

The meeting was called to order at 2:00 p.m. on Thursday, February 1, 1979 in Room 213. Senator Norman Glaser was in the Chair.

PRESENT: Chairman Norman Glaser
 Vice-Chairman Floyd Lamb
 Senator William Raggio
 Senator Mike Sloan
 Senator Don Ashworth
 Senator Jim Kosinski Fiscal Analyst, Ed Shorr
 Senator Carl Dodge

GUESTS: Mr. Al Ashley, Alexander-Grant & Co., C.P.A.
 Mr. Jim Shields, Nevada State Education Association
 Mr. Russell McDonald, Nevada Association of Counties
 Mr. David Conover, Nevada Farm Bureau Federation
 Mr. Robert Sullivan, Carson River Basin Council of Govt.'s
 Mr. Marvin Leavitt, City of Las Vegas
 Mr. Roy Nickson, Nevada State Tax Department
 Mr. Homer Rodriguez, Carson City Assessor
 Mr. Ernest Newton, Nevada Taxpayer's Association
 Mr. Gary Milliken, Clark County Assessor's Office
 Mr. Thomas Wines, Nevada State Cattlemen's Association
 Mr. Dave Secrist, Nevada State Cattlemen's Association
 Assemblyman Louis Bergevin, S.B. 66 & S.B. 77

S.B. 46

Senator Keith Ashworth, sponsor of S.B. 46, stated that this bill was initiated in order to eliminate part of the financial strain experienced by cities and counties, as well as alleviate some of the administrative costs. Senator Ashworth stated that S.B. 46 allows all gaming revenue collected in the cities and the counties to remain in the entity of origin. Currently, the Senator explained, 25% of this revenue is forwarded to the State.

Senator Lamb stated that he dislikes altering the tax base, and asked if Senator Ashworth felt the cities and counties could do as adequate a job of curtailing expenses as the State has done? Senator Ashworth said that he agrees that the tax base should not be altered, however he does not see the "wisdom" of the local entities sending the State a portion of any taxes they levy.

Senator Raggio asked if the gaming revenue is currently allocated in accord with source? Senator Ashworth said that if the licensee is a county, the revenue remains in the county; and if the licensee is a city, 75% of the revenue remains in the city, and 25% is forwarded to the county.

(Committee Minutes)

Chairman Glaser then introduced Mr. Al Ashley of Alexander-Grant and Company, C.P.A.'s, to speak on the effect of tax reform for local entities.

Mr. Ashley specifically reviewed the effect of tax reform on Douglas and Churchill counties, see Exhibit "A". Referencing Page Three of Exhibit "A", "Additional reduction to counties" at the bottom of the page, Senator Kosinski asked what the .44¢ would mean in a percentage of the assessment ratio? Mr. Ashley said the percentage could be determined by dividing the actual taxes, i.e., Churchill County - \$1,648,232, by the maximum potential reduction, \$237,197.

Senator Lamb commented to Mr. Ashley that regardless of which tax bill is passed by the legislature, there are going to be adjustments at the county/city levels, (see Page Four of Exhibit "A").

Senator Ashworth observed in regards to Senator Kosinski's question earlier that the percentage of the assessment ratio would be 14%, because the school bonded indebtedness needs to include the .44¢, and this would result in minimizing the revenue loss to the counties. Mr. Ashley said that this varies, because if there is no indebtedness at the school level, then the ability of the entities to collect .44¢ would be reduced.

Senator Dodge asked how tax reduction affects revenue sharing programs? Mr. Ashley said that the revenue sharing formula considers local tax efforts, population, per capita, etc.; and if the local tax effort is reduced, the revenue sharing is also reduced.

Mr. Jim Shields, Nevada State Education Association, commented on Mr. Ashley's presentation; specifically Mr. Ashley's review of S.B. 54. Mr. Shields said that it may be true that rebates and allotments will add administrative costs to the local entities, however he said that many of the counties have their tax rolls computerized. Mr. Shields felt that the needs of county assessors should not determine public taxing policy.

Senator Sloan questioned if Mr. Shields was aware about the controversy of whether the rebate proposal is constitutional? Mr. Shields said that in speaking with the Nevada Attorney General, he learned that the rebate program is constitutional in the State of Nevada. Senator Sloan suggested to the Committee that a written opinion from the Attorney General on the rebate proposals would benefit the members.

S.B. 46 (Cont.)

Mr. Russell McDonald, representing the Nevada Association of Counties, referred to Lines 2 and 3 of Page One of S.B. 46 and said that in reviewing these codes, NRS 463.390 deals with quarterly county licensing. Mr. McDonald said that this statute was first enacted in 1931 when there was no State gaming tax, and at that time the 25¢ of the \$1.00 in gaming revenue was allocated to the State. Mr. McDonald said the term "county tax" is a misnomer, because this is actually a State tax imposed by the State legislature. Mr. McDonald said this bill goes even further than returning the State tax to the county; it also proposes a further division between the cities and counties. Mr. McDonald said that in Elko County there are three incorporated cities and one incorporated town, so this will cause the Sheriff a great deal of effort as the collection agent, and yet the county in the final analysis will receive almost none of the revenue. He continued by saying that the counties wish for the legislators to take this inequity into consideration, and give some thought to the county administrative "plight".

