

Date: April 30, 1979

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MEMBERS PRESENT:

CHAIRMAN PRICE	ASSEMBLYMAN BERGEVIN
VICE CHAIRMAN CRADDOCK	ASSEMBLYMAN MARVEL
ASSEMBLYMAN CHANEY	ASSEMBLYMAN RUSK
ASSEMBLYMAN COULTER	ASSEMBLYMAN TANNER
ASSEMBLYMAN DINI	ASSEMBLYMAN WEISE
ASSEMBLYMAN MANN	

MEMBERS ABSENT:

NONE

GUEST LIST:

See Attached Guest List

Chairman Price called the meeting to order at 3:00. The purpose of the hearing was to take testimony on AB 746, AB 774, AB 761, AJR 12 (of the 59th Session), and AJR 18. Mr. Price explained that AB 349 had been placed on the agenda for this meeting by mistake as committee had already taken action on it in a previous meeting.

AB 746

There was no one present to testify on this bill. Mr. Marvel moved for "indefinite postponement" and Mr. Chaney seconded the motion. Mr. Craddock stated that he could visualize this becoming a "laundry list" which eventually could take in fish and all other kinds of things. The motion passed unanimously with Mr. Weise, Mr. Dini and Mr. Mann excused at this point.

AB 761

Mr. Dudley Smith, representing the Homebuilders Association, spoke in support of this bill. A copy of his statement is attached to these minutes as Exhibit A. Mr. Smith referred to an article in the Las Vegas Sun, a copy of which is attached to these minutes as Exhibit B.

Mr. Tanner asked Mr. Smith to review how the current law now operates. Mr. Smith explained that the current law requires that properties be assessed between July 1 and December 15 and go on the rolls. Rolls close as of December 15. The Department of Taxation has made a recommendation to the various assessors that if a property is completed on December 15 then it goes on the rolls for that year as a completed property, regardless of when it was started. Therefore if it was completed on December 15 it would go on the tax rolls for that entire year back to July 1. He stated that there are cases where the foundations were not even poured on July 1 and yet the building was taxed as a completed building from July 1 through that tax year.

Mr. Tanner cited the situation of a large hotel-casino that started construction but would not complete construction for a rather long period of time. Mr. Smith stated that on major buildings that are under construction it has generally been the practice for the assessor's office throughout the state to evaluate what percentage of completion and tax it accordingly. This however, according to Mr. Smith, leaves a tremendous opening for negotiations between the owner and the assessor's office. This allows for a certain amount of inequity which would not be allowed with AB 761.

Under AB 761, Mr. Smith explained that any property would go on the tax rolls at its full cash value as of the date of its completion. This would require supplemental roll for property under construction. It would eliminate the possibility of a property which was unfinished being taxed as a finished building. Mr. Smith stated that in California they have a March 15 lien date which states that the property will be taxed on the basis of the status as of March 15. Nevada law does not have a lien date.

Mr. Craddock stated that he would like to tie this whole thing to how it would relate to the spending cap. He wondered what would happen with the buildings that had been torn down during the time that the tax roll closes. Would the tax cap have to be readjusted. He added that perhaps there should be a deadline where the tax commission would approve various works.

Mr. Smith felt that this would have to be addressed to the assessor's office as they have various ways of handling this kind of thing.

Mr. Bergevin stated that the problem he sees is that there are major projects that take 3 to 4 years to complete. They actually don't receive tax revenue under this bill until it is completed. Now they can put a percentage of completion for tax purposes.

Mr. Smith stated that is why he testified that it might be wise to amend this bill and put in a provision that if property were not completed within a certain length of time there would be a provision for pro-ration in that event.

Mr. Bergevin asked for some definition of what subsection 3 of section 1 meant. Mr. Smith stated that this arose from hearings in the Senate Taxation Committee during the last session. It was felt that this was a way of defining what a major improvement would be.

Mr. Tanner stated that he would worry about those where the full cash value is under the value of the land. He stated that there could be major improvements on buildings that were located on very valuable piece of property that would be of less value than the property itself.

Mr. Smith stated that part of the problem with this in the real estate business is not knowing what the property taxes are at the time of the property transfer. This could be solved as well as the problem of the buildings that have several years before completion, by assessing as of a specific date. The opposition to this in the last session seemed to be that the state would be losing too much taxes by virtue of the fact that a building might be finished x number of months after July 1, but they wouldn't be getting any taxes until the following July 1, so there could be many month lag. This was the reason for finally arriving at putting it on at full cash value as of the time of completion. This does, however, leave a problem with the building that will take x number of years to complete.

Mr. Marvel stated that it would seem that each assessor would have some discretion as to how he treats the property and he wondered if this was standard procedure for Clark County.

