

Date: April 9, 1979

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MEMBERS PRESENT:

CHAIRMAN PRICE
VICE CHAIRMAN CRADDOCK
ASSEMBLYMAN CHANEY
ASSEMBLYMAN COULTER
ASSEMBLYMAN DINI
ASSEMBLYMAN MANN

ASSEMBLYMAN BERGEVIN
ASSEMBLYMAN MARVEL
ASSEMBLYMAN RUSK
ASSEMBLYMAN TANNER
ASSEMBLYMAN WEISE

MEMBERS ABSENT:

NONE

GUESTS PRESENT:

ROY NICKSON, STATE DEPARTMENT OF TAXATION
R. HADFIELD, DOUGLAS COUNTY
YVONNE BERNARD, DOUGLAS COUNTY
LUE BERGEVIN, DOUGLAS COUNTY
HAZEL HOHN, EXPERIMENTAL AIRCRAFT ASSOCIATION #403
RUSS MAC DONALD, ASSOCIATION OF COUNTIES
MARVIN LEAVITT, CITY OF LAS VEGAS
GARY MILLIKIN, CLARK COUNTY ASSESSORS OFFICE

A quorum being present, Vice Chairman Craddock called the meeting to order. He stated the purpose of the hearing was to take testimony on AB 48, AB 268, AB 611 and AB 53.

AB 268

Roy Nickson, Department of Taxation, stated that he had no comments concerning AB 268 as written but that he would request that the committee consider amending NRS 375.100, subsection 2. He would suggest taking out the word "not" in this section. A copy of this NRS section is attached to these minutes as Exhibit A. The purpose for this is that the Department of Taxation will be effectively out of the administration of the Real Property Transfer Tax. There will be no receipts and the counties will receive 100% of the revenues. To insure that they get 100%, they should have the authority to insure that the escrow holders pay the tax within the three months as authorized.

Marvin Leavitt, City of Las Vegas, presented the committee with some figures on county gaming tax distribution. These are attached to these minutes as Exhibit B.

Mr. Leavitt explained briefly the schedule that he had presented and explained that he had summarized the effect of the various tax reductions on cities and counties. He pointed out that this also shows the taxes that will come back to various entities based on the Real Property Tax and the County Gaming Tax. The conclusion that can be drawn from this is that both of these taxes are remitted back to the counties and so in general the counties gain in tax revenue while the cities have a net loss.

Mr. Leavitt continued by stating that they feel that perhaps an appropriate adjustment could be made so that all the cities and counties would be evenly involved. He stated that there would be several ways that this could be done. One would be that additional gaming taxes coming back from the state, if that tax was collected within the boundaries of the city, that tax go to the city or town. With the Real Property Transfer Tax, it could be distributed based from which the transfer of property is taking place or upon a formula based on population.

Mr. Tanner inquired if there was a schedule on this as adjusted. Mr. Leavitt stated that he hadn't done this because he had not been able to get some of the information. Mr. Tanner stated that he felt the committee should have this information if possible.

AB 48

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

AB 611

Russ McDonald, Association of Counties, stated that there was a counterpart to this bill that has been passed by the Senate and was scheduled to be heard by this committee of April 17. He stated that they felt the bill, SB 163, was a superior bill. Both bills would amend the same section. AB 611 was based upon a letter written by the Washoe County District Attorney to Mr. Rusk, who was then Chairman of the Washoe County Commissioners. It pointed out a deficiency in NRS 361.010. A copy of this letter is attached to these minutes as Exhibit C. Mr. McDonald went on to stated that if the committee would agree, they would prefer to testify on both bills at the same time.

Bob Hadfield, Doulgas County, stated that they also would like to testify on both the bills and would be happy to come back on April 17 to discuss both the bills.

Vice Chairman Craddock stated that this bill would be added to the agenda for April 17 and that both bills would be discussed at that time. There were no objections to this proposal and all those present agreed to come back.

