PRESENT: Chairman Glaser
Vice-Chairman Lamb
Senator Dodge
Senator Raggio
Senator Kosinski
Senator Sloan
Senator Don Ashworth

Ed Shorr, Fiscal Analyst

GUESTS: Mr. Russell McDonald, Washoe County Consultant
Mr. Robert Soma, Systems Analyst, Washoe County
Mr. Lee Bergstrom, Kafoury, Armstrong & Turner Co.
Mr. Dave Ebner, Kafoury, Armstrong & Turner Co.
Mr. Daryl Capurro,Nevada Franchised Auto Dealers' Assn.
Mr. Frank Daykin, Legislative Counsel Bureau
Mr. Robert Guinn, Nevada Franchised Auto Dealers' Assn.
Ms. Ann O'Connell, Private Citizen
Ms. Jeanne Hannafin, State Department of Taxation
Mr. Wilfred Andrews, State Department of Taxation

The meeting was called to order at 2:00 p.m. in Room 213 on Tuesday, January 30, 1979, with Senator Norman Glaser in the Chair.

Chairman Glaser introduced Mr. Russell McDonald, Consultant for Washoe County, as the first speaker.

Mr. McDonald spoke briefly on the history of how Washoe County began using computers for property assessment. He said that in 1974, Washoe County was informed by the State Department of Taxation that they were under value in assessments and they had sixty days in which to achieve a solution. Mr. McDonald said that the program was developed "in-house" by the chief statistician of the California Board of Equalization. Mr. McDonald said that the computerized program was to only assist the assessor in appraising.

Mr. Robert Soma, Systems Analyst, Washoe County, stated that the computer file Mr. McDonald discussed was primarily used to extrapolate the value estimates for future impacts of Question 6.

Senator Dodge said that some of the Committee members felt that assessors are currently using market value for appraising value, rather than replacement value. Mr. Soma stated that Washoe County employs a cost analyst that goes into the field and evaluates current costs, biannually.

Senator Dodge asked if any evaluations have been made by county commissioners, etc., regarding using a reproduction valuation of appraisal during a false-market period? Mr. Soma said this is done in what is termed, "time adjustment of sales", to get through these periods with an average of sales prices.

Senator Dodge asked if there are any counties prepared to make property assessments on an annual basis rather than the five-year cycle? Mr. Soma said that as soon as one cycle on the file has been completed (all data on all properties is obtained), then this can be done.

Senator Kosinski asked if using the annual system will necessitate an increase in costs to the Washoe County Assessors office? Mr. Soma said that he felt the change would actually result in a decrease in costs.

Senator Glaser asked if initially the computer system was a pilot program? Mr. McDonald answered "yes", and gave the background on the funding for the project.

Senator Glaser asked if this computer model could be used to analyze the impact of Proposition 6, the Governor's Proposal and S.B. 54? Mr. Soma said this has already been done on Proposition 6, and the others could also be done.

Senator Glaser asked if the Committee members would be interested in having figures on the impact to various counties computed by Mr. Soma's office? The Committee agreed that this would be beneficial. Mr. Soma said that he would need from each county, a listing of their current property values; and what new businesses are expected in their area. Mr. Soma said to Senator Dodge that Washoe County does use the Implicit Price Deflator as outlined by Mr. Ernest Newton of the Nevada Taxpayer's Association. Mr. Soma said the Deflator is used in the cost approach, not the market approach.

Chairman Glaser then introduced Mr. Dave Ebner and Mr. Lee Bergstrom of Kafoury, Armstrong, Turner and Company. Mr. Ebner and Mr. Bergstrom selected the North Lake Tahoe Fire Protection District and Pershing County to demonstrate possible effects of proposed tax reform. They also submitted an outline of their own uniform property tax relief proposal, Exhibits "A" and "B".

Senator Raggio commented in regards to the "Activities Eliminated" column of Page 9, that he felt the guest speakers were not making a value judgement on what areas of the county should be "cut", but just showing the magnitude of the reduction in revenue. Mr. Ebner and Mr. Bergstrom concurred with this statement.