Mr. Smith replied that the procedure in Clark County is that they close the rolls as of December 15 and if a building is completed as of that date it goes on the rolls as completed property; however, it does not always occur that way because there is too many of them and too hard to check them all.

Gary Milliken, Clark County Assessor, pointed out some of the problems of the bill. His statement is attached to these minutes as Exhibit C. Mr. Milliken explained that they have quite a few owner built home that they carry as 75% or 80% or whatever complete. They keep a list and go back each year to check and see if they are complete. Some of these just never do get completed.

Mr. Milliken finished by stating that one of the main problems that they run into is when a subdivision is started in say July and in say November the builder sells off the entire subdivision. When they pick up the close of the roll, they pick up the new owner of that house, and the tax bill goes to the new owner of the house. The real problem is who is responsible for paying those taxes. Sometimes it is prorated out and sometimes the new owner has been stuck with the whole tax bill.

Homer Rodriguez, Carson City Assessor, stated that they have about the same problems as they have in Clark County. He stated that they do give a percentage of completion before they are put on the rolls when building is either a commercial or residential. They have also had an experience where a casino-hotel has opened up before it was completely finished. Have also had a shopping center where they started to lease some stores without being completely finished. And finally, they have also had some homes where the contractor has not finished the kitchen and so the home is not completed and as he sold them, he installed the final kitchen cabinets. Mr. Rodriguez finished by stating that most of the counties in Nevada treat everybody the same.

John Miller, Administrative Manager for Nevada Bell, stated that most utility property in the state is centrally assessed annually by the Tax Commission. As such, any major improvements they have in progress are reported annually in their tax return to the Tax Commission. If this bill should be passed it would result in a duplication that would serve no purpose, as far as they are concerned. They would recommend that if this bill is passed out of committee, that it be amended to exclude centrally assessed property.

AB 774

Mr. Price pointed out that this bill did have a conflict note which would have to be resolved if the bill was to be passed.

Bill Whitehead, Department of Motor Vehicles, stated that they had no problem with this bill. They would, however, like to recommend that on line 41, page 2, it should read same as it does on line 14, of this page; the plates must be provided at cost. This would complete uniformity and uniform accounting practice.

Mr. Whitehead stated that AB 222 may possibly answer the question of paragraph 3, subsection 3. This can be found on line 6 of page 1 of that bill.

A fiscal note on this bill is attached to these minutes as Exhibit D.

Mr. Rusk explained that Reno had just started what they call "city fare" in trying to raise additional funds for expansion of that facility - a bus line for the City of Reno.

Mr. Marvel moved to "indefinitely postpone" AB 774 and Mr. Craddock seconded the motion. The motion passed unanimously with Mr. Mann absent at this time.

AJR 12 of the 59th Session

There was no one present at this time to testify on this bill.

AJR 18

There was no one present at this time to testify on this bill. Mr. Price pointed out that the committee had a constitutional amendment requested on this same subject.

Mr. Bergevin moved for "indefinite postponement" and Mr. Tanner seconded it. The motion passed with Mr. Weise opposed and Mr. Mann absent at this time.

AJR 12 of the 59th Session

Mr. Dini moved for "indefinite postponement" and Mr. Tanner seconded the motion. The motion passed unanimously with Mr. Mann absent.

SB 226

Mr. Bergevin moved for "do pass" and Mr. Marvel seconded the motion. The motion passed unanimously with Mr. Mann absent.

SB 163

Mr. Bergevin moved for "do pass" and Mr. Tanner seconded it. The motion passed with Mr. Weise and Mr. Mann absent at this point.

AB 611

Mr. Tanner moved for "indefinite postponement" and Mr. Marvel seconded the motion. The motion passed unanimously with Mr. Mann and Mr. Weise absent.

SB 158

Mr. Marvel moved for "do pass" and Mr. Craddock seconded the motion. The motion passed with Mr. Weise and Mr. Mann absent at this time.

SB 162

Mr. Price presented the committee with additional information that had been supplied to him. Copies of this information may be found attached to these minutes as Exhibit E and also additional information may be found in the Secretary's Minute Book.

Mr. Weise moved for "indefinite postponement" and Mr. Tanner seconded the motion. The motion passed with Mr. Coulter and Mr. Rusk voting against it and Mr. Mann absent at this time.

AB 750

Mr. Rusk moved for "do pass" and Mr. Weise seconded the motion. Mr. Dini amended the motion for "indefinite postponement" of this bill and Mr. Tanner seconded the motion. Mr. Weise pointed out that this was in direct conflict with the previous motion. A brief discussion ensued. The motion to indefinitely postpone failed by a voice vote. Mr. Coulter moved to pass the bill out of committee with no recommendation. Mr. Chaney seconded the motion.

Under discussion, Mr. Rusk pointed out that there were some real problems in Washoe County which this bill would address. He pointed out that it would require a vote of the people in the county affected.