Mr. Rusk stated that the bills legalize something that Washoe County has been doing for a number of years. He stated that he felt it would even be appropriate to withdraw this bill and go with the Senate Bill 163.

AB 53

Hazel Hohn and Warren Davey, Experimental Aircraft Association #403, testified in support of this bill. Mr. Davey explained that they feel that in many cases they are in the same class as the antique

car people. A portion of their people build or rebuilt replicas of antique aircraft. The Association does include such things as race planes. They try to encourage interest in young people and to promote education in flying. They are building these for non-commercial use. They are prohibited by law from earning money in any with them. They cannot build them to sell, however, they can sell them after they are built. There are many restrictions on their operations.

In response to a question from Mr. Rusk, Mr. Davey stated that the average length of time it takes to build one of these is 5 years. He added that it took him 7 years of work.

Mr. Mann inquired whether the experimental aircraft built by Mr. Lear would be included. Mr. Davey replied that the IRS has ruled as far as taxes are concerned on experimental aircraft, that the first model of any production aircraft, while they are under tests, they are not taxed in any way.

Mr. Mann went on to ask if the Lear Corp. was being charged any taxes on their experimental aircraft at this time. Mr. Nickson stated they were based on the personal property aspect of it.

Mr. Mann continued with the point that if they were to build an experimental aircraft, under this bill, if they didn't put into mass production, there would be no tax. This could result in the loss of a large amount of tax revenue.

Mr. Mann stated that perhaps some language could be placed in the bill to have it only apply to private experimental planes.

Mr. Weise inquired if some of these planes were the kind that they used in the air races. Mr. Davey stated that they were and that they could not race for fee but could only compete for the purse.

Mr. Marvel inquired about how many planes they were talking about in Nevada. Mr. Davey stated that there were perhaps 100-150 in Nevada, which are all presently being taxed as personal property. Under the present system, when they apply for a registration number from the FFA, the county assessor receives a notice of this.

Mr. Dini inquired how they define antique aircraft, and he pointed out that there were some aeriassprayers in his area that were older than the age given in the bill. Mr. Davey stated that some of them would qualify as antiques, however, they would not be covered because they were being used commercially.

Mr. Price stated that he had originally requested this bill because he had been contacted by the Antique Experimental Aircraft Association. They had informed him that there was a problem in that the assessed values on these were rather arbitrary. They were really doing this as a hobby but were getting high assessed valuations.

Mr. Marvel inquired whether they couldn't address this to the local Board of Equalization and actually prove that this was a hobby.

Gary Millikin, Clark County Assessor's Office, stated that they have no problem with the exemptions of the antique aircraft, their only question is that part which states that the exemption based on 30 years old or more. If they go strictly by age the are some planes being used by small airlines that are this old and they need to know whether they would be exempt or not.

Mr. Millikin ended by stating that the Board of Equalization would question the value of the plane rather than on the fact it was a hobby.

At this point, Chairman Price resumed the chair and called for committee action on some bills that had been heard.

COMMITTEE ACTION

AB 48

Mr. Bergevin pointed out that this was incorporated into AB 268 and moved the committee giveno further consideration of the bill. Mr. Tanner seconded the motion. The motion passed with Mr. Chaney absent.

AB 53

Mr. Weise moved for no further consideration of this bill and Mr. Mann seconded the motion. The motion passed with Mr. Price and Mr. Coulter voting against the motion.

AB 12

Mr. Weise pointed out that this also was part of the tax bill and moved for no further consideration on the bill. Mr. Craddock seconded the motion. The motion passed unanimously.

AB 33

Mr. Weise moved for indefinite postponement. Mr. Marvel seconded the motion. The motion passed unanimously.

AB 3

Mr. Weise moved for indefinite postponement and Mr. Marvel seconded the motion. Mr. Mann stated that this was very much a concern of his, but he realized that the committee has gone just about as far as they can on "freebies" and they would have to do some cutting. The motion carried with Mr. Mann, Mr. Coulter and Mr. Price opposed to the motion. Mr. Mann declared a conflict of interest.