Referring to Exhibit "B", Senator Raggio asked how on Page Two, how the two bottom figures of $3,500 and $4,500 were calculated? Mr. Bergstrom said that using the Governor's figures for possible exemption items, they arrived at a possible tax rate of $4.80 per 100, which converted to an assessed value, divided by the exemption base, gives a possible exemption per person of the two bottom figures for the biennium.

Senator Dodge asked what the total tax relief would be using Kafoury-Armstrong's proposal? Referencing Page Two of Exhibit "B", Mr. Bergstrom said the totals are across from "Taxes", as $59,792,258 for 1979-80 and $87,475,200 for 1980-81.

Senator Sloan asked if this proposal differs from the Governor's because it does nothing to benefit big businesses? Mr. Bergstrom agreed with this, and he said to Senator Lamb that their company's approach on this proposal was based on what they perceived to be the public's objective in their criticism of the property tax structure.

Senator Dodge asked if there might be a constitutional conflict in establishing a differential tax structure for individuals? Mr. Bergstrom stated that he was not aware of any conflict.

S.B. 63

Chairman Glaser requested that Mr. Frank Daykin, Legal Advisor for the Legislative Counsel Bureau be present to explain the background of this legislative request.

Senator Raggio asked Mr. Daykin what the current law requires in regards to security? Mr. Daykin said that the current law is written on Page Two of S.B. 63 which commits the Tax Commission to require any person to post security if the Commission believes there is a likelihood of not collecting a return. Mr. Daykin said there is an upper limit of $10,000 liability. Mr. Daykin stated that this allows the Tax Commission to make the discretion of requiring a deposit in order to ensure compliance with this law, which must be returned within one year if there has been no delinquency in compliance.

Mr. Daykin said to Chairman Glaser that he could not judge the bill because he does not know the experience of the Tax Commission.

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Senator Dodge asked Mr. Daykin about the legality of extending tax relief to homeowner's, but not to commercial properties? The Senator wanted to know if this would violate the uniform and equal requirements of ad valorem taxation? Mr. Daykin stated that he has not rendered a formal written opinion on this subject, however, if reform is geared to individuals of limited income of a certain age, this could be categorized under "charitable" exemptions. Mr. Daykin said that when the reform is extended to "every homeowner", then the proposal is as far out "on a limb as we would want to go"; but this still could be achieved by rebate, rather than altering the rate of assessment.

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S.B. 64

Chairman Glaser stated that he had requested this bill. He also stated that in the 1977 Session, the Fiscal Note on this legislation was $6 million; and at that time the Taxation Committee felt this was too great an amount to remove from the General Fund.

Mr. Daryl Capurro of the Nevada Franchised Auto Dealer's Association stated that he would like to testify on the impact of this legislation to automobile dealers.

Senator Kosinksi interjected, and asked Mr. Ed Shorr, Committee Fiscal Analyst, about the fiscal note for S.B. 64. Mr. Shorr said that he had contacted the Department of Taxation to see what background had been done on the fiscal note for 1977. He said that the Department could not find this information, however they did survey several dealers and formulated taxable sales representing trade-in value to be a 13.52% average, (see Exhibit "C" - Fiscal Note for S.B. 64); and from this average computed the impact.

Mr. Capurro continued by saying that the dealers felt the fiscal notes attributed to this legislation in the past sessions presented roadblocks that could not be overcome. Mr. Capurro said that it does represent a savings to the consumer in buying either a new or used car.

Senator Kosinski asked how this is handled in other states? Mr. Capurro said he did not know which states specifically, but he was aware that others do have an exemption against the trade-in value against the sales tax.

Chairman Glaser recognized Ms. Ann O'Connell, private citizen in the audience, who asked if the food tax figures in Exhibit "D" included restaurants? Mr. Shorr said the bill, (S.B. 54) is written for "home human consumption".

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Chairman Glaser called upon Ms. Jeanne Hannafin, Nevada State Department of Taxation, to give testimony on S.B. 63 and S.B. 64. Chairman Glaser asked Ms. Hannafin if it would be possible to have a member of the Department of Taxation present for every meeting in order that input on tax legislation would be available. Ms. Hannafin said that this would be possible.

S.B. 63 (Second Hearing)

Chairman Glaser asked Ms. Hannafin to explain why the Tax Department needed to have a security deposit for liability to comply with this law (see Page 3 of Minutes for earlier testimony); and if one year for refund of the deposit was too short a term?