Mr. Craddock stated that he would support this without the vote of the people.

The motion to pass out the bill with no recommendation passed with Mr. Marvel, Mr. Rusk, Mr. Weise and Mr. Price voting against the

motion and Mr. Mann absent.

AB 266

Mr. Rusk moved for "indefinite postponement" and Mr. Weise seconded the motion. Mr. Price pointed out that Senator Ford had asked for the opportunity to suggest some amendments to this bill and motion was withdrawn.

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

Respectfully submitted,

*Sandra Gagnier*  
Sandra Gagnier,  
Assembly Attache

ASSEMBLY TAXATION COMMITTEE

GUEST LIST

Date: 4/30/79

NAME	REPRESENTING	WISH TO SPEAK	
		YES	NO
JOHN HAWKINS	NEV. SCHOOL BOARDS	AB 349	
DUDLEY A. SMITH	STATE OF NEV. HOME BUILDERS / MORT. BANKS	AB 761	
KEN HOGREN	N.C.S.E.A.	AB 349	
Joyce Woodhouse	NSEA	AB 349	
Gerald Connor	NEV. Ass'n of School Administrators	AB 349	
Ken Robinson	Nevada Assoc. of School Admin.	AB 349	
Bill Whithead	DMV	AB 774	
Gary Milliken	Clark Co. Assessor's Office	AB 761	
Homer Rodriguez	Assessors Ass'n Legislative Committee Chairman Carson City Assessor	AB 761	
STAN WARREN	NEV BELL	AB 761	
BILL ANDREWS	DEPT OF TAXATION		X

AB 761:

My name is Dudley A. Smith, and I reside at 5244 Barbara Way in Las Vegas. I am here representing the Southern Nevada Home Builders Association, the Homebuilders Association of the State of Nevada, and myself as a homebuilder and a taxpayer.

At present a great inequity exists in the assessment and taxation of real property which is under construction or recently completed. This is occasioned by the fact that the assessment year runs from July 1 to December 15, at which time the rolls close. A property not even started on July 1 could be taxed as a completed property all the way back to that date. Conversely, a property completed in, say, August or September might not be taxed as a completed property until the following July 1. I have examples of both in my files.

AB 348 was a valiant attempt in the 1977 legislature to correct this inequity, and AB 761 is almost a duplicate of the amended AB 348. Unfortunately, a conference committee was unable to resolve their differences and the bill died. I feel very strongly that a misunderstanding of the bill was the cause.

AB 761 provides for a new building to go on the tax rolls when completed at full cash value. It would eliminate the vexing problem of inequities caused by establishing a percentage of completion and would make assessment practices consistent throughout the 17 counties. Also, it would eliminate forever the possibility of an owner negotiating a percentage of completion with a county assessor's office, a practice which has existed in the past. Under the present law, a county assessor holds a very large club, which he can swing softly or strongly.

Also, there would be no loss in total taxes, in fact they could very possibly be greater, since all properties would go on the rolls at their full cash value upon completion. Today, pro-rated properties assessed at a percentage of completion remain that way until the following July 1.

There would be some problems for the various assessor's offices created by a continuing or supplemental roll. However, these problems could be readily resolved. Clark County, is now building at the rate of approximately 10,000 new units per year, but at least 80% of those are in multiple home subdivisions or multi-family buildings. One Deputy could easily handle the visual recognition of completion times.

In 1977 there were several references to a steel frame building at Stateline which was uncompleted. Also, the value of the new Reno MGM at various stages of construction. The Legislature might

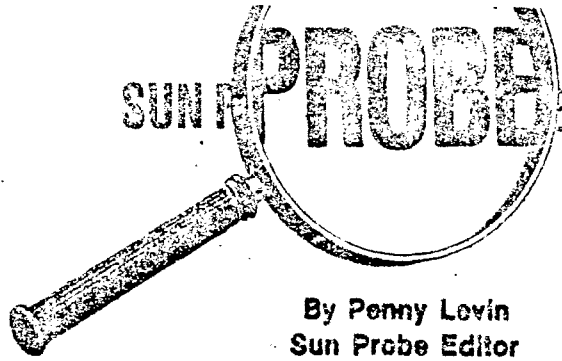


possibly want to put in an amendment to this bill which would call for a percentage assessment if a building were not completed within, say, one to two years.

Also, the statement was made by one Assemblyman, and I quote, "The bill will only benefit contractors and people with the money. It will not do a thing to the people of the State except to delay the collection of taxes." As further proof of how wrong that statement was, I would like to show you a copy of the Las Vegas Sun "Probe" for October 24, 1978, and an article which plainly defines the problem that constantly reoccurs for Buyers, Sellers, Mortgage Companies, lenders, and escrow agents. In the particular case, taxes were pro-rated in escrow on the basis of the current assessment at the time of sale. Subsequent to the close of escrow the property value was increased and the Buyer was stuck. If AB 761 is passed, everyone involved will know what the taxes will be upon completion and both Buyer and Seller will be assessed his proper share.

