

Date: May 9, 1979

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MEMBERS PRESENT:

CHAIRMAN PRICE
VICE CHAIRMAN CRADDOCK
ASSEMBLYMAN COULTER
ASSEMBLYMAN DINI
ASSEMBLYMAN MANN

ASSEMBLYMAN BERGEVIN
ASSEMBLYMAN MARVEL
ASSEMBLYMAN TANNER
ASSEMBLYMAN WEISE

MEMBERS ABSENT:

ASSEMBLYMAN CHANEY
ASSEMBLYMAN RUSK

GUESTS PRESENT:

See attached guest list

A quorum being present, Chairman Price called the meeting to order. He stated that the purpose of the meeting was to hear testimony on AJR 31, AJR 32, SCR 43 and SJR 24.

Mr. Price began the meeting by calling upon Marvin Leavitt to speak on the amendment on AB 268.

AB 268

Mr. Leavit stated that the amendment to AB 268 does two things. Currently the state gets 25% of the gaming tax and if it is within the boundaries of incorporated city, the city gets 50% and the county gets the other 25%. If the tax comes from outside the boundaries of incorporated city that portion goes to the town or county. AB 268 provides that within boundaries of an incorporated city, the state gives up their 25% and that 25% would go to the county. Under the amendment the city would pick up that 25% that the state is giving up if it is within the boundaries of a city and the county would pick up that 25% if it is outside the boundaries of a city. The amendment is attached as Exhibit A.

Mr. Mann moved the committee "amend and do pass and re-refer to Ways and Means" and Mr. Tanner seconded the motion. The motion passed with Mr. Rusk, Mr. Weise, Chaney and Mr. Dini absent at this time.

AB 222

Mr. Price stated that the Senate had amended AB 222 and that he would like the wishes of the committee as to whether they concur or not with the amendment.

Mr. Mann moved that the committee recommend that the Assembly not concur in the Senate amendments and Mr. Tanner seconded the motion. The motion carried unanimously with those present.

SCR 43

Senator Jean Ford, sponsor of the resolution, spoke in support of the bill. She stated that it represented the results of a number of conservation she has had with other legislators and people that regardless of the final tax package, the public is interested in what happens to their tax dollars. She stated that she feels it is the legislature's job to inform the public of what is done. The general public has little concept at this time how their property tax rate is really put together. She explained that she had submitted a bill, SB 454, that would have required tax notice to go out. This bill was indefinitely postponed by Senate Taxation when it was discovered that there would be some real problems with it in the rural areas of the state in the form of additional costs.

Senator Ford presented a handout to the committee regarding various forms of tax bills that are issued throughout the county. This is attached to these minutes as Exhibit B. Since looking into this Senator Ford has discovered that both Carson City and Washoe County do breakdown their tax statement as to what it is used for. Clark County does not do this however. In most cases the mortgage company gets the tax bill and the owner of the property never sees what the breakdown is. This resolution would simply encourage the counties that are not now presently giving this information on a bill to do so, so that the general public would have some idea what his property tax dollar was being used for.

Senator Ford stated that it would be well in the interest of the legislators and the general public for each entity to consider putting out some kind of information. It would be in the interest of the legislature for the Legislative Counsel Bureau under the direction of the joint Tax Committees to put out some basic information on what comes out of the session.

She stated that there is an amendment that she has requested which would put in a final resolve that the Legislative Counsel Bureau send it to each county commission in the state upon passage. This needs to be here so that it would in fact go out to elected county commissioner.

Mrs. Ford stated that she would also like to eventually see the mortgage companies be required to pass on tax billing information as to what the breakdown is.

Mr. Mann stated that his concern was the with the spending caps being considered the counties will be loosing some money and yet the legislature would turn around and encourage them to spend additional money on a new project. He stated that he felt that they must be very careful in not burdening them with any additional expenditures.

Mrs. Ford replied that they presently have to send out a tax bill and this would be just giving additional information on the bill.

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Mr. Mann further stated that he would like to see the mortgage companies etc. be made to furnish this information and information on what their impounds were being used for.

Mr. Mann added that if the idea is so good then the word encourage should be dropped and just tell the counties to do it. The word encourage doesn't do a thing.

Senator Ford continued that resolutions can be of positive value and the passage of this one would allow each legislator to take it to their own county and personally present it on an agenda of a county commission meeting. By leaving the word encourage in it would add no mandatory fiscal burden, but would leave it flexible to be handled by each county in the manner they may see fit.

Gary Milliken, Clark County Assessor's Office, stated that he was speaking on behalf of the Clark County Treasurer, who stated that it would cost them about \$15,000 to convert to the larger size tax bill that this would require.

Charles Sheeron, Pershing County Assessor, stated that they have just gotten on computer through State Data Processing center and that they are going to put this information on their tax bills. Churchill County will also be doing it and Lyon County is contemplating going onto the system and also doing this. This is a simple procedure once they are on the computer system.

Mr. Mann stated that if everybody is doing it already, why does the legislature need to encourage? Mr. Sheeron stated that there are some that are not going to do it but they could.

Mr. Mann added that he had some real concerns about state government going down and tell the local county commission this type of thing.

AJR 31

Mr. Price explained that this was a resolution requested by the committee as a result of previous hearings. There was no one present to further testify on this.

AJR 32

This also is a result of previous hearings and there was no one present to add any additional information on the resolution.

SJR 24

Vernon Bennett, Executive Officer of the Nevada State Public Employees Retirement System, spoke in support of SJR 24. He presented a letter to the committee for their information. A copy of this letter is attached as Exhibit C. Mr. Bennett explained that Senator Raggio had asked him to come and speak to the committee on his behalf.

Mr. Mann moved for a "do pass" on SJR 24 and Mr. Dini seconded the motion. The motion carried unanimously with Mr. Rusk, Mr. Chaney and Mr. Weise absent at this time.

SCR 43

Mr. Mann moved for "indefinite postponement" and Mr. Marvel seconded the motion. The motion carried with Mr. Price, Mr. Coulter and Mr. Craddock opposed and Mr. Rusk, Mr. Weise and Mr. Chaney absent. Mr. Craddock stated that he felt that it was easier to encourage the county commissioners then to memorialize Congress and probably would have more effect.

AJR 31

Mr. Mann moved for "do pass" and Mr. Tanner seconded the motion. The motion carried with Mr. Craddock and Mr. Dini opposed and Mr. Rusk, Mr. Weise and Mr. Chaney absent. Mr. Craddock stated that this would eliminate the flexibility that may be needed because of present and future shortages such as gas. He added that the Tax Commission could exceed the rate and thus the resolution was meaningless.

Mr. Mann stated that this is more of a strategy situation that will allow the next session of the legislature to decide on the issue based on those current facts.

AJR 32

Mr. Weise moved for "do pass" and Mr. Mann seconded the motion.

Mr. Price stated that he would like to have the Chairman of Ways and Means talk to the committee regarding this. He stated that he would asked Mr. Mello about the resolution and the motion was withdrawn.