Ms. Hannafin said that until 1968, the Tax Department waived the bond requirement; however, as a result of a legislative audit and the bankruptcy of the Gray Reid Department Store, it was determined that the Department did not have the authority to waive the requirement. She stated that the bond that is currently required is three times the monthly liability of the Sales & Use Tax that a corporation/retailer owes the Department. Senator Kosinski asked what criteria is used to determine who will pay the bond monthly, and who will pay quarterly? Mr. Wilfred Andrews, also of the Nevada State Tax Department, stated that this is determined by the amount of the bond; the minimum bond being $30.00, and the maximum is $20,000.00.

Senator Sloan asked if the one year for refunding the security is long enough? Ms. Hannafin said that this would depend on the amount of the bond, as in previous collections of delinquent bonds, the full amounts have never been recovered.

Senator Dodge asked what the history of loss had been prior to 1968 when the bonds had been waived? Ms. Hannafin said this is difficult to determine because the Department would not be aware that money was due in taxes until an audit was conducted.

Senator Kosinski questioned Lines 6 through 9 of Page 2 of S.B. 63, as it appeared to him that this language still allowed the Tax Department to waive a bond. Ms. Hannafin said that currently security is always required. Mr. Andrews added that a sales tax permit is not issued without the required bond having been opened. Ms. Hannafin stated that as a result of the 1968 legislative audit, it was determined that the Tax Department did not have the jurisdiction to waive bonds.

Chairman Glaser said that this bill should be held for further information in order to clarify the responsibility of the Tax Department as outlined in the 1968 legislative audit.

S.B. 64 (Second Hearing)

Chairman Glaser asked how the Department arrived at the figures for the Fiscal Note, Exhibit "C"; and especially the 13.52% figure for taxable sales of autos representing trade-ins? Ms. Hannafin said the estimated total automobile sales is $497,500,000.00 and the estimated farm equipment sales is $38,000,000.00. Ms. Hannafin said they did not have the revenue for appliances as this is extremely difficult to estimate. She added that the 13.52% was given to her by Hallman Chevrolet and Pozzi Motors as being their approximation of what percent of their taxable sales represents trade-in value. On the farm equipment, she said, the estimate for the above gross sales was based on the sales tax receipts in the Department.

Senator Kosinski asked if Ms. Hannafin would comment on the remarks made earlier by Senators Ashworth and Sloan in regards to the effect of adjusting the price on trade-ins? The Senator wanted to know if this would affect the tax revenue. Mr. Capurro of the Franchised Auto Dealers Association asked if he could respond to this question. Mr. Capurro said that this would not affect the tax revenue because if the dealer should determine he has to have a certain amount over and above the trade-in amount whether he tacks it on the old or new car, he still pays the tax on the amount he actually receives. Mr. Robert Guinn, also of the Nevada Franchised Automobile Dealers Association, stated that under the present system the figure could still be altered to give the dealer a break on the sales tax, however S.B. 64 would prevent this from happening.

Chairman Glaser said that he would be interested in the Committee having figures on what S.B. 64 would mean in tax savings to the average Nevada family.

Senator Dodge said that an assumption of what the average family's car is worth at trade-in and how often the average family makes a trade-in, as well as the average value of a new car, would have to be made. Mr. Capurro said that he would be happy to work with the Tax Department in arriving at these estimates.

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Chairman Glaser asked the Committee to consider the following BDR's to determine if the Committee wished to make Committee introduction:

BDR 32-271 -- "Eliminates the annual filing requirement for certain tax exemptions."

Senator Dodge moved for Committee introduction on BDR 32-271. (SB 161)

Seconded by Senator Kosinski.

Motion carried. (Senators Lamb and Raggio were absent for the vote)

BDR 32-267 -- "Exempts housing for elderly operated by non-profit corporations from property tax."

Senator Kosinski moved for Committee introduction on BDR 32-267. (SB 162)

Seconded by Senator Dodge.

Motion carried, with Senator Ashworth voting "No".
(Senators Lamb and Raggio were absent for the vote)

BDR 41-1084 -- "Distributes casino entertainment tax to political subdivisions in which gaming establishment is located."