We thank you for this opportunity to appear before your committee.

LAS VEGAS SUN  
TUES. OCT. 24, 1978



By Penny Levin  
Sun Probe Editor

The world not treating you right? Let SUN Probe know about it. Address your letters to SUN Probe, P.O. Box 4275, Las Vegas, Nev., 89106. Include all pertinent information such as address and telephone number.

#### TAPE RECORDER PROBLEMS

**QUESTION:** My daughter, who is 12, had been saving her money to purchase a tape recorder. She was excited when we received a newspaper ad for Valley Rexall Drug, at 3750 E. Desert Inn Road, which listed the recorder at \$19.99. When we went to buy it, they said they ran out but would give us a rain check. This consisted of taking our name and telephone number. I called again a few days later, and was informed there was no tape recorder. Isn't this unfair advertising?

Barbara Occhipinti, Las Vegas

**ANSWER:** Andy Baruffi, manager of the store, told SUN Probe your tape recorder is waiting for you at the store. He claims someone lost your name and phone number and therefore they couldn't contact you when the recorder arrived.

#### TAXING PROBLEM

**QUESTION:** We have purchased a new home from Durable Developers, and Land Title of Nevada gave us a tax credit of \$1.98 tax, based on vacant land. We have received a tax bill from the county assessor's office for the full year, July 1, 1977 through June 30, 1978. We were told any building completed prior to Dec. 15 is subject to a full tax, not tax based on vacant land. I think if Nevada Title Co. didn't have the available tax information, at the time of closing escrow, they should have assessed it at today's market value.

Mrs. Walter Uchacz

**ANSWER:** There are numerous persons who are confused about this tax problem, judging by inquiries we have received. According to Clark County Assessor Gene Dutton, the tax roll closes Dec. 15. There is a Department of Taxation directive which states that, if the building is completed, it must be taxed at full value.

"Unfortunately, there is no provision in the state which allows pro-rating based on a half-year," said Dutton. He explained that, to change this, it must be done through the legislature.

In your particular case, Dutton said you must pay the tax bill because escrow did not give you the share of the money from the seller, only the share from the vacant land. This should have been taken care of at the time you entered escrow.

If you have further questions, contact Don Dunn at the assessors office. He is familiar with your case.

## AB 761 - Clark County Assessor's Office

The definition of the supplemental roll for major improvements needs to be expanded. The bill does not provide for a closing date for the supplemental roll. If it closes on December 15 with the regular roll, what happens to those major improvements completed between December 15 and June 30. If the intent is to close the roll on June 30, the following problems occur.

- 1) The ones completed after December 15 are not listed with the public notice of roll publication (NRS deadline Jan 1).
- 2) The ones completed after December 15 do not receive the notice of value change card (NRS deadline Jan 1).
- 3) Also the ones completed after January 10 (deadline to file for Boards of Equalization) would be denied their right to appeal to the Boards of Equalizations if they wish to protest the assessor valuation.
- 4) The tax bills are printed in May and mailed in June. If a major improvement is completed in late May or June a bill for the land may have already been mailed. It would be an administrative problem to bill separate bills for land and improvements not only because of additional mailing costs and program changes but because additions of improvements many times changes the land valuation also.
- 5) Inequities are created with defining of major improvements as the value being at least equal to the land value.
  - a) If two tract homes with lots valued at 10,000 built similar pools with one pool valued at 10,000 and the other at 9,500, they would not be treated the same. The house with the 10,000 pool would pay tax for the prorated time the pool was in for the fiscal year, whereas the house with the 9,500 pool would pay the full years bill if the pool was completed prior to December 15 or no tax at all if the pool was completed between December 15 and June 30.
  - b) A 50,000 home built on a 10 acre parcel valued at 60,000 would not be taxes on its prorated share whereas a 50,000 home built on a 70,000 lot would.

The main problem with this bill is the question of when is an improvement complete? This is the main problem with a similar bill introduced in the 1977 legislative session, and a definition of complete could not be arrived at then. Since the 77 legislative session we have discussed this with several developers, real estate sales people, title company officials and individuals building their own home and no one has been able to arrive at a suitable devinition.

Listed below are some of the problems.

- 1) use notice of completion dates as filed with building departments - some counties do not issue notice of completions and for those who do how do you handle the many owner/builders who move into their home while still working on it. Usually the only things to remain uncompleted are minor items and remain so for two or three years. Sometimes they are completed and the owner/builder does not get around to filing for notice of completion/occupancy for a long period of time.
- 2) The date the improvement is occupied - some major improvements would not be occupied, pools, garages, large miscellaneous structures, etc. In many cases, such as with the owner/builder, there is no way for the assessor to establish a specific occupancy date.