Mr. McDonald said to Senator Dodge that the formula for allocation of the gaming revenue collected locally is outlined on Page Two fo S.B. 46, Lines 29 through 48.

Mr. Robert Sullivan, Carson River Basin Council of Governments representative, said that possibly the bill should be amended to represent more of the counties which have incorporated cities and towns, rather than the counties which will receive the entire 25% benefit.

Mr. Marvin Leavitt, representing the City of Las Vegas, said that it is his position that the entity which is responsible for providing the services to the area in which the gaming establishment is located, should receive the majority of the taxing revenue. Mr. Leavitt discussed what Las Vegas actually receives from this taxing revenue now, and what it would mean to Las Vegas if S.B. 46 were enacted, see Exhibit "B".

S.B. 50

Senator Jean Ford, sponsor of S.B. 50, said that exempting household goods from the property tax benefits every homeowner in Nevada.

Senator Ford introduced Mr. Roy Nickson, Director of the Nevada State Tax Commission, who stated that the Fiscal Note attached to S.B. 50 was in error, as the dollar value exceeded the constitutional limitation just for household goods. Mr. Nickson said the new fiscal note (Exhibit "C" -- Household figures shown on S.B. 66 also apply to S.B. 50) shows the 1979-80 dollar loss on

Household Goods to be \$3,753,819, and for 1980-81, the loss is shown as \$4,301,826.

Mr. Homer Rodriguez, Carson City Assessor, stated that Line 3, Page One, of S.B. 50 should include the wording "All household goods in a single family residence". Mr. Rodriguez felt this additional wording would eliminate abuse of this exemption by large apartment buildings where the furniture is provided by the owner.

Senator Dodge asked how Mr. Rodriguez verifies that commercial property owners are accurately completing the household goods declarations? Mr. Rodriguez said that in the analysis of these declarations, if they appear too excessive, or too minimal, the owner is contacted and questioned.

Mr. Rodriguez also stated that removal of the household goods from the property tax would result in an approximate 7% loss in the total assessments, (\$15,572,887). Senator Raggio said that the Fiscal Note indicates a total dollar loss of \$3,753,819 for the first year. Mr. Rodriguez said that he would have to double check his figures.

Mr. Ernest Newton of the Nevada Taxpayer's Association said that he doesn't have a single criticism of S.B. 50. Mr. Newton said that Mr. Rodriguez's estimate of the household goods being 7% couldn't possibly be accurate, because the Assessor in Carson City automatically adds 5% to the real estate value for household goods.

Mr. Newton also commented on the possibility of Nevada experiencing a reduction in their Federal Revenue Sharing because of a reduction in the local tax efforts. Mr. Newton said Nevada receives a basic minimum amount, and the only effect of a reduction in the local taxes would be to the comparative allocation of monies for each local entity.

In regards to S.B. 66 (other testimony to follow), Mr. Newton felt that if livestock is to be included in the tax exemption, livestock ought to be more carefully defined, i.e., whether a base herd is for manufacturing or for personal sale.

Senator Dodge asked if the problems of local governments would be compounded by reducing their assessment base by the removal of household goods? Mr. Newton said the assessment base will be affected by household goods with a 2% to 3% reduction, and the property tax itself only represents a comparatively small percentage of the total tax impact for cities and counties.

Senator Ford interjected that she felt the bill should include wording applicable to both "single" and "multi-family" dwellings, and she hoped this was the basis on which the fiscal note was written.

Mr. Ed Shorr, Fiscal Analyst, said the fiscal note was prepared from the household items on the segregated roll, and in many cases this is a percentage.

Mr. Gary Milliken, Clark County Assessor's Office, submitted a handout (Exhibit "D") showing the number of homeowners who would have to be processed for allotments, and the estimated cost of this processing. Mr. Milliken said to Senator Raggio that in Clark County, any units under a 4-plex are considered as real property and the household goods are taxed on a 5% basis; but any unit above a 4-plex requires a declaration.

Mr. Marvin Leavitt, City of Las Vegas, stated that he felt these individual measures did not have a tremendous detrimental effect on the governmental entities, however, when the entire aggregate of tax reform legislation is considered and imposed, it has a "bankrupt" effect.

S.B. 66 & S.B. 77

Mr. Ed Shorr explained the wording in the fiscal note for S.B. 66 (Exhibit "C"), and stated that Mr. Frank Daykin, Legal Counsel, told him that livestock held for business purposes are exempted under Question 4, which was passed by the voters November, 1978. Mr. Daykin stated to Mr. Shorr that S.B. 66 is the enabling language to implement the constitutional amendment.