Senator Sloan said that similar legislation had been introduced in the Assembly, and he suggested that the Senate Committee wait for the A.B. bill.

BDR 32-842 -- "Eliminates property tax on certain personal property."

The Committee discussed this proposal and decided that they would return it to the original sponsor for individual introduction.

BDR 32-762 -- "Prohibits counties, cities and towns from imposing certain license taxes on public utilities."

Senator Kosinski moved for Committee introduction on BDR 32-762. (SB 160)

Seconded by Senator Sloan.

Motion carried. (Senators Lamb and Raggio were absent for the vote)

There being no further business, the meeting was adjourned at 5:05 p.m.

Sheba L. Frost

Respectfully Submitted By:
Sheba L. Frost, Secretary

Norman Glaser

Approved By: Senator Norman Glaser, Chairman

EXHIBIT "A"

KAFOURY, ARMSTRONG, TURNER & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

100 CALIFORNIA AVENUE
RENO, NEVADA 89509
TELEPHONE (702) 322-9471

January 30, 1979

The Honorable Norman Glaser
Nevada State Senator
Chairman, Taxation Committee
Nevada Legislature

Dear Senator Glaser:

In accordance with the January 23, 1979 letter from Mr. Ed Schoor, we have calculated the possible effect of certain tax reform legislation proposals on two governmental entities for the 1978-79 fiscal year.

We have selected North Lake Tahoe Fire Protection District, a fire district at Lake Tahoe that is almost wholly dependent on the property tax, and Pershing County, where property taxes compose approximately one-third of all revenues.

In both cases, we have made the assumptions required to develop the possible effects of:

(1) Question 6

(2) The Governor's Package

(3) Reducing the assessed value ratio to 20%.

We would be pleased to provide additional details on these tax reform proposals or additional alternatives, if you would find them to be of assistance to the Committee.

Sincerely yours,

David M. Ebner

DME/sl
Enclosures

EXHIBIT A

I N D E X

North Lake Tahoe Fire Protection District

Pershing County

Comparative Analysis of Effect of Selected Property Tax Relief Programs on North Lake Tahoe Fire Protection District
Prepared for the Committee on Taxation of the Nevada State Senate
January 30, 1979
By Kafoury, Armstrong, Turner & Company

Assumptions Made

1. The various alternatives were assumed to be effective for the current fiscal year (1978-79).

2. The North Lake Tahoe Fire Protection District's share of personal property taxes (now approximately $10,000 a year) would not be reduced because of pending legislation until years after 1978-79.

3. The North Lake Tahoe Fire Protection District would not receive any benefit from other aspects of the State's "tax reform" package.

4. The County of Washoe did not reappraise any property in this district in 1975-76, 1976-77 and 1978-79.

5. The County did reappraise all property in these districts in 1977-78 and of the total increase of $38,668,635, $10,000,000 is assumed to be new building valuations - (as opposed to increases in existing valuations).

6. Five percent of the value of property in this district exchanged hands each year, and on the average it had been previously assessed at 30% below market value.

7. The North Lake Tahoe Fire Protection District will not be able to obtain a larger percent of the tax rate. It will, however, hold its share except when the rate exceeds the Governor's $3.50 limitation.

EXHIBIT A

Comparative Analysis of Effect of Selected Property Tax Relief Programs on North Lake Tahoe Fire Protection District

Prepared for the Committee on Taxation of the Nevada State Senate
January 30, 1979
By Kafoury, Armstrong, Turner & Company

1978-79 Fiscal Year

	Budget Actually Adopted	Under Question 6	Under the Governor's Package	Reducing A.V. Ratio to 20%
Revenues				
Real Property Taxes	$732,227*	$354,799	$666,508	$418,416
Motor Vehicle Privilege Taxes	37,070	37,070	37,070	37,070
Interest	2,000	500	1,000	500
Other	100	100	100	100
Total Revenue	771,397	392,469	704,678	456,086
Beginning Fund Balance	21,867	21,867	21,867	21,867
Total Resourses Available	$793,264	$414,336	$726,545	$477,953
Expenditures				
Salaries & Wages	$619,891	$289,805	$589,006	$350,975
Other personnel related costs	7,209	4,000	5,000	4,000
Services & Supplies	65,510	60,000	60,000	60,000
Hydrant fees	17,595	17,595	17,595	17,595
Capital Outlay	27,438	22,000	22,000	22,000
Contingency	8,300	5,000	5,000	5,000
Transfers to other Funds, Net	16,000	-	-	-
Total Expenditures	761,943	398,400	698,601	459,570
Ending Fund Balance (~~40~~ 4%)	31,321	15,936	27,944	18,383
Total Expenditures and Ending Fund Balance	$793,264	$414,336	$726,545	$477,953