AB 57

Mr. Mann moved for indefinite postponement and Mr. Tanner seconded the motion. The motion passed unanimously.

AB 88

Mr. Weise moved for indefinite postponement and Mr. Tanner seconded the motion. The motion passed unanimously.

Mr. Tanner reported that the subcommittees were ready to report back on AB 111, 112, and 129, the senior citizen tax assistance plan.

AB 175

Mr. Weise moved for indefinite postponement and Mr. Craddock seconded the motion. The motion passed unanimously.

AB 344

Mr. Mann moved for indefinite postponement and Mr. Marvel seconded the motion. The motion passed unanimously.

AB 270

Mr. Tanner moved for indefinite postponement and Mr. Weise seconded the motion. The motion passed unanimously.

AB 438

Mr. Mann moved for indefinite postponement and Mr. Tanner seconded the motion. The motion passed unanimously.

AB 454

Mr. Mann moved for indefinite postponement and Mr. Tanner seconded the motion. The motion passed with Mr. Dini voting against the motion.

AB 419

Mr. Mann moved for indefinite postponement and Mr. Weise seconded the motion. The motion passed unanimously. It was pointed out that this also is covered by AB 616.

AB 561

Mr. Mann moved for indefinite postponement and Mr. Dini seconded the motion. The motion passed unanimously.

AB 440

Mr. Weise moved for no further consideration of this bill and Mr. Mann seconded the motion. The motion passed unanimously.

AB 268

Mr. Bergevin moved that the committee amend and do pass and re-refer to Ways and Means. Mr. Mann seconded the motion. Mr. Craddock inquired whether Ways & Means would then develop the formula to change the distribution. Mr. Leavitt stated that he would get with Mr. Miles to develop this. Mr. Bergevin withdrew his motion.

Mr. Price stated that the committee had been scheduled to meet with the Senate Taxation Committee on Tuesday in an informal session to discuss the two tax bills. The Senate leadership could see no necessity for the meeting but preferred to amend AB 616 so that the Assembly could reject it and thus go to conference committee. Mr. Price added that he still felt that it would do some real good to sit down with the Senate and discuss the bills but at this time the meeting had been cancelled.

Mr. Miles presented copies of state general fund balances for the committee's information. A copy of this is attached to these minutes as Exhibit D.

COMMITTEE ACTION

AB 43

Mr. Marvel moved for indefinite postponement and Mr. Weise seconded the motion. The motion passed unanimously with Mr. Dini and Mr. Chaney absent.

AB 266

Mr. Marvel moved for do pass recommendation and Mr. Weise seconded the motion. Mr. Mann amended the motion to re-refer to Ways and Means. Mr. Marvel seconded this. Mr. Mann's amendment failed and the motion carried with Mr. Chaney and Dini absent.

Mr. Mann pointed out that this bill did have significant impact and that local governments would be affected by it.

Mr. Rusk moved for reconsideration of the committee's vote on AB 266. The motion carried with Mr. Weise and Mr. Marvel opposed to the motion and Mr. Chaney and Mr. Dini absent.

AB 349

Mr. Bergevin stated that there is exact language of this bill in AB 616. Mr. Mann moved for indefinite postponement and Mr. Tanner seconded the motion. The motion passed unanimously with Mr. Chaney and Mr. Dini absent.

AB 367

Mr. Craddock moved for no further consideration of this bill and Mr. Marvel seconded the motion. Mr. Mann declared that he had conflict of interest on this bill and AB 3 which had been considered earlier. The motion passed with Mr. Mann and Mr. Coulter voting against the motion and Mr. Chaney and Mr. Dini absent.

At this point, Chairman Price adjourned the meeting.

Respectfully submitted,

Sandra Gagnier
Sandra Gagnier
Assembly Attache



state or any agency, department, instrumentality or political subdivision thereof.