AB 440

Mr. Price stated that he had been asked to bring AB 440 up for reconsideration. Mr. Mann stated that he would be somewhat hesitant about bringing this up again and putting it out on the floor as it would open the issue up to amendments to take off sales tax on eyeglasses. This could cost the state \$2,000,000 in sales tax.

Mr. Dini moved for reconsideration of AB 440 and Mr. Weise seconded the motion. The motion carried with Mr. Mann opposed and Mr. Rusk and Mr. Chaney absent at this time.

Mr. Price then gave Harold Myers the oppotunity to present some addition information on the bill.

Harold Myers, representing the Nevada Board of Dispensing Opticians, stated that there was a real inequity in this issue. This is costing the opticians money because of the loss of

customers due to this tax. Opticians must charge sales tax on an identical pair of glasses that is sold by an optometrists with no sales tax. California had a similar situation. However, instead of being changed by the legislature the state was sued and that tax was removed. The opticians of this state do not want to have to take this method and they would like to see some honest legislation take care of this inequity. They have been living with it not because they want to but because they have been unable to get anything else done.

Mr. Craddock wondered if it wouldn't be possible to do this without an election. Roy Nickson, State Taxation Department, stated that the sales and use tax cannot be amended without the vote of the people.

Mr. Price pointed out that perhaps the optometrists should be given an opportunity to speak on the issue before any action is taken.

Mr. Meyers stated that they also would support AB 33 which would exempt all eyeglasses but that the main thing they wanted was inequity in the issue.

Mr. Tanner moved for "indefinite postponement" of AB 440 and Mr. Mann seconded the motion. The motion failed on a vote of 3-5 (Bergevin, Coulter, Craddock, Dini and Weise opposed and Chaney absent).

Mr. Tanner pointed out that he had misunderstood the what they were reconsidering. He thought that it was taking off sales tax on eyeglasses and not putting it on.

Because of confusion as a result of fiscal notes, Mr. Price stated that he would like to hold off on this until a later meeting.

AB 3 and AB 367

Mr. Price stated that he had also been asked to bring these two bills up for reconsideration.

Mr. Mann stated that he really was "disappointed" to see this brought up. This is an issue that Mr. Mann is very concerned with and that based on the actions of this session that there is not enough money with the tax package to pass this at this time. He stated that he was definitely for this bill but not at this time and that the tax package is a lot more important because the veterans would be in much worse position if Question 6 were to pass.

Mr. Coulter moved for reconsideration of AB 3 and AB 367 and Mr. Dini seconded the motion. The motion failed with only Mr. Coulter and Mr. Dini in favor and Mr. Rusk and Mr. Chaney absent.

AB 773

Mr. Mann stated that he could see no reason for holding this bill and he would therefore move "do pass". Mr. Tanner seconded the motion. The motion passed unanimously with Mr. Rusk and Mr. Chaney absent.

Mr. Tanner reported on the renter pass-through. He stated that they had looked into the California program and determined that it was "piece of junk". There is only one thing that they even would consider and that was not going 100% pass-through but allowing 5% or 10% for the landlord and 90% pass-through.

Mr. Tanner continued that he was thinking of proposing was that instead of requiring landlords to receipt every rent that they only be required to receipt the first one to give the 1978-79 comparison and require it when there is a change in rent or taxes or when a new tenant comes in.

AB 440

At this point, Mr. Dini moved for "indefinite postponement" of AB 440 and Mr. Bergevin seconded the motion. The motion carried with Mr. Craddock opposed and Mr. Chaney and Mr. Rusk absent.

AB 129

Mr. Tanner explained that if this bill was passed it would require substantial amendments. He added that from what they were able to ascertain there really it not much demand for it.

Mr. Tanner went through the parts that would have to be amended which include:

- Page 1, lines 9 & 10 will come out
- line 13 will have to changed
- Page 2, line 28 will have to be amended
- line 36 interest should be increased from 6% to 8%
- lines 39-40-41 should be amended to allow longer then 6 months to pay it off. It should go with lien law - 5 year period.
- 3, line 4 fuzzy language should be corrected.
- 5, any rebates (AB 111) they get would not be paid but would be credited to the tax lien against the property

Mr. Tanner continued that the bill is open ended in terms of income level and perhaps the same income brackets should be placed into it as are in AB 111. AB 773 has a better definition of what income is and could be amended into the bill.

Mr. Tanner stated that the problem is that he has found no one that would be interested in using this deferred tax system.

Mr. Dini stated that the kicker in this was found on page 2, line 45 which dips into state funds.

Mr. Tanner also added that they cannot nail the amount of money it could cost down to a figure.

Mr. Dini moved for "indefinite postponement" and Mr. Mann seconded the motion. The motion passed with Mr. Craddock, Mr. Coulter and Mr. Weise opposed and Mr. Chaney and Mr. Rusk absent.

Mr. Price stated that he had asked some of the county assessors to come and speak to the committee regarding annual reappraisals.

Gary Milliken, Clark County Assessor's Office, presented a paper on the proposal which is attached to these minutes as Exhibit E.

He explained that this impact statement is one that they prepared for Senator Kosinski earlier in the year. This would assume that it is going to be done all in one year. It would not be phased in over a period of time. To do it immediately, they have to bring 80% of the property up to where they would be at in one year. This accounts for the high cost shown. This would be approximately 130,000 parcels in one year. Mr. Milliken stated that he had talked to Senator Dodge, who was the person who had asked for this yearly reappraisal and he had talked about implementing it over a 5 year period. If this were to be done over a 5 year period of time the cost factor would be much different.

Mr. Milliken continued that they would have to go to factoring to do yearly reappraisal. They would no longer go out and visit homes as this would all be done on the computer.

Mr. Marvel inquired if they crank a depreciation factor into the computer. Mr. Milliken stated that they could and some of the areas they could be doing this year could be going down. Another thing with annual reappraisal is how big an area do they study to apply the factor to.

Homer Rodriguez, Carson City Assessor, presented an annual reappraisal cost estimate. This is attached to these minutes as Exhibit F. He stated that there would be some problems especially with commercial property unless there is a factor used. He stated that he was not sure if that was within the law or not.

Mr. Milliken stated that he had talked with the assistant assessor of Los Angeles, who stated that their biggest problem is with the commercial property because they still do those individually and they have alot of problems with the single family houses that are rented out because they were told to consider those as commercial property. They are presently on a 3-year cycle.

Mr. Rodriguez continued by stating that he had talked to some of the other assessors and Douglas County Assessor stated that there was no way that they could do yearly reappraisals; Churchill County would need 15 more appraisers, 2 clerks, equipment and office space and it would cost them \$201,600; Mineral County reminded him that a meeting of the county assessor's had discussed this and most assessors had decided that they could do it every 3 years but not every year.

Charles Sheeron, Pershing County Assessor, stated that there would be problems, it would take several years to implement, computers would be necessary or else it couldn't be done.