* 95% of all Revenue

Personnel	26	12	24	14
Number per shift	7	3	6	4

EXHIBIT A

Comparative Analysis of Effect of Selected Property Tax Relief Programs on
North Lake Tahoe Fire Protection District
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January 30, 1979
By Kafoury, Armstrong, Turner & Company

Current Tax Rates (Per Red Book)

	Taxing Areas			
	NLTFPD	IVGID	CBGID	
State	$ .2500	$ .2500	$ .2500	
Washoe County	1.8008	1.8008	1.8008	
Washoe County School District	1.8142	1.8142	1.8142	
Carson-Truckee Water Conservancy	.0040	.0040	.0040	
Incline Village GID	-	.2000	-	
Crystal Bay GID	-	-	.4900	
North Lake Tahoe FPD	.5660	.5660	.5660	
Total Rate Per Hundred	$ 4.4350	$ 4.6350	$ 4.9250	
Assessed Values	$849,500	$124,951,803	$3,332,810	$129,134,113
				x56.6¢
				$ 730,899

Actual Property Taxes

Year Collected	Rate	Revenue	Increase Per Year	Assessed Value Real	Assessed Value Personal	Total
1973-74	.50	$390,016	-	$ 76,855,200	$1,148,000	$ 78,003,200
1974-75	.50	414,388	6.2%	81,582,200	1,295,400	82,877,600
1975-76	.53	461,733	11.4%	85,779,057	1,340,377	87,119,434
1976-77	.53	469,002	1.5%	86,904,340	1,586,604	88,490,944
1977-78	.566	514,436	9.7%	88,825,795	2,063,958	90,889,753
1978-79	.566	732,227	42.3%	127,494,430	1,874,338	129,368,768
1979-80	.566	793,100	8.3%	140,123,722	2,501,084	142,624,806

	Ending Fund Balance *
1973-74	$106,578
1974-75	107,796
1975-76	143,498
1976-77	124,398
1977-78	105,881
1978-79	109,963 (Budget)
1979-80	?

* Includes 3 Special Revenue Funds

EXHIBIT A

Comparative Analysis of Effect of Selected Property Tax Relief Programs on
North Lake Tahoe Fire Protection District
Prepared for the Committee on Taxation of the Nevada State Senate
January 30, 1979
By Kafoury, Armstrong, Turner & Company

Calculation of Appraised Values Under Question #6

	Real Property	Personal Property	Total
Assessed value at 7/1/75 to full cash value			
$85,779,057 ÷ .35	$245,083,020		
$1,340,377 ÷ .35		$3,829,648	
Growth for the year in Building			
RR 7/1/76 $86,904,340			
RR 7/1/75 85,779,057			
1,125,283 ÷ .35 =	3,312,094		
Sales of Property			
($245,083,020 X 5%) X 30% =	3,676,245		
Allowed Inflation			
($245,093,020 X 5%) X 2% =	4,656,577		
Total 7/1/76	256,630,936	3,829,648	$260,460,584
Growth for the year in Building			
RR 7/1/77 $88,825,795			
7/1/76 86,904,340			
1,921,455 ÷ .35 =	5,489,871		
Sales of Property			
($256,630,936 X 5%) X 30%	3,849,464		
Allowed Inflation			
($256,630,936 - 5%) X 2%	4,875,988		
Total 7/1/77	270,846,259	5,897,023	276,743,282
Growth - Estimated 10,000,000 AV ÷ 35	28,571,428		
Sales of Property			
($270,846,259 X 5%) X 30%	4,062,694		
Allowed Inflation			
($270,846,259 - 5%) X 2%	5,146,079		
Total 7/1/78	308,626,460	5,355,251	313,981,711
Growth of the year in Building			
RR 7/1/79 $140,123,722			
7/1/78 (127,494,430)			
12,629,292 ÷ .35 =	36,083,691		
Sales of Property			
($308,626,460 X 5%) X 30%	4,629,397		
Allowed Inflation			
($308,626,460 - 5%) X 2%	5,363,903		
Total 7/1/79	$355,203,451	$7,145,954	$362,349,405