FISCAL NOTE

Exhibit D

BDR 32-1845  
A.B. 774  
S.B.

• STATE AGENCY ESTIMATES Date Prepared April 26, 1979

Agency Submitting DEPARTMENT OF TAXATION

Revenue and/or Expense Items	Fiscal Year 1978-79	Fiscal Year 1979-80	Fiscal Year 1980-81	Continuing
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total	NONE	See Attached		YES

Explanation (Use Continuation Sheets If Required)

Local Government Impact YES  NO   
(Attach Explanation)

Signature Roy E. Nickson  
Title EXECUTIVE DIRECTOR

• DEPARTMENT OF ADMINISTRATION COMMENTS Date April 30, 1979

The attached appears reasonable.

Signature Howard E. Barrett  
Title Director of Administration

• LOCAL GOVERNMENT FISCAL IMPACT (Legislative Counsel Bureau Use Only) Date April 30, 1979

(See Attachment).

Signature Daniel D. Smith  
Title Deputy Fiscal Analyst

AB 774 BDR 32-1845

Transfers specified portion of sales tax for use in public transportation and exempts motor fuel used in that transportation from certain taxes.

All counties that have imposed the \$0.01 or \$0.02 county option gas tax have a Regional Street and Highway Commission. If all these counties were to provide a publicly owned transportation system they could receive the following amounts from the collection of the State (2 percent) share of the sales and use tax collected in each county.

	1979/80	1980/81
Carson City	\$ 1,253,464	\$ 1,417,942
Churchill	336,498	386,199
Clark	18,189,808	20,876,443
Douglas	953,069	1,093,837
Humboldt	326,824	375,095
Nye	137,168	157,427
Pershing	83,471	95,800
Washoe	<u>9,003,383</u>	<u>10,333,183</u>
TOTAL	\$30,283,685	\$34,735,926

Should the rest of the counties impose the optional county gas tax and create Regional Street and Highway Commissions they could receive the following amounts from the State (2 percent) share of the sales and use tax to provide publicly owned transportation.

	1979/80	1980/81
Elko	\$ 603,892	\$ 693,086
Esmeralda	9,616	11,036
Eureka	17,085	19,608
Lander	103,881	119,225
Lincoln	77,476	85,476
Lyon	242,286	278,071
Mineral	118,145	135,595
Storey	34,151	39,195
White Pine	<u>289,656</u>	<u>332,438</u>
TOTAL	\$ 1,496,188	\$ 1,713,730

At the present time we know of only two bus lines providing local public transportation in Nevada. Citifare in the Washoe County area is a publicly owned line and does not pay special fuel tax on the diesel fuel used. They have estimated 64,800 gallons of fuel which would have generated \$5,184 annually in fuel tax if not publicly owned. Las Vegas Transit, Inc. which serves the Clark County area estimates their annual usage at 278,400 gallons which generates \$16,704 special fuel tax. This amount would be lost if Las Vegas Transit were to become a publicly owned transit system.

Law Offices of  
Hale, Lane, Peek, Dennison and Howard  
Attorneys and Counsellors at Law

Edward Everett Hale  
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April 25, 1979

Robert Price, Chairman  
Assembly Taxation Committee  
Legislative Building  
Carson City, Nevada 89701

Re: Senate Bill 162 - Volunteers of America

Dear Assemblyman Price:

Pursuant to your request and the request of other members of the Assembly Taxation Committee during the hearing held on Senate Bill 162 on April 23, 1979, I have attempted to gather documentation on the activities and internal structure on the Volunteers of America ("VOA") and its management arm, VOA National Housing. I apologize for not being able to furnish this information during the hearing, but I frankly did not anticipate questions on those subjects.

I am enclosing copies of a supplement which appeared in the New York Times on May 17, 1976 commemorating the organization's 80th anniversary. Also enclosed are copies of various brochures and a proposal to HUD which set forth the various social welfare programs funded and administered by VOA. As these documents indicate, VOA's involvement in the social welfare programs is substantial and large numbers of prominent national figures are involved in these programs.

Attached to this letter as Exhibit "A" is a copy of a letter from the Internal Revenue Service verifying VOA's status as a charitable organization. Under the Internal Revenue Code VOA is classified as a church and is exempt on that basis.