Don Peckham, Washoe County Assessor, stated that they have gotten into a computer assisted appraisal system rather than a factoring system. They got about \$106,000 out of state a few years ago and they implemented it, which ultimately will allow them to appraise all houses annually and do a full appraisal on them without factoring. The next problem would be commercial property. It cost approximately \$600,000 to implement the computer assisted appraisal system for single family residences. When it's completed Mr. Peckham stated that he would like to go to some type of system for commercial property. They have to go into income on these.

Roy Nickson, State Department of Taxation, stated that one of Senator Dodge's concerns is the fact that the Tax Commission is now required to annually assess interstate and inter county properties, airlines, light and power companies, etc. Senator Dodge felt that there was probably some inequity there and all property should be reappraised yearly.

Mr. Price stated that he would talk to Senator Dodge about what had been presented to the committee at this meeting.

Mr. Price also pointed out that Mr. Milliken had submitted some further information on split roll assessments for the committee's consideration. This is attached to these minutes as Exhibit G.

Also attached to these minutes as Exhibit H is a copy of a statement from John F. McMahon, President of The Volunteers of America in reference to SB 162.

As there was no further business to discuss, Chairman Price adjourned the meeting, subject to the call of the Chair.

Respectfully submitted,

Sandra Gagnier
Sandra Gagnier,
Assembly Attache

1979 REGULAR SESSION (60TH)

ASSEMBLY ACTION	SENATE ACTION	Assembly	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to <u>Assembly</u>	
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Bill No. <u>268</u>	<u>Joint</u> Resolution No.
Date:	Date:	BDR <u>32-1057</u>	
Initial:	Initial:	Proposed by <u>Committee on Taxation</u>	
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>		
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>		
Date:	Date:		
Initial:	Initial:		

Amendment N^o 633



Amend section 1, page 1, line 2, by inserting "1." before "The".

Amend section 1, page 1, line 6, by deleting closed bracket.

Amend section 1, page 1, line 8, after period by inserting closed bracket and: "to the county treasurer, who shall in Carson City, and in any county where there are no incorporated cities, deposit them all in the general fund, and in other counties deposit 25 percent of them in the general fund and apportion the remainder as follows:

(a) If there is one incorporated city in the county, between that city and the county general fund in proportion to the respective populations of the city and the unincorporated area of the county.

(b) If there are two or more cities in the county, among the cities in proportion to their respective populations.

2. For the purposes of this section, population is determined by the last preceding national decennial census conducted by the Bureau of the Census of the United States Department of Commerce pursuant to section 2 of Article I of the Constitution of the United States."

To: E & E
LCB File
Journal
Engrossment
Bill

Date 4-16-79 Drafted by FWD:iw

Amend the bill as a whole by renumbering sections 2 and 3 as sections 3 and 4 and inserting a new section designated section 2, following section 1, to read as follows:

"Sec. 2. NRS 375.100 is hereby amended to read as follows:

375.100 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."

Amend section 3, page 4, by deleting line 5 and inserting:

"Sec. 5. Chapter 463 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. The sheriff shall collect all county license fees, and no license".

Amend section 3, page 4, line 18, by deleting "4." and inserting "2.".

Amend section 3, page 4, line 22, by deleting "50" and inserting "25".

Amend section 3, page 4, line 23, by deleting "50" and inserting "75".

Amend section 3, page 4, line 27, by deleting "50" and inserting "25".

Amend section 3, page 4, line 28, by deleting "50" and inserting "75".

Amend the title of the bill to read:

"AN ACT relating to public revenue; allocating the entire proceeds of the real property transfer tax and county gaming license fees to local governments; imposing a liability upon county recorders; and providing other matters properly relating thereto."

CARSON CITY TAX BILL — FISCAL YEAR 1977-1978

VAUGHN L. SMITH, CARSON CITY TREASURER
138 E. LONG STREET
CARSON CITY, NEVADA 89701

DISTRICT-(1.0)

No. 668

ASSESSED TO .

CAMPBELL, EILEEN H
130 LAKE GLEN DR
CARSON CITY NV 89701









DESCRIPTION OF PROPERTY			VALUATION			
ROLL NUMBER	PARCEL NUMBER	EXEMP CODE	REAL ESTATE	IMPROVEMENTS	PERSONAL PROPERTY	TOTAL VALUATION
668	3-311-46-0	2	2,100	17,820	890	19,810
REMITTANCE RECORD				DESCRIPTION	RATE	AMOUNT
1st PMT.	2nd PMT.	3rd PMT.	4th PMT.			
			JUN 21 1978	STATE	.2500	49.53
				COUNTY	2.7090	536.64
				SCHL DIST	1.8700	370.45
				SUB-CONSRV	.0000	.00
			957.59	CC GENERAL	.0000	.00
			AC	EAGLE VLY	.0049	.97
CHECK REVERSE SIDE FOR DUE DATE AND PENALTIES						
1ST PAYMENT DUE	2ND PAYMENT DUE	3RD PAYMENT DUE	4TH PAYMENT DUE	TOTAL DUE		
JULY 3, 1978	OCTOBER 2, 1978	JANUARY 2, 1979	MARCH 5, 1979			
240.14	239.15	239.15	239.15	957.59		

1041

Exhibit B

1967 GENERAL FUND



WHERE THE MONEY WILL COME FROM...

-  **PROPERTY TAXES**
65.82% \$12,028,256.02
-  STATE DISTRIBUTION FOR LOCAL AID, INCOME, CORP. ORATION, LOCAL & 20% SALES AND USE TAXES
15.39% \$2,815,140.50
-  STATE DISTRIBUTION FOR LOCAL AID TO SCHOOLS - 80% OF SALES AND USE TAXES
3.01% \$552,056.33
-  MOTOR VEHICLE EXCISE TAXES
8.09% \$1,479,566.41
-  LICENSES, FINES and GENERAL GOVT.
.74% \$134,912.33
-  SCHOOLS, RECREATION and LIBRARIES
.19% \$34,132.24
-  PUBLIC SERVICE ENTERPRISES (WATER and CEMETERIES)
4.88% \$892,935.36
-  SPECIAL ASSESSMENTS
.81% \$110,802.63
-  PROTECTION of PERSONS and PROPERTY
.32% \$57,977.35
-  WELFARE and INFIRMARY
.57% \$103,444.46
-  INVESTMENT INCOME
.38% \$70,293.24

TOTAL 1967 REVENUE
\$18,289,517.78

CITY AUDITOR: GEORGE C. GALLITANO

WHERE THE MONEY WILL GO...