Comparative Analysis of Effect of Selected Property Tax Relief Programs on
North Lake Tahoe Fire Protection District
Prepared for the Committee on Taxation of the Nevada State Senate
January 30, 1979
By Kafoury, Armstrong, Turner & Company

Calculation of Appraisal Values Under Question #6

Fiscal Year	Tax Rate	% of $5.	Tax %	Full Cash Value		Actual Revenue
1976-77	.53¢	10.6%	10.6% of 1%	$260,460,584	=	$276,088
1977-78	.566¢	11.3%	11.3% of 1%	276,643,282	=	365,169
1978-79	.566¢	11.3%	11.3% of 1%	313,981,711	=	354,799
1979-80	.566¢	11.3%	11.3% of 1%	362,349,405	=	409,455

	Assessed Value Under Question #6			Actual Assessed Value	Over (Under) Actual A.V.
1976-77	$260,460,584 X 35%	=	$ 91,161,204	$ 86,904,340	$ 4,256,864
1977-78	276,643,282 X 35%	=	96,825,149	88,825,795	7,999,354
1978-79	313,981,711 X 35%	=	109,893,599	127,494,430	(17,600,831)
1979-80	362,349,405 X 35%	=	126,822,291	140,123,722	(13,301,431)

Revenue lost because of Real Roll Limitations $17,600,831 X 56.6¢ =	$ 99,620
Revenue lost because of rate restraint	277,808
Revenue Lost	377,428
Revenue Under Question #6	354,799
Current Revenue from Real Roll	$732,227

EXHIBIT A

Comparative Analysis of Effect of Selectived Property Tax Relief Programs on
North Lake Tahoe Fire Protection District
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January 30, 1979
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		NLTFPD	IVGID	CBGID
State		-	-	-
County	1.8008			
	-(.1100)			
		1.6908	1.6908	1.6908
School District	1.8142	.8000	.8000	.8000
	-(.7000)	.3142	.3142	.3142
Carson Truckee WCD		.0040	.0040	.0040
IVGID		-	.2000	-
CBGID		-	-	.4900
NLTFPD		.5660	.5660	.5660
		3.3750	3.5750	3.8650
State Maximum	3.5000			
School Debt	.3142			
		(3.8142)	(3.8142)	(3.8142)
Excess Rate		-	-	.0508

.5660
(.0508)
.5152 x 129,368,768 = 666,508

EXHIBIT A

Comparative Analysis of Effect of Selected Property Tax Relief Programs on
North Lake Tahoe Fire Protection District
Prepared for the Committee on Taxation of the Nevada State Senate
January 30, 1979
By Kafoury, Armstrong, Turner & Company

Change assessment rate from 35% to 20%

$129,368,768			
÷ 35			
369,625,051 X 20%	=	$73,925,010	
		X 56.6¢	Per Hundred
		$ 418,416	

Comparative Analysis of Effects of Selected
Property Tax Relief Programs on
PERSHING COUNTY
Prepared for the Committee on Taxation of the Nevada State Senate
January 30, 1979
by Kafoury, Armstrong, Turner & Co.

County	Current Rate	New Rate Governor's Proposal
State of Nevada	.2500	-
County rate	1.4600	1.3500
School District	1.5700	.8700
	3.2800	2.2200

City	Current Rate	New Rate Governor's Proposal
State of Nevada	.2500	-
County rate	1.4600	1.3500
School District	1.5700	.8700
Lovelock	1.7200	1.7200
	5.0000	3.9400

State Maximum	3.5000		
School Debt	.0700		
	3.5700		3.5700
Excess Rate			.3700

Note:

(a) The County and the city could arrange a "buy-out" of the tax rate, and thereby avoid a cut in property tax support. However, the County would then be taxing County residents for city service.

(b) The school debt rate will be Ø in 1979-80, but possibly 20¢ - 40¢ in 1980-81 as a result of anticipated new bond issue. Can it be added to maximum rate, or will the County have to reduce its rate accordingly?

