification on different types of property.


Other states have more limited classifications such as is envisioned in SJR 4 - (and attempted in SB 204) - a separate residential class.

What is often forgotten when creating constitutional inequities is that a certain amount of taxes must be paid. If one class pays less directly, it must compensate by paying more indirectly.

AJR 4 - page 2

When business and utilities pay more in taxes, they must pass that expense through to the homeowner who is their customer which can mean that the overall effect of what the legislature is trying to do is aborted. The homeowner now pays more for his furniture because the rail freight is increased to assist in offsetting the tax expense; a higher power, phone and gas bill result from the utility companies having higher assessments. Uniformity is equity - classification is constitutional inequity.

However, as stated earlier, the courts have upheld the classification approach to taxation so long as the state treats properties within each classification in a uniform manner.



<sup>a</sup> People ex rel. Kutner vs. Cullerton  
319 N.E. 2d 55 (1974)

<sup>b</sup> Snow vs. City of Memphis  
527 S.W. 2d 55 (1975)



TAX COMPARISONS - IMPROVEMENTS ONLY

Reno - Carson City Area

	<u>Mobile Home</u>		<u>Standard Home</u>	
COST 1975	\$22,900 - (Fleetwood 24x60) 1,440 sq. ft.		\$23,170 - 1,558 sq. ft.	
	<u>Assessed Value</u>	<u>Tax</u>	<u>Assessed Value</u>	<u>Tax</u>
1976-77	\$7,453.95	\$ 285.77	\$ 8,110.	\$ 310.29
1977-78	6,973.05	269.44	8,110.	312.80
1978-79	6,331.85	<u>231.17</u>	13,090.	<u>477.90</u>
TOTALS		\$786.38		\$1,100.99
Plus 1975 Sales Tax		<u>801.50</u>		
		\$1,587.88		

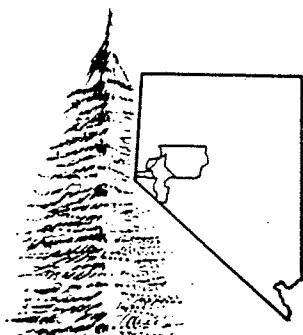
1978 Estimated Marked Value	\$29,000.	\$53,000.
Assessors Actual Appraised Value	18,091.	\$37,410.

NOTE:

Assessor used Dealers Report of Sale on mobile home and depreciated value in accordance with NTC Bulletins.

Assessor could have used "official Mobile Home MARKET REPORT" per NTC Bulletin and, if he had done so, the assessed value of the mobile home in 1978-79 would have been \$3,293.41 with a tax of but \$120.24 instead of \$231.17.

IF TAXES had been assessed based on true MARKET VALUE, the mobile home would have paid \$370.57 in taxes in 1978-79 and the conventional home \$677.24.



# CARSON RIVER BASIN

COUNCIL OF GOVERNMENTS

CARSON CITY • CHURCHILL • DOUGLAS • LYON & STOREY COUNTIES

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
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#### 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.<sup>1</sup> 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 I  
"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.

" B "

EXHIBIT D  
Ex. D

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

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.

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.

## 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 &amp; 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 &amp; 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 &amp; 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 &amp; 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.

CHURCHILL, LYON, DOUGLAS COMBINED SAMPLE

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 &amp; 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 &amp; 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 &amp; 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 &amp; 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

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.



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.

1979 REGULAR SESSION (60TH)

ASSEMBLY ACTION		SENATE ACTION		Assembly	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to <u>Assembly</u>	
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Bill No. <u>112</u>	<del>Joint</del>
Date: _____	Date: _____	Date: _____	Date: _____	<del>Resolution No.</del>	
Initial: _____	Initial: _____	Initial: _____	Initial: _____	BDR <u>32-768</u>	
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Proposed by <u>Committee on Taxation</u>	
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>		
Date: _____	Date: _____	Date: _____	Date: _____		
Initial: _____	Initial: _____	Initial: _____	Initial: _____		

Amendment No 663



Amend section 1, page 1, by deleting line 7, and inserting:

"(a) Shall [semiannually during July and January] on or before February 15 of each year,".

Amend section 1, page 1, line 14, by deleting "15" and inserting "[15] 30".

Amend section 1, page 2, line 3, after "3." by inserting:

"On or before August 31 of each year, each person, corporation or association who owns, works or operates any mine in this state shall file with the department a statement showing the estimated gross yield and estimated net proceeds from each mine owned, worked or operated by him for the entire current calendar year. At the same time, each owner or operator shall pay to the county in which each mine is located 50 percent of the estimated annual tax for that year. Upon receipt of that payment, the county shall issue its receipt to the taxpayer and transmit a copy thereof to the department. The estimated payments must be applied against the

To: E & E  
LCB File  
Journal  
Engrossment  
Bill

Date 4-18-79 Drafted by JSP:iw

Amendment No. 663 to Assembly Bill No. 112 (BDR 32-768) Page 2

taxpayer's final obligation for that calendar year. Any overpayment resulting must be refunded to the taxpayer. If the estimated tax payment proves to be less than 50 percent of the taxpayer's final obligation for that calendar year, the county may assess a penalty of 10 percent of the amount of the deficiency.