-  HIGHWAYS
4.28% \$775,090.88
-  CHARITIES
7.02% \$1,282,865.40
-  PENSIONS
4.15% \$760,186.05
-  GENERAL GOVERNMENT
3.46% \$622,589.49
-  PUBLIC SERVICE ENTERPRISES (WATER and CEMETERIES)
2.32% \$425,066.60
-  GROUP HOSPITAL, MEDICAL & LIFE INSURANCE
.86% \$158,500.00
-  DEBT SERVICE (NOT INCLUDING SCHOOLS)
5.61% \$1,025,740.00
-  STATE, COUNTY and METROPOLITAN ASSESSMENTS
9.14% \$1,673,167.29
-  TAX ABATEMENTS
2.21% \$403,986.96
-  HEALTH and SANITATION
4.83% \$883,053.14
-  LIBRARIES, PARKS, RECREATION, ETC.
2.36% \$432,840.26
-  PROTECTION of PERSONS and PROPERTY
14.92% \$2,730,144.71
- | | | |
|----------------------|-------------------|----------------------|
| Schools: | DEBT SERVICE: | TOTAL: |
| REGULAR: | | |
| 33.14% \$6062,126.24 | 235% \$612,286.25 | 3649% \$6,674,512.49 |
-  RESERVED for UNFORESEEN APPROPRIATIONS
.82% \$150,000.00
-  PUBLIC VEHICLE MAINTENANCE
1.53% \$280,765.51

TOTAL 1967 APPROPRIATIONS
\$18,289,517.78

ALLOCATION
OF 1964
TAX REVENUE

EXAMPLE
CHICAGO
PARCEL

COUNTY 7%
SANITARY DISTRICT 5.7%
PARK DISTRICT 7%
FOREST PRESERVE 1%
BOARD OF EDUCATION 42.1%
CITY 37.2%

ALLOCATION
OF 1964
TAX REVENUE

EXAMPLE
SUBURBAN
PARCEL

NORTH SHORE MOSQUITO ABTMT. 0.2%
NORTH EAST PARK DISTRICT 1%
COOK COUNTY 7.1%
FOREST PRESERVE 1%
TOWNSHIP 0.2%
SUBURBAN T.B. SANITARIUM 0.9%
GENERAL ASSISTANCE 1.4%
EVANSTON CITY GOVERNMENT 17.9%
SANITARY DISTRICT 5.8%
EVANSTON TOWNSHIP HIGH SCHOOL 24.1%
EVANSTON ELEMENTARY SCHOOLS 40.4%

Ex. B.

Examples of 1978 and 1979 combined Property Taxes paid by city of Milwaukee residents

Units of Government	1976 Tax Rates ¹	1977 Tax Rates ¹	1978 Tax Rates ¹	1979 Tax Rates ¹
City Government ²	\$14.38	\$14.70	\$13.94	\$12.00
School Board	18.41	18.77	18.40	16.68
County Government	6.11	5.78	5.48	4.44
Technical College (MATC)	1.73	1.80	1.66	1.54
Sewerage Commission ³	1.79	2.26	2.42	1.38
TOTALS	42.42	43.31	41.90	36.04
Less State Tax Credit	7.40	6.89	6.72	6.60
Net Rate Paid	\$35.02	\$36.42	\$35.18	\$29.44

¹ Tax Rates for years prior to 1979, for comparative purposes, have been computed on the basis of 98.58% of equalized value, the 98.58% being the final ratio of assessed to equalized value for 1979.
² Includes School Debt Service (\$1.30 in 1979)
³ Includes Metropolitan Sewerage Commission (66¢ in 1978)

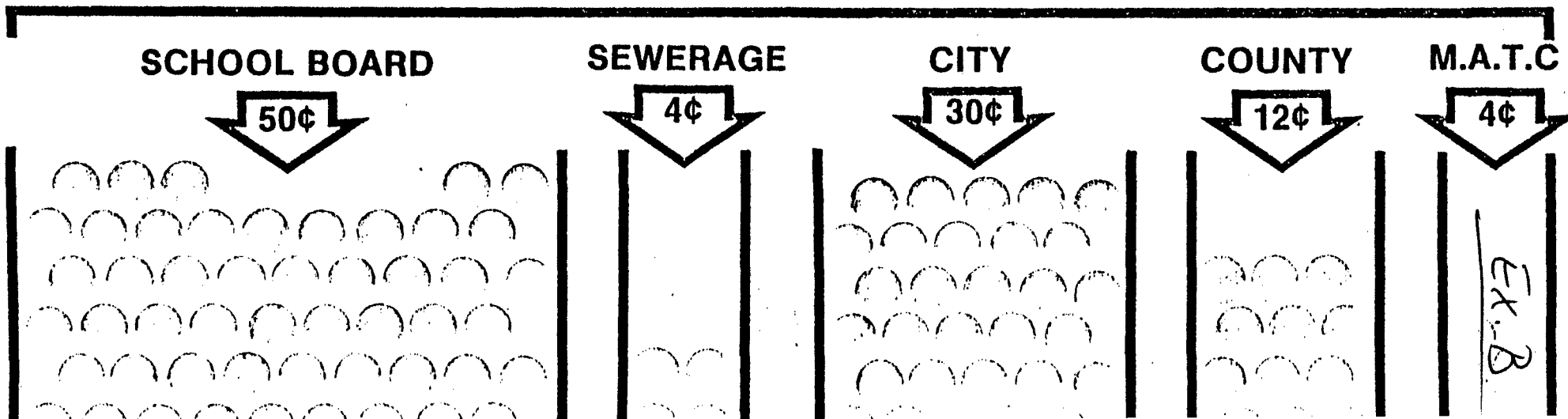
Property Assessments	1978 Tax	1979 Tax
\$20,000	\$ 918	\$ 589
30,000	1378	883
40,000	1837	1178
50,000	2297	1472
60,000	2756	1766
70,000	3215	2061
80,000	3674	2355

5 GOVERNMENTS LEVY TAXES

Under state law, the City Treasurer is required to collect the taxes levied by the Milwaukee School Board, the Milwaukee County Board of Supervisors, the Milwaukee Area Technical College Board, the Sewerage Commission, and the Milwaukee Common Council.

This year, only 30% of the combined property taxes will be returned to the city. The remainder — 70% of your tax bill — has been levied by other units of government and will be returned to them.

All property in the city of Milwaukee was reassessed during 1978. Owners of properties with assessment increases of 56% will pay approximately the same amount of property tax in 1979 as in 1978. Assessment increases of less than 56% will mean a property tax decrease; more than 56%, a property tax increase.



The city has cut its share of property taxes

	1977	1978	1979
Total City Property Tax	\$105,591,857	\$106,554,943	\$ 99,694,938
Less: City Levy for School Debt (under total control of School Board)	<u>-10,789,940</u>	<u>-12,049,410</u>	<u>-10,822,957</u>
Property Tax Levy for City Purposes only	\$ 94,801,917	\$ 94,505,533	\$ 88,871,981