3. A transfer of title recognizing the true status of ownership of the real property.

4. A transfer of title without consideration from one joint tenant or tenant in common to one or more remaining joint tenants or tenants in common.

5. A transfer of title to community property without consideration when held in the name of one spouse to both spouses as joint tenants or tenants in common, or as community property.

6. A transfer of title between spouses, including gifts.

7. A transfer of title between spouses to effect a property settlement agreement or between former spouses in compliance with a decree of divorce.

8. A transfer of title by spouses without consideration to an inter vivos trust.

9. Transfers, assignments or conveyances of unpatented mines or mining claims.

10. The making, delivery or filing of conveyances of real property to make effective any plan of reorganization or adjustment:

(a) Confirmed under the Bankruptcy Act, as amended, 11 U.S.C.;

(b) Approved in an equity receivership proceeding involving a railroad corporation, as defined in section 77 of the Bankruptcy Act, 11 U.S.C. § 205;

(c) Approved in an equity receivership proceeding involving a corporation, as defined in section 106 of the Bankruptcy Act, 11 U.S.C. § 506; or

(d) Whereby a mere change in identity, form or place of organization is effected, if the making, delivery or filing of instruments of transfer or conveyance occurs within 5 years from the date of such confirmation, approval or change.

11. The making or delivery of conveyances of real property to make effective any order of the Securities and Exchange Commission if:

(a) The order of the Securities and Exchange Commission in obedience to which such transfer or conveyance is made recites that such transfer or conveyance is necessary or appropriate to effectuate the provisions of section 11 of the Public Utility Holding Company Act of 1935, 15 U.S.C. § 79k;

(b) Such order specifies and itemizes the property which is ordered to be transferred or conveyed; and

(c) Such transfer or conveyance is made in obedience to such order.
(Added to NRS by 1967, 1761; A 1969, 569; 1971, 246)

375.100 Recording prohibited when tax not paid; exception.

1. The county recorder shall refuse to record any deed or conveyance upon which a tax is imposed by this chapter when such tax has not been paid, except as provided in subsection 3 of NRS 375.030.

2. A county recorder is not responsible for the failure of an escrow holder subsequently to pay the tax pursuant to subsection 3 of NRS 375.030.

(Added to NRS by 1967, 1761; A 1971, 118, 247; 1973, 212)

375.110 Penalty for falsifying value. Any grantee who willfully falsifies the value of transferred real property declared pursuant to NRS 375.050 or any escrow holder who willfully falsely declares the value of transferred real property pursuant to NRS 375.060 is guilty of a misdemeanor and shall pay the amount of any additional tax required on account of such falsification.

(Added to NRS by 1967, 1762; A 1971, 81; 1973, 213)

The next page is 12559

EXHIBIT A

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COUNTY GAMING TAX DISTRIBUTION

<u>EXISTING LAW</u>		<u>AB 268</u>	<u>RECOMMENDATION</u>
<u>In County - Not Within Incorporated City or Unincorporated Town</u>			
County	75%	100%	100%
State	<u>25%</u>	<u>-0-</u>	<u>-0-</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>In County - Within Boundaries of Incorporated City or Un- incorporated Town</u>			
County	25%	50%	25%
City (or Town)	50%	50%	75%
State	<u>25%</u>	<u>-0-</u>	<u>-0-</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