(c) Assumes that County would have to absorb the entire reduction in rate.

Comparative Analysis of Effects of Selected
Property Tax Relief Programs on
PERSHING COUNTY
Prepared for the Committee on Taxations of the Nevada State Senate
January 30, 1979
by Kafoury, Armstrong, Turner & Company

	Current	Under Question 6	Under the Governors Package	Reducing A.V. Ratio to 20%
Property tax revenue	$562,100*	$562,100	$562,100	$562,100
Per State proposal	-	-	(62,691)	-
Using % reduction developed for NLTFPD = 52%	-	(292,292)	-	-
Using % reduction developed for NLTFPD = 43%	-	-	-	(241,703)
Adjusted Totals	$562,100	$269,808	$499,409	$320,397

Activities Eliminated

	Current	Under Question 6	Under the Governors Package	Reducing A.V. Ratio to 20%
Library	$ -	$ 30,800	$ 30,800	$ 30,800
Cemetary	-	3,850	3,850	3,850
Agricultural Extention Services	-	19,250	19,250	19,250
County Commissioners	-	18,300	(½)9,150	18,300
Clerk - Treasurer	-	49,380	-	49,380
Recorder - Auditor	-	47,635	-	47,635
Assessor	-	40,000	-	40,000
District Attorney	-	41,626	-	41,626
Fire Protection	-	34,200	-	-
	$ -	$285,041	$ 63,050	$250,841

* Represents 37% of revenue in all County Funds.

EXHIBIT "B"

OUTLINE OF A PROPERTY TAX RELIEF PROGRAM FOR PEOPLE

Prepared for Submission to the Committee on Taxation
of the Nevada State Senate
by Kafoury, Armstrong, Turner & Co.

Objective: To afford uniform property tax relief to people.

Proposal:

Adopt a uniform property tax exemption. Proposed amount $3,500 of Assessed Value in 1979/80, $4,500 of Assessed Value 1980/81. Bienally, thereafter, the State Legislature will establish the exemptions for the succeeding biennium based upon the relationship of the estimated eligible population base and the estimated property tax generated by the 25¢ State rate, the 11¢ SAMI rate, and the $1.00 school rate.

Exemption must first be applied to real property, then to personal property. Any excess exemption becomes a refundable credit, the amount of which is dependent upon the tax rate of the place of residence of the taxpayer.

Credit arising from the exemption would be available for application to all property tax obligations arising in a year of eligibility.

Renters and those who own real property with an assessed value less than exemption may request refundable credit from State.

Eligibility would include all adult Nevadans who have been residents for one year. To be eligible for the relief in 1979/80, one must qualify as an eligible resident by April 30, 1979 (to have resided in Nevada for a continuous period of not less than one year as of that date). (Similar eligibility requirements thereafter except cut-off date would become March 31.)

An exemption certificate would be accepted by a county treasurer as a cash equivalent for the payment of real property taxes.

Assessors turn in certificates applied to real roll to the State for reimbursement in-lieu of tax.

Credits will be paid during the month of December only (to afford adequate processing and validation time and to equalize effect with real property owners, whose benefits will generally be realized ratably over the year).

This exemption will terminate automatically upon passage of Proposition 6, and any unapplied exemptions or unpaid credits will become void.

Basis for exemption for property tax relief for people

Data: Secretary of State Office (Dave Howard)

Current population	656,000	
School enrollment now 150,000	(150,000)	
if 12 grades = 150,000 = 12,500/grade		
assume ages 0-6 @ 12,500 =	(87,500)	
Primary population base for exemption	418,500	
Deduct for		
Non-independent household	(27,500)	(pure
Transient population (under 1 year)	(30,000)	guess)
Possible Exemption Base	361,000	

Proposed property tax reductions arising from Governor's program

	1979/80	1980/81	
25¢ State	$ 14,107,400	$ 16,080,000	
11¢ SAMI	6,184,156	7,075,200	
70¢ School	39,500,702	45,024,000	
30¢ School	-	19,296,000	
Taxes	$ 59,792,258	$ 87,475,200	
Assume 4.80/c Rate			
Assessed Value Equivalent	$1,245,672,042	$1,822,400,000	
Possible Exemption Base	361,000	397,100	(assumes 10% increase
Exemption/Person	3,450	4,590	
Say	$ 3,500	$ 4,500	

Effect on people

Assume couple living in area with $5 rate, property jointly owned.