1978: A city Property Tax cut of \$300,000

1979: A city Property Tax cut of \$5.6 million

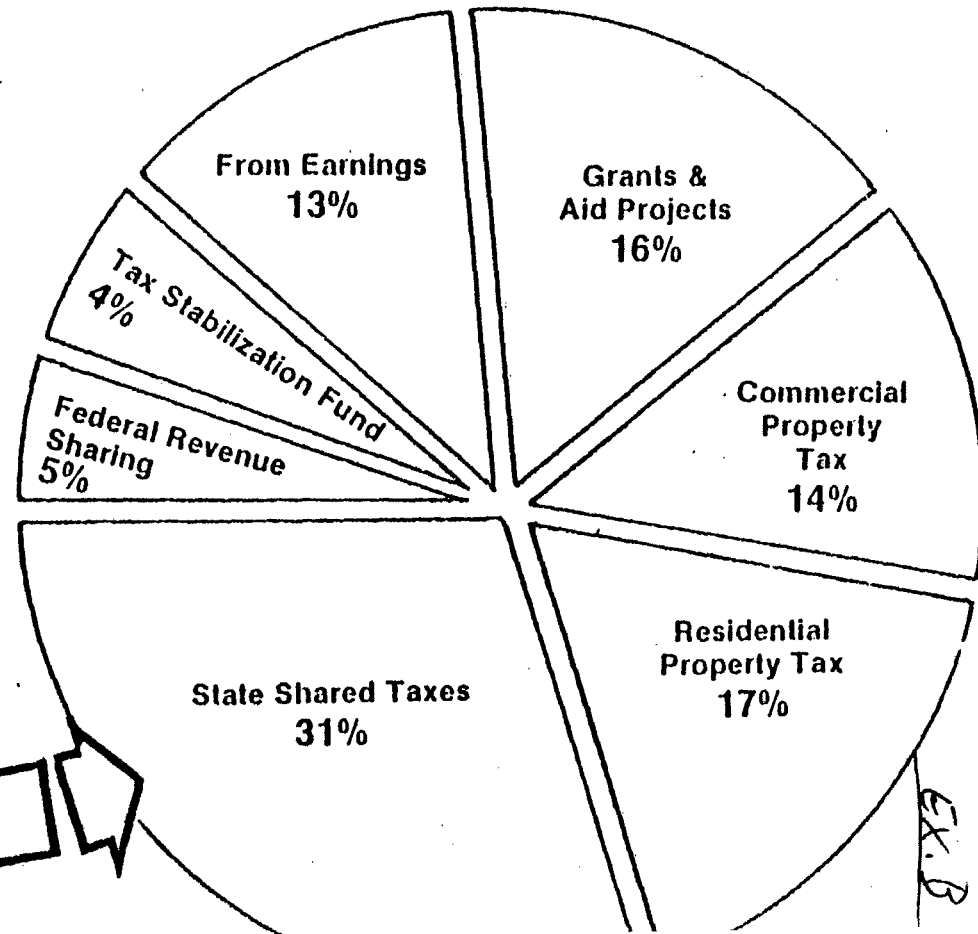
Legislators helped to lower the city Property Tax in 1979.

Record State Shared Tax revenues of \$71 million - \$13 million more than last year - were gained by the city through the efforts of Milwaukee legislators and helped cut property taxes for 1979.

In addition, the Milwaukee Legislative Delegation successfully pushed for enactment of a 10% (\$100 maximum) tax cut rebate for homeowners and granted renters a flat \$40 rebate, effective when filing 1978 income tax returns.

Where does the money come from?

Property taxes are just part of what the city uses to provide services to Milwaukee residents. In fact, 1979 property taxes make up just 31% of the revenues used by the city to finance its operations. Most of the city's budget comes from non-property tax sources described below:



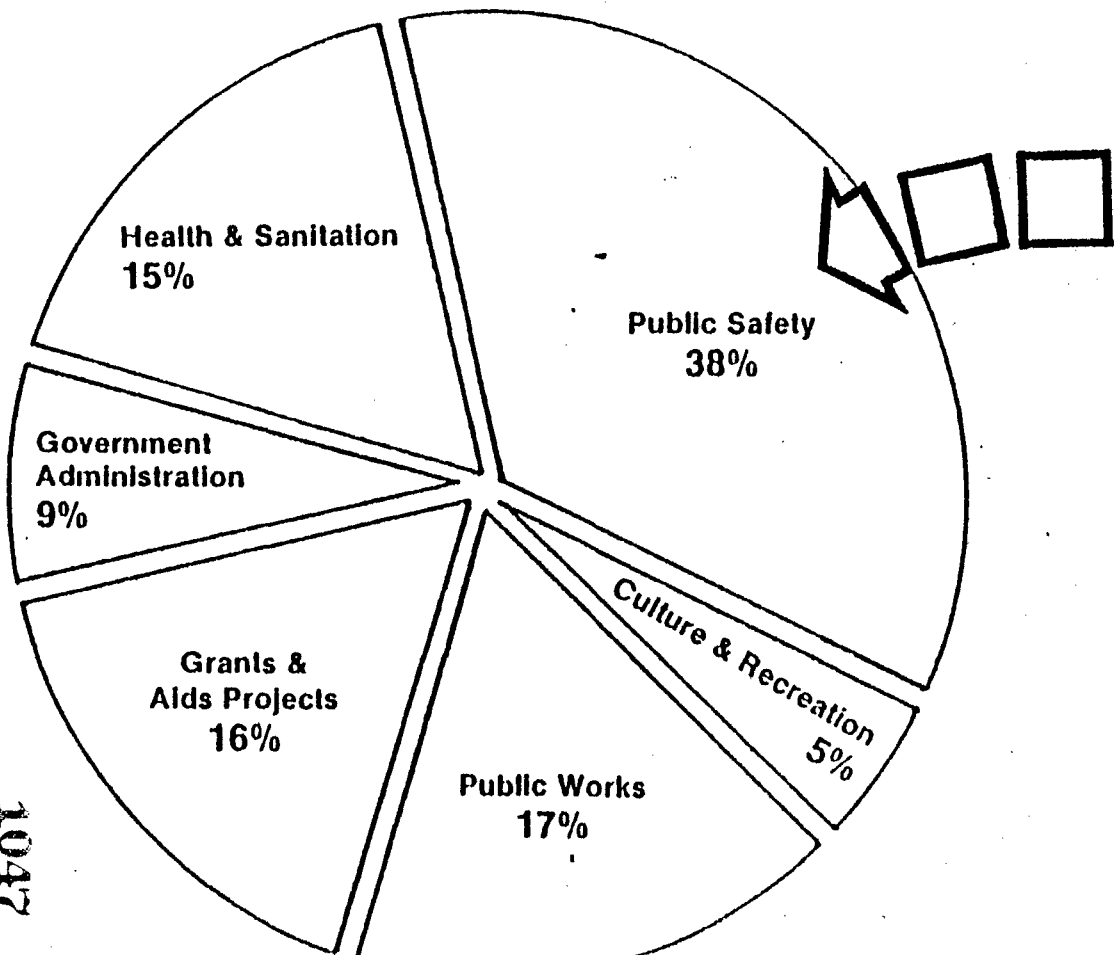
EX. B

City services you buy with your tax dollar

Every \$1.00 you pay in Milwaukee property taxes finances \$3.09 worth of city services. The largest service category is public safety; and, as shown in the accompanying tables, the city will spend more on public safety services than it will collect from 1979 property taxes.

Property taxes: just 31% of the cost of services is provided by your property tax.