SUMMARY OF TAX CHANGES ON CITIES AND COUNTIES

	<u>TAX ON LIVESTOCK</u>	<u>SALES TAX ON FOOD</u>	<u>TAX ON HOUSEHOLD PERSONAL PROPERTY</u>	<u>INVENTORY TAX</u>	<u>TOTAL</u>	<u>REAL PROPERTY TRANSFER TAX</u>	<u>COUNTY GAMING TAX</u>	<u>NET [LOSS] GAIN</u>
CARSON CITY	\$ 142	\$ 174,933	\$ 49,527	\$ 21,460	\$ 246,062	\$ 96,644	\$ 48,823	[\$100,595]
CHURCHILL COUNTY	6,811	42,681	16,063	3,810	69,365	34,737	12,047	[22,581]
FALLON	-	16,417	4,829	2,285	23,531			[23,531]
CLARK COUNTY	2,583	-	316,988	138,090	457,661	1,590,247	1,203,663	2,336,249
BOULDER CITY	5	53,402	8,949	1,051	63,407			[63,407]
HENDERSON	2	167,913	31,276	3,373	202,564			[202,564]
LAS VEGAS	8	1,288,211	254,277	60,203	1,602,699			[1,602,699]
NORTH LAS VEGAS	9	370,800	73,210	10,366	454,385			[454,385]
DOUGLAS COUNTY	930	68,490	14,481	1,075	84,976	142,815	249,486	307,325
ELKO COUNTY	31,395		36,927	5,978	74,300	41,778	68,012	35,490
CARLIN	35	8,816	7,543	208	16,602			[16,602]
ELKO	24	51,069	23,401	4,497	78,991			[78,991]
WELLS	11	7,258	5,428	1,070	13,767			[13,767]
ESMERALDA COUNTY	1,410	-	820	59	2,289	6,230	405	4,346
EUREKA COUNTY	6,623	-	482	132	7,237	1,944	240	[5,053]
HUMBOLDT COUNTY	9,647	24,780	5,515	3,296	43,238	22,930	19,040	[1,268]
WINNEMUCCA	1	31,885	5,665	3,706	41,257			[41,257]
LANDER COUNTY	8,720	-	1,525	505	10,750	5,915	3,268	[1,567]
LINCOLN COUNTY	4,216	5,912	3,769	422	14,319	6,081	1,442	[6,796]
CALIENTE	8	3,300	959	183	4,450			[4,450]
LYON COUNTY	6,308	22,122	16,831	6,162	51,423	34,234	4,524	[12,665]
YERINGTON	-	7,159	2,483	6,694	16,336			[16,336]

EXHIBIT B

	<u>TAX ON LIVESTOCK</u>	<u>SALES TAX ON FOOD</u>	<u>TAX ON HOUSEHOLD PERSONAL PROPERTY</u>	<u>INVENTORY TAX</u>	<u>TOTAL</u>	<u>REAL PROPERTY TRANSFER TAX</u>	<u>COUNTY GAMING TAX</u>	<u>NET [LOSS] GAIN</u>
MINERAL COUNTY	1,113	23,189	13,688	2,733	40,703	5,001	8,944	[26,758]
NYE COUNTY	5,566	13,665	5,639	1,076	25,946	27,086	7,688	8,828
GABBS	5	2,857	701	18	3,581			[3,581]
PERSHING COUNTY	2,744	5,863	2,507	868	11,982	7,046	4,391	[545]
LOVELOCK	-	8,381	1,973	847	11,201			[11,201]
STOREY COUNTY	71	650	3,142	533	4,396	11,689	13,275	20,568
WASHOE COUNTY	7,499		291,493	122,546	421,538	868,364	615,806	1,062,632
RENO	18	719,828	89,341	48,368	857,555			[857,555]
SPARKS	1	238,920	29,657	17,835	286,413			[286,413]
WHITE PINE COUNTY	7,142	-	9,601	3,663	20,406	10,089	8,684	[1,633]
ELY	-	-	6,579	2,427	9,006			[9,006]
TOTAL	\$103,047	\$3,358,501	\$1,335,249	\$475,539	\$5,272,336	\$2,912,830	\$2,269,738	[\$89,768]



LARRY R. HICKS
District Attorney

Washoe County Courthouse
South Virginia and Court Streets
P.O. Box 11130 • Reno, Nevada 89520

March 23, 1978

Mr. Bob Rusk, Chairman
Board of Washoe County Commissioners
P.O. Box 11130
Reno, Nevada 89520

Re: Suggested Legislative Amendment to NRS 361.610(4)
Concerning Proceeds of a Tax Sale in Excess of
Delinquent Taxes, Interest and Penalties

Dear Mr. Rusk:

This is in response to the request of the County Commissioners for an analysis and recommendation for amendment of NRS 361.610(4) concerning the authority of Washoe County to deposit the proceeds of a tax sale in excess of taxes, costs, interest, and penalties into the general fund of the County treasury.