The question was raised during the hearing as to whether the real property tax savings which would be realized if SB 162 were passed would somehow be passed on to VOA or VOA National Housing in the form of excess profits. I am informed by Ray Tremont, Regional Director of the Southern Region, and HUD that any savings realized as a result of SB 162 would become residual receipts, the expenditure of which would have to be

Robert Price, Chairman  
Assembly Taxation Committee  
April 25, 1979  
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expressly approved by HUD. These receipts would then be spent on such things as extraordinary maintenance or improvements on the project or would be utilized to perhaps forestall rent increases. I am informed that no part of the savings realized as a result of the real property exemption contained in SB 162 would be available to either VOA or VOA National Housing and that all such savings would go back into the operation of the Sierra Manor project. VOA is required to submit annually a certified audit showing all expenditures and is subject to audit by the Inspector General with respect to all expenditures on the project.

The question was also raised as to the organization of VOA and the possibility that excessive executive compensation would result in the funds received by VOA not being used for its social welfare programs. I am informed that the directors of Sierra Manor, Inc., the Nevada nonprofit corporation which owns the project, receive no compensation for their services as directors. I am further informed that the chief executive officer of VOA receives an annual salary of approximately \$40,000.00. Mr. Tremont, who is the second-ranking executive in VOA, receives an annual salary of approximately \$30,000.00. In addition to his duties as regional director of the Southern Region, Mr. Tremont serves without compensation as administrator of VOA National Housing. In the performance of these joint duties he logs in excess of 150,000 air miles per year and travels approximately 3 or 4 days per week. I would suggest that these salaries cannot be considered excessive, nor can they be said to give rise to any inference that the VOA is devoted to any objective other than promoting social welfare.

There was also some concern by the committee members that VOA or VOA National Housing would derive a large profit by means of the management contract between Sierra Manor, Inc. and VOA National Housing. Any management fee for a 202 project must be approved by HUD. I am informed by John A. Kavanaugh from the Office of the Area Counsel of HUD in San Francisco that it was his understanding that management fees for an owner managing its own project are normally substantially lower than the fee that would normally be approved for an independent management entity. He further indicated that it was his feeling that the fee allowed would provide basically for enough funding for the operation of the project to break even with little or no excess being available. I am informed that the maximum management fee for the Sierra Manor project would be approximately \$25,000.00 according to Mr. Tremont. I am informed that from this amount the manager's



Hale, Lane, Peek, Dennison and Howard

Robert Price, Chairman  
Assembly Taxation Committee  
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salary, salaries for any secretaries, accounting fees, and all expenditures for office furniture would have to be covered.

Mr. Tremont stated that VOA uses its own management arm because of its expertise and management ability, rather than for the purpose of raising any additional revenue. VOA apparently has not had favorable results using independent managers. He further indicated that the management fees approved normally allow VOA National Housing only to break even in the operation of the project. If any excess should occur, I am informed that the policy of VOA is to put any such excess back into the respective projects.

Mr. Tremont further informed me that the fee to VOA National Housing is the last item in an operating budget to be paid. In the case of an independent management entity, the management fee is one of the first items paid. There are apparently receivables in the approximate total sum of \$450,000.00 carried on the books of VOA National Housing representing deferred management fees from these various projects which were not paid by the nonprofit owners because other items in the operating budget were determined to have priority. It is Mr. Tremont's opinion that most of these deferred fees would eventually be waived. The fact that these management fees are deferred tends to establish that revenue is not the basic purpose behind the use of VOA National Housing as the managing entity for these projects.

In addition to these deferred fees, Mr. Tremont informs me that they initially have to contribute to each 202 project as sponsor participation the sum of \$10,000.00. In many of the projects, additional programs for the elderly residents not covered by the operating budgets are funded independently by VOA from sources unrelated to the projects themselves. Substantial loans are made to various projects whose nonprofit owners experience severe problems with their operating budgets.

It should be pointed out that SB 162 has been reviewed by counsel for the California Association for Housing for the Aged and by the attorney for the National Association. It was the purpose of the Bill to aid as many HUD projects for the elderly as possible. Some of the changes suggested by these various groups were incorporated into the Senate amendments.

I hope that the information set forth in this letter and the enclosed materials will serve to calm any fears or

Hale, Lane, Peek, Dennison and Howard

Ex. E

EXHIBIT E

Robert Price, Chairman  
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concern which you or the other members of the Committee might have with respect to the effect of SB 162 on the project and VOA in particular, and its impact on the social welfare activities of VOA. If you should have any further questions or should need further information in your assessment of SB 162, please feel free to contact me. If you should feel the need to confirm this information or obtain further information either from VOA or HUD, you might wish to contact David Kroot or John Kavanaugh at the Office of the Area Counsel for HUD at (415) 556-6881 or either Ray Tremont or John Hood of VOA at (504) 837-2652. VOA has indicated that its representatives would be available to testify before your Committee at any time to answer further questions or provide any desired information. They apparently have available a slide show which details the activities of VOA. This could be presented if the Committee should deem it necessary.