1979 VALUE OF CITY SERVICES
\$287 MILLION
CITY SHARE OF PROPERTY TAX
\$88.9 MILLION



Public Safety \$109 million	Police Protection Fire Department Civil Defense Traffic Control	Building Inspection Paramedics Safety Commission
Public Works \$47.2 million	Engineers Street Lighting Public Buildings Bridges and Viaducts Forestry	Street Construction & Maintenance Traffic Engineering Harbor Commission
Health & Sanitation \$44 million	Health Department Sewer Construction & Maintenance	Garbage Collection & Disposal
Government Administration \$25.4 million	Common Council, Mayor Treasurer City Clerk City Service Tax Department Public Debt Commission Board of Review Election Commission	Comptroller Attorney Budget City Development Board of Purchases Board of Assessment Community Development
Culture & Recreation \$14.3 million	Library Holiday Celebrations Auditorium and Arena	Art Center International Folk Band Convention Center
Grant & Aid Projects \$47 million	Portion of Grant and Aid Projects Financed by Grant and Aid Revenues (Community Development, Concentrated Employment Act, etc.) City share of cost included in preceding classifications.	

ELBERT B. EDWARDS
CHAIRMAN EMERITUS

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569

CARSON CITY, NEVADA 89701

TELEPHONE (702) 888-4200

Exhibit C

RETIREMENT BOARD

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May 9, 1979

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

Dear Assemblyman Price:

HR 9346 of 1977 established definite, regular contribution increases for Social Security. It also included a provision that beginning in 1981 the surviving spouse of a member eligible to draw benefits under both Social Security and a public retirement system would have the Social Security benefit offset by the amount paid under the public retirement system. In many cases, this will totally eliminate the Social Security benefit that was earned and paid for. This "offset provision" applies only to public retirement systems. There is no offset for additional benefits earned in a private retirement system. This amendment was tacked on to the bill by the Ways and Means Subcommittee on Social Security immediately after public retirement systems were successful in passing the Fisher Amendment which eliminated mandatory Social Security coverage for public employees beginning January 1, 1982 and established a two year study instead. It appears that this amendment was added as a way to get back at public retirement systems. We feel that the provision is very discriminatory. Therefore, the Retirement Board has taken a position to support HR 2140 by Congressman Chalmers P. Wylie which would repeal the offset provision. We have written letters to the Nevada Congressional Delegation regarding our position and received indications of support from our three members of Congress. Although the Retirement System did not request this resolution, we think it addresses a discriminatory situation between Social Security and public retirement systems. Therefore, we urge your favorable consideration.

Sincerely

Vernon Bennett

VERNON BENNETT
Executive Officer

VB:bb

FISCAL IMPACT:

This office presently has approximately 157,000 parcels to maintain. With the present staff, we are valuing approximately 60,000 parcels annually. Approximately 30,000 of the 60,000 valued annually are because of new construction or land subdivisions. New construction and new land subdivisions have to be valued each year whether on an annual or five-year reappraisal cycle. This leaves approximately 30,000 parcels valued annually due to the five-year reappraisal cycle. Annual reappraisal will require us to value approximately 127,000 parcels annually (157,000 - 30,000 new construction and land subdivisions) an increase of approximately 97,000 parcels.

Under the present system the appraisers visit every parcel scheduled for revaluation. Going to annual reappraisal we cannot maintain this approach without dramatic increases in staff. Therefore, this fiscal impact is based upon visiting one-half of the properties each year with a multiplying factor placed on the other one half each year. This factor will have to be derived in office from annual sales increases or annual cost increases. Factors have an inherent problem in that an error in the appraisal is multiplied in using a factor which would be alleviated when visited. We have worked long and hard to build some credence in our valuation process, and we are afraid the factor could destroy it.

The following chart for additional appraisers is based upon one half visitation/ one half factoring, and takes into account increasing the present computerized assisted appraisal program.

The commercial appraisal area is a particularly heavily impacted area since the income approach must be applied and it is a very difficult aspect to computerize.

<u>APPRAISER PERSONNEL</u>	<u>PRESENT NUMBER</u>	<u>NEEDED FOR ANNUAL REAPPRAISAL</u>	<u>AMOUNT OF INCREASE</u>
Residential field appraisers	14	20	+6
Vacant land field appraisers	3	8	+5
Commercial field appraisers	6	15	+9
Computer Asst. App. Program appraiser	1	4	+3
Supervisory appraiser	2	4	+2
	<u>26</u>	<u>51</u>	<u>+25</u>

(see note following page)

NOTE: The increase in supervisory appraisers is a proportional increase to the present ratio of appraiser-to-supervisor. The three additional computer assisted appraisers are those needed to develop the multiplying factors.

CLERICAL Personnel

The present ratio of clerks to field appraisers is .85. Applying this same ratio to 20 additional field appraisers, the additional clerks needed for appraisal support is 17 (20 x .85).

Since annual reappraisal requires an update to all records each year, instead of having only a portion of them updated, the additional clerical staff required to do this is 14 additional clerks; a total of 31 clerks.

CAPITAL FOR DESKS AND MISCELLANEOUS SUPPLIES

25 appraiser desks	@	\$220	=	\$5500
25 appraiser chairs	@	\$ 70	=	1750
10 calculators	@	\$340	=	3400
31 clerical desks	@	\$350	=	10850
31 clerical chairs	@	\$ 80	=	2480
56 new emp. misc. sup.	@	\$ 50	=	2800
25 appraiser education courses	@	\$200	=	5000
20 appraisers mileage (average appraiser mileage per year is 4000 @ .17/mile)			=	<u>13600</u>
TOTAL				\$45,380

OFFICE SPACE

Our office is presently to maximum capacity, therefore, additional office space would have to be rented. If we assume 100 square feet of working area per employee, the needed space is 5600 square feet (56 employees x 100 Sq. ft.). If the county can rent space @ .50/sq. ft. the cost will be (5600 x .50 x 12 mo.) = \$33,600.

ADDITIONAL COMPUTER COSTS

County data processing personnel has estimated this to be: \$44,000.

Another aspect of annual reappraisal we would like to emphasize is that a taxpayer pays more taxes on an annual reappraisal cycle as opposed to a five-year cycle. Below is a house with a beginning value of 50,000 appreciating 12% per year, with a 20% assessment ratio and a \$5.00/100 tax rate.

<u>ANNUAL REAPPRAISAL</u>			<u>FIVE-YEAR REAPPRAISAL</u>		
<u>YEAR</u>	<u>HOUSE VALUE</u>	<u>TAXES</u>	<u>YEAR</u>	<u>HOUSE VALUE</u>	<u>TAXES</u>
1	50,000	\$500	1	50,000	\$500
2	56,000	\$560	2	"	"
3	67,200	\$672	3	"	"
4	70,250	\$703	4	"	"
5	78,675	\$787	5	78,675	\$787
6	88,117	\$881	6	"	"
7	98,690	\$987	7	"	"
8	110,535	\$1105	8	"	"
9	123,800	\$1248	9	"	"
10	138,653	\$1386	10	138,653	\$1386
TOTAL TAXES FOR 10 YRS. \$8829			\$7321		

IN 10 YEARS A DIFFERENCE OF \$1508 (8829 - 7321) OR 21% MORE TAX IS PAID IN THE 10 YEAR PERIOD.