BACKGROUND:

Pursuant to NRS 361.670 when a parcel of property becomes tax delinquent the County Treasurer is authorized to hold a certificate to the property for two years pending redemption. Upon expiration of the redemption period, NRS 361.585 authorizes the County Treasurer to take a tax deed to the property. NRS 361.595 authorizes the County Treasurer to sell properties for which he holds a tax deed for the amount of the delinquent taxes, costs, interest and penalties. On occasion, property will sell at a tax sale for amounts in excess of the delinquent taxes, costs, interest and penalties. NRS 361.610(4) directs the County Treasurer to deposit the proceeds of a tax sale over and above the delinquent taxes, interests, costs and penalties into the general fund of the County treasury:

"After paying all the tax and costs upon any one parcel of property, any balance remaining in the hands of the trust deed shall be paid into the general fund of the county by him."

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ANALYSIS:

The problem with NRS 361.610(4) as it now reads is that it makes no provision for the payment over of the excess proceeds of a tax sale to the property owner upon a proper and timely demand.

It is the opinion of this office that although it may be entirely proper for the excess proceeds of a tax sale to be deposited into the general fund of the County, Washoe County may not thereby extinguish any claim the property owner may have to those proceeds. To the extent that Washoe County profits from a tax sale of property over and above the statutory penalties, that amount constitutes an unconstitutional taking of property at the time a prior property owner demands the payment over of those exceeds proceeds and is refused. In the opinion of this office Washoe County is justified in retaining the surplus proceeds of a tax sale when no demand is made for payment over to the prior property owner or if the three year statute of limitations has expired. Legal treatises are in accord with this principle. See: CJS Vol. 58, Page 159, Taxation, Section 817(a); and Am.Jur.2d Vol. 72, Page 207, Taxation, Section 911:

"The surplus remaining after the sale of property and the payment of taxes, interest, and costs, belongs to the owner of the property at the time of the sale."

A random survey of the relevant provisions of law in other states discloses that many states provide by statute for the automatic paying over of the excess proceeds of a tax sale to prior owners. For example:

Iowa -

"Any surplus remaining above the taxes, charges of keeping, and fees for sale, shall be returned to the owner, and the treasurer shall, on demand, render an account in writing of the sale and charges." §446.6

Maine -

"The officer, after deducting the tax and expense of sale, shall restore the balance to the former owner, with a written account of the sale and charges." Title 36 §992

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Florida -

"After all liens for general taxes and assessments of a municipality and other taxing districts upon said property are paid in full, the balance of the purchase price shall be retained by the clerk and notice mailed to the owner of such lands, if his address be known to the clerk, that sum will be paid to him upon demand." Chapter 197, §535

Illinois -

"If the property distained shall be sold for more than the amount of the taxes and charges due, the surplus shall be returned to the person in whose possession such property was when the distress was made, if no claim be made to such surplus by any other person." Title 120, §693

Wisconsin -

"If the property so levied upon shall be sold for more than the amount of the tax and cost the surplus shall be returned to the owner thereof;" Title 10, §74.10(3)

The failure of Nevada to provide for the disposition of the excess proceeds of a tax sale of real property for ad valorem tax contrasts markedly with provisions elsewhere in Nevada law dealing with the distribution of excess proceeds of a tax sale for the collection of other type of taxes. For example, where property is sold to collect delinquent sales and use tax NRS 372.610(1) provides:

"If, upon the sale, the moneys received exceed the total of all amounts, including interest, penalties and costs due the state, the tax commission shall return excess to the person liable for the amounts and obtain his receipt."