4."

Amend section 3, page 3, line 37, by deleting "October", and inserting "[October] May".

Amend section 3, page 3, line 38, by deleting "July", and inserting "[July] February".

Amend section 4, page 3, line 44, by deleting the period and inserting "[.] , and also on all machinery, fixtures, equipment and stockpiles of the taxpayer located at the mine site or elsewhere in the county.".

Amend section 4, page 3, line 49, by deleting "[shall] have" and inserting "[shall have] has".

Amend section 6, page 4, by deleting lines 2 through 8 and inserting:  
"Sec. 6. 1. The first statement required by NRS 362.110 as amended must be filed on or before August 31, 1979, for the calendar year 1979."

Amend the title of the bill to read:

"AN ACT relating to assessment and taxation of net proceeds of mines; requiring the filing of an annual statement and annual estimate of taxes, and simultaneous payment of the actual and estimated

Amendment No. 663 to Assembly Bill No. 112 (BDR 32-768) Page 3

---

taxes owing; and providing other matters properly relating thereto."

• STATE AGENCY ESTIMATES Date Prepared 4-19-79

Agency Submitting Department of Motor Vehicles, Registration Division

Revenue and/or Expense Items	Fiscal Year 1978-79	Fiscal Year 1979-80	Fiscal Year 1980-81	Continuing
		\$ 2,405,274.00	\$ 2,645,801.00	
Total		\$ 2,405,274.00	\$ 2,645,801.00	

Explanation (Use Continuation Sheets If Required)

See Attached

Local Government Impact YES  NO   
(Attach Explanation)

Signature [Signature]

Title Chief, Registration Division

• DEPARTMENT OF ADMINISTRATION COMMENTS

Date April 23, 1979

The above estimate appears reasonable.

Signature [Signature]

Title Howard E. Barrett  
Director of Administration

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

Date \_\_\_\_\_

Signature \_\_\_\_\_

Title \_\_\_\_\_

<u>Present Fees</u>	<u>Weight Classifications</u>	<u>Units</u>	<u>Present Fee</u>	<u>\$5.50 Fee</u>	<u>Loss Difference</u>
\$ 9.00	0 - 3500 \$ 9.00	31,453	\$ 283,077.00	\$ 172,991.00	\$ 110,016.00
10.00	3501-3549 10.00	1,651	16,510.00	9,080.00	7,430.00
12.00	3550-3649 12.00	5,207	62,484.00	28,638.00	33,846.00
14.00	3650-3749 14.00	6,498	90,972.00	35,739.00	55,233.00
16.00	3750-3849 16.00	7,820	125,120.00	43,010.00	82,110.00
20.00	3850-3999 20.00	4,845	96,900.00	26,697.00	70,253.00
25.00	4000-5049 25.00	77,081	1,927,025.00	423,945.00	1,503,080.00
28.75	5050-6500 32.50	23,368	671,830.00	128,524.00	543,306.00
			TOTAL LOSS DIFFERENCE FEES--- \$2,405,274.00		

EXHIBIT 6  
FISCAL NOTE

Exhibit G  
RDR 32-1713  
A.B. 740  
S.B.

STATE AGENCY ESTIMATES Date Prepared April 20, 1979  
Agency Submitting DEPARTMENT OF TAXATION

Revenue and/or Expense Items	Fiscal Year 1978-79	Fiscal Year 1979-80	Fiscal Year 1980-81	Continuing
State		\$ 2,378	\$ 2,729	
Schools		17,264	19,834	
Counties and Cities		25,134	28,851	
Total	NONE	\$44,776	\$51,414	YES

Explanation (Use Continuation Sheets If Required)

Local Government Impact YES  NO   
(Attach Explanation)

Signature Roy E. Nickson  
ROY E. NICKSON  
Title EXECUTIVE DIRECTOR

DEPARTMENT OF ADMINISTRATION COMMENTS Date April 23, 1979

The above estimate appears reasonable.

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

LOCAL GOVERNMENT FISCAL IMPACT Date April 24, 1979  
(Legislative Counsel Bureau Use Only)

The estimate by the Department of Taxation showing local government revenue loss is on the next page.

Signature E.A. Schou  
Title Deputy Fiscal Analyst

A.B. 740  
B.D.R. 32 - 1713

	1979-80	1980-81
Carson City	2,308	2,650
Schools	1,666	1,913
Churchill County and City	145	166
Schools	109	124
Elko County and Cities	165	189
Schools	112	128
Lyon County and City	447	512
Schools	303	366
Mineral County	16	19
Schools	11	12
Washoe County and Cities	22,053	25,315
Schools	<u>15,063</u>	<u>17,291</u>
Counties and Cities	25,135	28,851
Schools	17,264	19,834

Clark County assessor stated the amount of such land was so small in comparison to total assessed value that the effect would be minimal. All other county assessors indicated no land of this type was on their assessment rolls.