ANNUAL REAPPRAISAL COST ESTIMATE
CARSON CITY, Nevada
as of 5/8/79

The following costs are in addition to existing budget for the operation of the Carson City Assessors Office:

Personnel	\$ 25,500.00
Equipment Costs	3,740.00
Misc. Costs	3,687.50
Data Processing	<u>22,600.00</u>
 Total	 <u>\$ 55,527.50</u>

Breakdown of above

<u>Personnel</u>	Appraiser I Staff Position*	\$ 15,000.
	Clerk/Secretary Position*	<u>10,500.</u>
	*incl. fringe benefits	<u>\$ 25,500.</u>

<u>Equipment Costs</u>	TI 745 Data Terminal	\$ 2,100.
	Modum \$35. p/month	420.
	Desk and Chair	600.
	Calculator	250.
	Misc. office supplies	<u>100.</u>
		<u>\$ 3,740.</u>

<u>Misc. Costs</u>	Phone Line	420.
	Telephone extension	180.
	Additional office space	2,250.
	Office Furniture	400.
	Aerial Mapping	<u>2,500.</u>
		<u>\$ 5,750.</u>

<u>Data Processing Costs</u>	Computer update runs	\$ 3,600.
	Time Share Program (Marshall & Swift)	14,000.
	Development (New programs)	<u>5,000.</u>
		<u>\$ 22,600.</u>

RESEARCH AND INFORMATION SERIES



Research and Technical Services Department
International Association of Assessing Officers
1313 East 60th Street, Chicago, Illinois 60637

Classified Property Tax Systems

Exhibit G
in the U.S.

April 1979

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A classified property tax system is a scheme in which various classes of property are either assessed for tax purposes at different established percentages of market value or taxed at different established rates. The objective of classification is to influence the proportion of taxes allocable to each of the various classes. Residential and farm properties ordinarily constitute the most-favored classes, while business properties usually comprise the least-favored.

Nine states and the District of Columbia have comprehensive classified property tax systems. These are (with the date of implementation): Minnesota (1913), Montana (1917), Arizona (1968), Alabama (1972), Tennessee (1973), South Carolina (1976), Louisiana (1978), District of Columbia (1979), and Massachusetts (1980). West Virginia (1934) achieves much the same by applying different levy rates to different property types. Hawaii (1961), which really has a graded property tax, achieves something of the effect of a classified system with its assessment practices and different levy rates; however, by 1980, all real property in Hawaii will be taxed at the same rate. In 1971, Illinois amended its constitution to allow counties of 200,000 or more to adopt their own classification schemes, and in 1973 Cook County (Chicago) did so. In addition, legislation or constitutional amendments to adopt classification have been introduced from time to time in a number of states. Twenty-seven states have implemented at least partial classification schemes, usually for tangible and intangible personal property. In many cases, these systems involve the use of different levy rates rather than assessment at varying percentages of value.

Alabama, Illinois, Louisiana, Massachusetts, Minnesota, South Carolina, and Tennessee found it necessary to adopt constitutional amendments in order to implement classification. Some states have constitutional authority to classify property, but have only done so with certain kinds of property, e.g., Missouri and South Dakota.

ASSESSMENT LEVELS BY PROPERTY TYPES

It is generally conceded that business properties are often assessed at higher levels than real property in general, and it appears, at least in recent instances, that classified property tax systems are designed to give legal foundation to existing practices.

Just how large the differences are in overall assessment levels applied to business and other real property is hard to say. The 1977 Census of Governments reports an aggregate assessment-sales ratio for commercial and industrial property of 34.6 percent as compared to a ratio of 31.3 percent for all types of property.^{2/}

^{1/} This report combines and updates two previous publications—"Classified Property Tax Systems in the U.S.", Research and Information Series, Chicago: IAAO, Research and Technical Services Department, February 1977, 9pp.; and "Classified Property Tax," Bibliographic Series, Chicago: IAAO, Research and Technical Services Department, February 1977, 6pp. Persons holding these two earlier publications should discard them; they have been completely superseded.

^{2/} U.S. Bureau of the Census, 1977 Census of Governments, volume 2 (Washington, D.C.: distrib. by Supt. of Docs., U.S. Govt. Print. Off., 1978), p.60.

In thirty states, the assessment ratio reported for commercial and industrial properties is higher than the ratio reported for real property in general, although in many states the two ratios are within a few percentage points of each other. In eleven states the ratio reported for commercial and industrial properties is the lower of the two. In only one state were the ratios the same.^{1/} It is questionable as to how accurately the ratios reported for commercial and industrial properties actually represent overall real world ratios. This is primarily because all sales of \$500,000 or more are (for good reason) excluded from the Census of Governments. Most of these sales would presumably fall into the commercial-industrial category so that it is difficult to speculate how the total picture might look.

In several states, the adoption of classified property tax systems has been prompted by court orders to equalize assessments between property classes. In 1960, the Southern Pacific Railroad Company challenged Arizona's "discriminatory" assessment of railroad and utility properties, and in 1963 the Arizona Supreme Court ruled that assessments by property type would have to be brought more closely into line. Arizona consequently initiated four-year reassessment program. When the impact of the reassessment became realizable, the legislature passed a classified property tax law. The story in Tennessee is similar. In 1966, the Tennessee property tax structure was ruled discriminatory in both a state and a federal court in lawsuits brought by railroad companies. As a result, however, the people of Tennessee approved a constitutional amendment providing for classification, and the legislature subsequently passed the "Property Assessment and Classification Act of 1973."

CURRENT PROVISIONS: COMPREHENSIVE CLASSIFICATION

Alabama: As of 1978, four classes have been established: Class I, utility property is assessed at 30 percent of market value; Class II, property not otherwise classified, 20 percent; Class III, agricultural, forest, single-family, owner-occupied residential property, and historic buildings and sites, 10 percent; and Class IV, automobiles and trucks owned and operated by an individual not used for hire, 15 percent. Owners of Class III property may apply for assessments based on current use value, rather than fair market value. After 9/30/79, transportation property will not be assessed as Class I property to the extent required by the federal Railroad Revitalization and Regulatory Reform Act of 1976 (which forbids railroad property to be taxed or assessed at higher levels than other commercial/industrial property in those states with classified property tax systems). Presumably, such property would then be considered Class II. Under certain conditions, counties may raise or lower the percentages, but in no case may property in any one class be assessed at less than 5 percent nor more than 35 percent of market value.

^{1/} Ibid, pp. 60-65; eight states had insufficient data for comparison.

Furthermore, in a classified tax system, agricultural property is not treated favorably in relation to residential property (the bulk of the tax base) as is the case with use-value farmland assessments. In short, farmlands subject to non-farm market influences can often be expected to receive considerable tax concessions under use-value assessment, but only marginal consideration under a classified system. However, most states with classification systems have made provisions for use-value assessment of farm and open space land.