Where property is sold for the collection of a local school support tax NRS 374.620 provides:

"If, upon the sale, the monies received exceed the total of all amounts, including interests, penalties and costs

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due the county, the Department shall return the excess to the person liable for the amounts and obtain his receipt."

It is apparent to this office that an analysis of constitutional law, a comparison of other state laws, and a comparison of other similar Nevada laws compels the conclusion that NRS 361.610(4) cannot be used to defeat the claim of the owner of property at the time of a tax sale to the excess proceeds of the tax sale. To summarily extinguish an owner's right to the excess proceeds of a tax sale would constitute an unconstitutional "taking" of private property by Washoe County.

It is the opinion of this office that to correct the constitutional infirmity in NRS 361.610(4), it is not necessary to impose an affirmative duty upon the County Treasurer to seek out prior owners in order to pay over the excess proceeds of a tax sale. It is constitutionally sufficient to simply provide by amendment that the excess proceeds will be held subject to a proper and timely demand by the property owner. The burden of coming forward to establish a claim should remain on the property owner, not the Treasurer.

RECOMMENDATION:

It is the recommendation of this office that the Nevada Legislature be advised of the existing defect in Nevada's statutory scheme regarding the deposit of the excess proceeds of a tax sale into the County treasury and that they consider amending NRS 361.610(4) along the following lines:

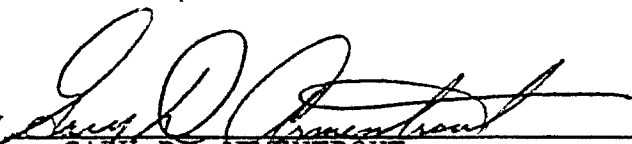
1. Authorize the deposit of excess proceeds over and above delinquent taxes, interest, costs, and penalties into the County treasury until a claim is made by the property owner.
2. Put the burden on the property owner to come forward and make claim for the excess proceeds, not upon the County to affirmatively seek out prior owners.
3. Place the burden of proof upon the property owner coming forward and making claim to the excess proceeds to establish that his claim is superior to all other potential claimants to the excess proceeds.
4. Authorize the County to pay over to the property owner (or claimant with superior claim) the excess proceeds upon a satisfactory showing of validity and superiority of the claim.

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5. Provide a specific statute of limitations or time period during which a claimant may come forward and claim the excess proceeds of a tax sale after which time the proceeds will escheat to the County and all further claims be barred.

Very truly yours,

LARRY R. HICKS
District Attorney

By 
GARY D. ARMENTROUT
Assistant Chief Civil Deputy

GDA:ph

cc: Gary Simpson

STATE OF NEVADA
LEGISLATIVE COUSEL BUREAU

LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710



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Arthur J. Palmer, *Director, Secretary*

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Ronald W. Sparks, *Senate Fiscal Analyst*
William A. Bible, *Assembly Fiscal Analyst*

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ANDREW P. GROSE, *Research Director* (702) 885-5637

April 5, 1979

EXHIBIT D

MEMORANDUM

TO: Assembly Taxation Committee
FROM: Fiscal Analysis Division
SUBJECT: State General Fund Balances

Attached is a schedule that estimates the State General Fund balances for the next biennium. This analysis uses the Fiscal Analyst revenue projections, the Governor's recommended budget and the estimated cost of A.B. 616. In addition, increases to the Governor's budget and other appropriations approved by the Assembly Ways and Means Committee are included. Other financial issues, as yet unresolved, are listed also.

Basically, two things have occurred since the committee first looked to develop a tax relief package around the estimated General Fund dollars available. First, actions by the Assembly and new fiscal issues which depart from the Governor's budget occurred which tentatively reduce the funds available. Second, assessed values officially filed with the Department of Taxation as of March 25, 1979, were three percent higher than those obtained from county assessors in a preliminary survey in January.

As you can see, actions to date by the Assembly and A.B. 616 cause the General Fund balance to dip dangerously low, especially in the first year of the new biennium. The Governor, in his budget, recommended maintaining a fund balance of about \$34,000,000 each year and Budget Division income projections, it should be noted, are about \$7,179,600 lower than those of the Fiscal Analyst. In addition, recent developments in gasoline availability casts some doubt over Nevada's economic condition in the next two years.