On behalf of my client, Volunteers of America, and the other sponsors of elderly housing projects in the State of Nevada, I would ask your favorable consideration of SB 162. I thank you and your Committee for your patience and again apologize for not having this information available for you at the time of the hearing.

Respectfully,

*Richard Bennett*  
Richard Bennett

RB:bt

Enclosures

Ex. E



Internal Revenue Service

Washington, D.C. 20548

Date: JUN - 1 1971

In reply refer to: T:MS:EO:R:4

The Volunteers of America  
340 West 85th Street  
New York, New York 10024

Gentlemen:

This refers to your letter dated March 15, 1971, in which you ask certain questions about the requirements for you to file Form 990 and Form 990-T.

Section 6033(a)(2)(A)(i) of the Internal Revenue Code provides that organizations exempt under section 501(c)(3) which are churches are not required to file information returns.

Our records indicate that you are exempt under section 501(c)(3) and in accordance with our ruling letter dated April 2, 1959 you are held to be a Church. Accordingly you are not required to file information returns and neither are your subordinate units.

We hope this answers your questions.

Sincerely yours,

*J. A. Tedesco*  
Chief, Rulings Section  
Exempt Organizations Branch

For more than 35 years pregnant single young women have found reassurance and refuge in the Volunteers of America Maternity Home, located in a quiet residential neighborhood in uptown New Orleans. The VOA Maternity and Adoption Program was established in 1939 to provide young women with viable, positive alternatives when facing single parenthood. The need for the program has continued to be evidenced by the high incidence of teenage pregnancy, the fact that young pregnant girls are medically high-risk, the lack of resources available to help young women cope with single parenthood, and the fact that unwed pregnancy causes serious disruption with family and friends.

The VOA Maternity Home provides expectant mothers with a neutral and supportive environment in which to prepare for birth and to decide whether to keep the child or choose adoption. For those mothers who choose adoption, the VOA Adoption Program offers carefully screened placement services.

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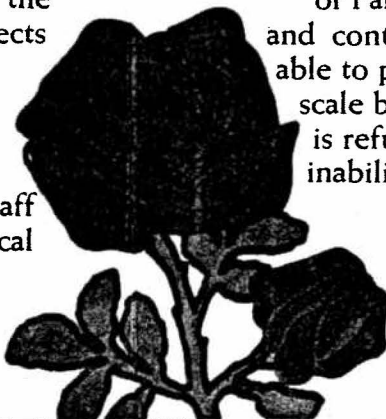
### SERVICES

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Residential care is provided until an average of two weeks after delivery. Residents receive individual and group counseling and therapy, focused on working out problems and developing plans for the future. Alternatives to keeping the child are explored, as are probable effects of the decision. In addition, periodic sessions are held on sexual behavior, physiology and birth control.

Medical care before and after birth is provided by a private clinic and a staff registered nurse. Deliveries are at a local private hospital.

The VOA Nursery adjacent to the



Maternity Home cares for babies awaiting adoption or evaluation.

Outpatient services are available to young women who choose to live on their own or at home.

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### STAFF

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Management is provided by a program director and an adoption supervisor. In direct services, a houseparent has overall supervision of the home, and there are two full-time social workers who provide counseling and therapy. A registered nurse provides medical supervision and counseling.

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### ELIGIBILITY

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Any pregnant single young woman in Louisiana who can function within the supervised but open setting of the program may be admitted. Not eligible are those who are severely emotionally disturbed, or handicapped to the extent that they need specialized nursing or supervision. However, emergency referrals are accepted.

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### FUNDING

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The program is funded through the United Way, the Division of Family Services, adoption fees and contributions. Families who are able to pay do so on a sliding fee scale based on ability to pay. No one is refused admittance because of inability to pay.

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## THE REPAIRS ON WHEELS PROGRAM

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The Repairs on Wheels program of the Volunteers of America provides free home repairs to elderly, low-income homeowners, helping them to maintain safe and comfortable dwellings.

Ninety percent of the sites worked on by Repairs on Wheels personnel are owned by people below the poverty level, people who can't afford to make the repairs. Unattended minor repairs can grow into major ones that can be dangerous to occupants.

Repairs on Wheels work crews are under the supervision of a foreman, and carry VOA identification cards. They work out of vehicles that are fully equipped with tools. Homeowners supply the repair materials whenever possible.

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### TYPES OF REPAIRS

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The program concentrates on minor repairs such as:

- Removing fire hazards
- Repairing steps and handrails
- Replacing broken windows and screens
- Replacing broken locks and latches
- Installing weather boards
- Replacing rotted flooring
- Repairing walls
- Taping exposed electrical wires

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### REFERRALS

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Referrals are made through the Area Agency on Aging. Homeowners over 60 years old, who have an income of \$300 a month or less, are eligible. The VOA operates the Repairs on Wheels program in Orleans and Plaquemines Parishes.