ADMINISTRATION

Although a classified property tax system poses no new valuation problems for the assessor, some administrative considerations arise. First, there is the problem of borderline cases. Is a cottage an owner-occupied residential property? When does a parcel of farmland held primarily for speculative purposes and producing only a nominal agricultural return cease to be a bona fide farm property? Do condominium units owned by a real estate investor and rented to tenants qualify as residential or commercial property? Such cases must, of course, be explained to taxpayers and defended against appeals. Second, the enumeration of various property classifications compounds the amount of recording and bookkeeping that must be undertaken. Perhaps most important, however, is a tendency for the number of classes to change and multiply over the years. Arizona has gone through several changes since 1970 and the Minnesota system has been expanded or otherwise modified at least thirty-two times since 1933. Alabama enacted classification in 1972 and revised the scheme in 1978; Montana went from eleven to eighteen classes in 1977. This is not to imply that such changes are necessarily good or bad. While critics charge that such changes are primarily related to lobbying power, proponents argue that they improve the equitability of the property tax structure. In any case, revisions entail administrative complications.

It is worthwhile to note the conclusions reached by the Property Taxation Committee of the National Tax Association concerning classified property tax systems:

In addition to the lack of any sound theoretical basis for a classified tax, the practical problems are overwhelming. In the first place, the differential treatment that will be enacted initially will very likely represent the political strengths of various property users, and not what is assumed to be in the public interest in terms of equity or economics.

...The classified property tax lends itself to an erosion of the tax base that is even greater^{1/} than if the property tax had adhered to the uniformity role.

The U.S. Advisory Commission on Intergovernmental Relations suggests that classification per se will not ensure an equitable tax system. Equity "can only be

^{1/} National Tax Association, Property Taxation Committee, "The Erosion of the Ad Valorem Real Estate Tax Base," Tax Policy 40 no. 1 (1973): 29-30.

guaranteed if at the same time action is taken to strengthen and supervise assessment administration, and to define valuation standards with greater precision."^{1/}

ECONOMIC CONSIDERATIONS

One criticism of a classified property tax system is that it tends to discourage commerce and industry from entering the state. This is a valid point to the extent that differential tax rates affect commercial and industrial locational decisions. However, despite much verbiage, this issue has never been satisfactorily resolved. It is commonly agreed, however, that property tax considerations weigh relatively little among those factors affecting locational decisions.^{2/} Nevertheless, if rates applied to a particular type of property are quite discriminatory, the effect might be significant. In any case, the effect will vary with (1) the overall effective tax rate, the extent to which the state relies upon the property tax, and (2) the extent to which the affected industry relies on property as a factor input; thus, capital-intensive enterprises (railroads, utilities, refineries, etc.) will be more adversely affected than labor-intensive enterprises (most small manufacturers).

The extent to which a classified tax system actually redistributes property taxes from homeowners to businesses can also be debated. Homeowners, of course, are also consumers, and the bulk of any increase in fixed business expenses across an entire state can be expected to be passed on to the consuming public. Since lower-income homeowners and farmers generally pay a higher percentage of income in property taxes than higher-income homeowners, the end effect might well constitute more of a redistribution of tax incidence among types of homeowners themselves than between homeowners and businesses. Renters of classified commercial property, however, constitute one group that is certain to be adversely affected. This group will probably pay higher property taxes indirectly in the form of increased rents and increased consumer prices.

^{1/} U.S. Advisory Commission on Intergovernmental Relations, Financing Schools and Property Tax Relief: A State Responsibility, A-40 (Washington, D.C.: distrib. by the Supt. of Docs., U.S. Govt. Print. Off., 1973), p. 74. This is in keeping with earlier recommendations of the Commission in its report, The Role of the States in Strengthening the Property Tax, A-17 (Washington, D.C.: distrib. by the Supt. of Docs., U.S. Govt. Print. Off., 1963), vol. 1, pp. 8-12.

^{2/} Two good summaries of such well-designed research as has been undertaken are John F. Due, "Studies of State-Local Tax Influences on Location of Industry," National Tax Journal 14 (June 1961): 163-173; and U.S. Advisory Commission on Intergovernmental Relations, State-Local Taxation and Industrial Location, A-30 (Washington, D.C.: distrib. by Supt. of Docs., U.S. Govt. Print. Off., 1967). Other industry-oriented studies of comparative states taxes, issued periodically by Federal Reserve Banks, state economic development commissions, and others, are generally either unscientific or too narrowly focused to be very enlightening.

FUTURE OF CLASSIFICATION

It would appear that in recent years classification has been regarded as a more politically feasible alternative to full value assessments, which have been the subject of much litigation and which have been mandated by several court-ordered reassessment programs. Classification, at least on the surface, appears to provide relief for homeowners whose property generally constitutes the bulk of a locality's tax base. Whether or not homeowners actually realize any savings under a classified property tax is debatable. Classification has little support from economists, tax scholars, and groups such as the U.S. Advisory Commission on Intergovernmental Relations, who generally favor full value assessment as an important factor for ensuring more equitable property taxes. From this viewpoint, property tax relief is best provided by tax credits or abatements, rather than by abolishing a uniform market value assessment standard. Indeed, a recent research project has shown that there is some evidence to support the assertion that higher levels of assessment have a salutary effect on overall assessment accuracy, and therefore, tax equity.^{1/} However, tax incidence is a complex issue not perfectly understood even by tax scholars; classification may become even more politically attractive in an era of tax limitations.

Some states will undoubtedly be affected by new federal legislation enacted in 1976. U.S. Public Law 94-210 (S.2718, approved 2/5/76, effective 2/5/79) prohibits states' taxing or assessing interstate railroad property any more heavily than all other property generally, except in states with classified systems where what is prohibited is less favorable treatment than that given to other commercial and industrial property generally. As a result, some states with classification laws may have to amend them.^{2/} Whether additional states will be inspired to pass classification laws is impossible to say.

^{1/} See Richard R. Almy, "The Impact of Assessment Practices Upon Assessment Performance", in Analyzing Assessment Equity: Techniques for Measuring and Improving the Quality of Property Tax Administration (Chicago: International Association of Assessing Officers, 1977), pp. 156-157.

^{2/} P.L. 94-210 has been challenged in Tennessee where public utility property is assessed at a higher level than commercial and industrial property; see State of Tennessee et al. v. Louisville and Nashville Railroad Co. et al., No. 79-3025 (U.S. Middle District of Tennessee, Nashville Division, filing date not known).



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To Whom It May Concern:

This will certify that the Volunteers of America, a non-profit 501(c)3 tax exempt organization as the sponsor of Sierra Manor elderly housing facilities, located in Reno, Nevada, being financed under the United States Department of Housing and Urban Development 202/8 program for elderly housing, will not, and cannot, make a profit on this project at any time under the regulations of the United States Department of Housing and Urban Development, and furthermore, as sponsor, the Volunteers of America has been required to make a \$10,000 equity contribution to the project as evidence of its good intent as sponsor and this contribution cannot be recovered from the project at any time, and furthermore, should additional contributions be required from the Volunteers of America as sponsor in the future, such additional contributions cannot be recovered from the project at any time.

John F. McMahon
 John F. McMahon, President

Attest:

Edna Clements
 Edna Clements, Secretary