The fiscal issues listed on the schedule have not been deducted from the fund balances. If each one listed should be approved, the fund balance at the end of the biennium would only be \$11,238,202 well below recommended levels.

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It would seem appropriate, therefore, to consider the impact of A.B. 616 and the other tax issues before the committee in light of their impact on the General Fund and the state's budget.

Also attached is a summary comparison of the state cost of A.B. 616 and S.B. 204. As seen in this schedule, A.B. 616 provides significantly greater tax relief.

DM:ca

ASSEMBLY TAXATION COMMITTEE

Estimated General Fund Balance
as of April 3, 1979

	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>
General Fund Balance 7/1/78	\$74,805,265		
Estimated Income	\$299,094,817	\$338,922,716	\$387,480,622
Estimated Reversions	36,500,000	3,000,000	3,000,000
Total Estimated Income	<u>\$335,594,817</u>	<u>\$341,922,716</u>	<u>\$390,480,622</u>
Legislative Appropriation	\$241,376,950		
Estimated Cost 1979 Legislature	2,500,000		
Governor's Recommended Appropriation	134,991,820	\$246,095,703*	\$263,096,657*
Assembly Changes to Appropriation	601,163	1,740,000	2,878,125
Total Expenditures Before Tax Relief	<u>\$379,469,933</u>	<u>\$247,835,703</u>	<u>\$265,974,782</u>
Impact of A.B. 616	\$ 119,760	\$ 98,830,000	\$115,321,000
Estimated Fund Balance	<u>\$ 30,810,389</u>	<u>\$ 26,067,402</u>	<u>\$ 35,252,242</u>
Other Fiscal Issues:			
Error Adult Diploma Program		\$ 1,026,640	\$ 1,104,730
Error U. of N. Budget		415,139	473,531
Estimated Cost 1981 Legislature			3,000,000
Adolescent Facility	1,169,000		
S.B. 372 Tort Claim	1,500,000		
S.B. 141 Nevada Reports	75,000		
S.B. 258 Post-Retirement Increase	2,900,000		
Return County Gaming		2,700,000	2,900,000
Return Real Estate Transfer		2,500,000	2,750,000
Local Government Relief	1,500,000		
	<u>\$ 7,144,000</u>	<u>\$ 6,641,779</u>	<u>\$ 10,228,261</u>

* Adjusted for tax relief.

Note: Budget Division revenue and reversion projections are \$7,179,600 lower than the Fiscal Analysis Division and under their projection the fund balance would be that much less.

Comparison of State Costs

1979-81 Biennium

<u>State Cost:</u>	<u>A.B. 616</u>	<u>State Cost:</u>	<u>S.B. 204</u>
Food Tax	\$ 44,500,000	Food Tax	\$ 44,500,000
State 11¢	13,344,000	State 11¢	13,344,000
State 25¢	30,760,000	State 25¢	30,760,000
Schools \$1.00	125,547,000	Rebates	106,500,000
Basic Cost	<u>\$214,151,000</u>		<u>\$195,104,000</u>
Trigger	<u>12,200,000</u>	Trigger	<u>13,500,000</u>
Total Potential Cost	<u>\$226,351,000</u>	Total Potential Cost	<u>\$208,604,000</u>
 <u>Local Cost:</u>			
Food Tax	\$ 7,500,000	Food Tax	\$ 7,500,000
Household Property	<u>7,400,000</u>	Household Property	<u>7,400,000</u>
Total Local Cost:	<u>\$ 14,900,000</u>		<u>\$ 14,900,000</u>
 Total Tax Relief	<u>\$241,251,000</u>		<u>\$223,504,000</u>

Note: would have to reduce ^{*}1.36 to ^{*}1.21 (15¢) to get
AB616 down to SB204.