	Mobile Home	Average Small Home	Average Large Home	Very Large Home or Business Property
Fair Value	$20,000	$50,000	$100,000	$200,000
Assessed Value @ 35%	7,000	17,500	35,000	70,000
New Exemptions, 79/80	7,000	7,000	7,000	7,000
Taxable Value	0 ~~(700)~~	10,500	28,000	63,000
Tax	None	525	1,400	3,150
Compare Tax without exemption	315	875	1,750	3,500
$ Benefit of 79/80 Exemption	350	350	350	350
As a Percentage of Current Tax	100%	40%	20%	11%

EXHIBIT "C"

F I S C A L N O T E

BDR 32-529
A.B. ____
S.B. 62

S T A T E A G E N C Y E S T I M A T E S — Date Prepared January 25, 1979

Agency Submitting DEPARTMENT OF TAXATION

Revenue and/or Expense Items	Fiscal Year 1978-79	Fiscal Year 1979-80	Fiscal Year 1980-81	Continuing
State	NONE	NONE	$ 724,907	$1,667,285
Schools			362,455	833,642
Local Governments			181,229	416,821
Total	NONE	NONE	$1,268,591*	$2,917,748

Explanation (Use Continuation Sheets If Required)

*One-half Fiscal Year 1980-81. A request of dealers indicated 13.52 percent of taxable sales represented trade in value. From this information we have estimated the tax loss as shown.

Local Government Impact YES /X/ NO / /
(Attach Explanation)

Signature ____
ROY E. NICKSON
Title EXECUTIVE DIRECTOR

DEPARTMENT OF ADMINISTRATION COMMENTS — Date January 29, 1979

The estimate appears reasonable.

Signature ____
Howard E. Barrett
Title Director of Administration

LOCAL GOVERNMENT FISCAL IMPACT — Date January 30, 1979
(Legislative Counsel Bureau Use Only)

This bill would reduce Sales and Use Tax collections beginning January 1, 1981. Reduction in the School Support Tax would be offset by the State Distributive School Fund. Therefore, the only local revenue loss would be in their City County Relief Tax. We estimate total decrease in those taxes to be $321,500 for FY 1980-81 (1/2 year) and $720,000 for FY 1981-82.

Signature E. A. Schorr
Title Deputy Fiscal Analyst

N-3 (Revised 7-5-78)

~~344~~ 342

COMPARISON OF EFFECT ON TAXPAYERS

EXHIBIT D

MAX RATE ON A $60,000 HOME:

CURRENT	QUESTION 6	GOVERNOR'S PROPOSAL	REBATE SB-54
$60,000	$60,000	$60,000	$60,000
x 35%	x 1%	x 35%	x 35%
$21,000	$ 600 + Debt	$21,000	$21,000
x .05		x .035	x .03
$ 1,050/yr.		$ 735 + Debt	$ 630

EFFECTIVE DATE:

	QUESTION 6	GOVERNOR'S PROPOSAL	REBATE SB-54
	7/1/81	7/1/79	7/1/79

UNIQUE FEATURES:

	QUESTION 6	GOVERNOR'S PROPOSAL	REBATE SB-54
	Reduces assessments on real property.	Reduces the rate.	Reduction in rate plus rebate.
	Assessments frozen 1975-76 plus 2%	The $3.50 rate may be exceeded by a vote.	Mobile homeowners receive rebate.
	Restrictions on increases of other taxes.	No sales tax on food. Family of 4 save $83/yr.	6.8% rebate to renters.

ANNUAL SAVINGS

	QUESTION 6	GOVERNOR'S PROPOSAL	REBATE SB-54
Family of 4 in $60,000 home:	$450.00	$398.00	$420.00
Family of 4 in $25,000 mobile home: On Rental Lot:	$ 0.00	$ 83.00	$175.00 plus 6.8% rebate
On Owned Lot Worth $5,000:	$ 37.00	$109.00	$210.00
Family of 4 renting $300/month:	$ 0.00	$ 83.00	$244.00