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## THE NEED FOR AN EXPANDED PROGRAM

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The Repairs on Wheels program needs to receive expanded funding for it to be able to truly meet the needs of the community. The program has a backlog of over 200 requests for help, but can't afford the manpower necessary to complete that amount of work. According to Area Agency on Aging figures, approximately 60 per cent of the 130,000 elderly in Orleans Parish own their homes. Thirty per cent of these homeowners have income below the poverty level, and so are eligible for the program.

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### FUNDING

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Repairs on Wheels is funded through the Area Agency on Aging and the New Orleans Office of Manpower and Economic Development.



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## THE CENTER

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The Volunteers of America's Community Residential Center is a pre-release program for men returning home from federal institutions throughout the country. Some residents enter the program as a special condition of their probation from the U.S. District Courts. Located in a residential neighborhood in Uptown New Orleans, the Center has been in operation since 1972.

The VOA Center is designed to provide residents with the support, guidance and training necessary for a successful transition from institutional living back into the community, and to offer each man the dignity and respect he needs to be able to respond positively in society. The program's primary goal is to build each man's self-reliance and responsibility and return him to the community as a law-abiding, tax-paying citizen.

The flexible regulations of the Center permit increasing freedom to residents as they demonstrate their ability to enjoy that freedom responsibly. Residents live at the Center and work in the community. They may earn the privilege of spending weekends with their families. Before a resident is released from the Center, he must have a full-time job or be enrolled in a training program. He must have a place to stay, and must have saved a substantial part of his earnings. The VOA Center staff works hand-in-hand with each resident to help him reach these goals.

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## SERVICES

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Services offered at the VOA Center include:

- Counseling—personal, family, drug or alcohol abuse, and psychological.

- Assistance with reuniting with families and rebuilding relationships.
- Assistance with handling personal finances, through budgeting and establishing savings accounts.
- Continuing education and vocational training.
- Assistance with finding and securing jobs.
- Referrals to other community agencies for specific assistance.
- Assistance in establishing useful identification credentials, such as a driver's license.

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## FOLLOW-UP

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As they move back into society, residents are urged to keep in touch with the VOA Center. Staff is available at all times to offer ex-residents counseling and assistance.

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## ADMISSION PROCEDURES

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Referrals are received from federal institutions and the courts, and are screened at weekly team meetings. These meetings include Center staff, probation officers, and drug after-care staff. Acceptance into the program is based on the applicant's need for Center services and readiness for the program.

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## FUNDING

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The VOA Community Residential Center is funded through the United States Bureau of Prisons.

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## SERVICES FOR THE ELDERLY

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VOA's services for the elderly are aimed at fostering independent living among the low income elderly citizens of the New Orleans area. These services are provided free of charge.

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## VOA HOMEMAKER SERVICES

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VOA's trained homemakers visit the elderly on a weekly basis. During their two-hour visits, they help with items such as laundry, shopping, housekeeping, and non-medical personal care such as bathing. This personal attention also provides important human contact for many people who are confined to their homes.

People 62 or over, and who have a monthly income of \$350 or less, are eligible for homemaker services. Those who are blind or disabled or receive Supplemental Security Income (SSI) are also eligible. The program serves residents of the Seventh, Eighth and Ninth Wards in New Orleans.

Funds for this service are provided through Title 20.

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## TRANSPORTATION

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The VOA has two special vans that provide transportation for the elderly or disabled in the upper Seventh, Eighth and Ninth Wards of New Orleans.

Transportation is provided to medical facilities, grocery stores, food stamp and social security offices, and shopping centers. It is also provided to social, recreational and educational events.

Many of the people served by this program would not be able to go out into the community without this service.

Funds for this program are provided through Title 20.

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## NUTRITION SITE

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Hot, nutritious meals are served at noon, Monday through Friday, in the meeting room of the Gulfway Terrace office building, 14765 Chef Menteur Highway. Meals are preceded by some sort of recreational or educational activity. Those who can make a small contribution towards the cost of the meals do so. For some participants in the program, this meal is the only balanced one of the day.

Anyone 60 or older is eligible for this program.

This program is part of the Nutrition Program of the New Orleans Council on Aging.

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## NEW HOPE

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New Hope is a social club for people over 60 years old. It meets at Gulfway Terrace, 14765 Chef Menteur Highway, once a week. Activities are numerous, and include bingo, movies, lectures, sewing, Bible study, and a monthly luncheon. This club provides senior citizens with an opportunity to develop new friends and interests.

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## THE NEED FOR EXPANDED SERVICES FOR THE ELDERLY

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VOA's services for the elderly receive only enough funding to serve a small segment of the large low-income elderly population in the metropolitan area. There are long waiting lists for all the services outlined in this brochure. Only through additional governmental and private funding, and individual donations, can these much needed services be expanded.