Chairman Glaser stated that Senator Ford had commented that S.B. 50 and S.B. 77 would accomplish the same results; and S.B. 66 was not needed.

Mr. Thomas Wines, Nevada State Cattlemen's Association, said that his association favors S.B. 66, but prefers S.B. 77. Mr. Wines stated that livestock is presently being taxed as real property, but is considered as inventory by the owners.

Mr. Dave Secrist, President of the Nevada State Cattlemen's Association, also said that he preferred S.B. 77; and he stated that the cow herd is considered inventory, because a tax is paid on the cow whether she produces a calf or not. Senator Ashworth asked how this differed from the machinery in a manufacturing firm? Senator Dodge responded that the inventory tax on machinery is being phased out through Question 4.

Assemblyman Louis Bergevin stated in S.B. 66 that Section 3 of the bill deletes livestock as a taxable item, but in Section 5, it puts them back in; and S.B. 77 doesn't

(Committee Minutes)

attempt to list which animals are exempt and which are not. Senators Dodge and Raggio also commented on the "ambiguity" of S.B. 66, Sections 3 through 5. Senator Kosinski agreed with this and said that the specificity of Section 4 would probably prevail in statutory interpretation: "all livestock held for business purposes". Senator Kosinski said that this language was not retained in S.B. 77. Assemblyman Bergevin stated that all the livestock on his ranch were held for "business purposes". The Assemblyman also said that machinery can be depreciated; and livestock is reassessed each year by the Tax Commission and cannot be depreciated. Chairman Glaser said that Mr. Frank Daykin had stated that the wording "business purposes" was used to exclude show and pleasure horses.

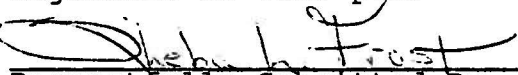
In the discussion that followed on the livestock taxation, it was disclosed that the current tax is a value tax based on annual assessment.


Mr. David P. Conover submitted a written statement to the Committee on S.B. 66 & 77, (see Exhibit "E"), which stated the Farm Bureau Federation's support of this legislation.

Mr. Bob Sullivan, Carson River Basin Council of Governments, stated that every tax reduction considered will continue to lessen the revenue for the smaller counties.

The Chairman asked that the Committee quickly review the bills that have not had a hearing and decide if they are relevant to the overall tax package. The Committee decided that S.B. 160 and S.B. 166 did require a hearing in order to contribute to the tax bill legislation. S.B. 166 was scheduled for February 6, 1979; and S.B. 160 was scheduled for February 15, 1979.

There being no further business, the meeting was adjourned at 4:55 p.m.


Respectfully Submitted By:
Sheba L. Frost, Secretary


Approved By: Senator Norman Glaser,
Chairman

Alexander Grant
& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INTERNATIONAL FIRM
ALEXANDER GRANT TANSLEY WITT

February 1, 1979

To: Committee on Taxation, Nevada State Senate
From: Al Ashley, Partner, Local Government Audit Specialist
Subject: Impact of Question 6 and Related Tax Reduction Proposals
on Local Governments

The following information dealing with the impact of Question 6 and other tax reduction proposals on local government has been developed at the request of Mr. Ed Schorr, Deputy Fiscal Analyst.

The counties of Douglas and Churchill have been selected for review. Churchill County has been experiencing a slow steady growth in recent years, while Douglas County has been experiencing one of the most rapid growth rates in the nation.

I appreciate the opportunity to appear before this committee to express some thoughts on changes to our tax laws.

Very truly yours,


A.A. Ashley

QUESTION #6

Using 1976-1977 full cash value compared to actual taxes collected for fiscal year ended June 30, 1978:

	<u>Churchill County</u>		<u>Douglas County</u>	
Actual taxes levied	\$2,219,351	100%	\$5,942,301	100%
1% of full cash value	<u>1,540,246</u>	<u>69</u>	<u>4,392,402</u>	<u>74</u>
Estimated reduction	<u>(\$ 679,105)</u>	<u>31%</u>	<u>(\$1,549,899)</u>	<u>26%</u>

Governor's Proposal - \$3.50

Using 1976-1977 assessed value at \$3.50 maximum rate compared to actual taxes collected for fiscal year ended June 30, 1978 (before \$.70, \$.11 and \$.25):

	<u>Churchill County</u>	<u>Douglas County</u>
Actual taxes (net of \$.70, \$.11 and \$.25)	\$1,648,232	\$4,312,810
\$3.50 maximum rate (+ \$.41 and \$.68 school debt)	<u>1,632,059</u>	<u>4,423,355</u>
Estimated increase (reduction)	(\$ <u>16,173</u>)	\$ <u>110,545</u>
Maximum potential reduction - 44¢	(\$ <u>237,197</u>)	(\$ <u>676,430</u>)
Constitutional limit (per \$100)		\$5.00
Governors' adjustment:		
State	\$.25	
Title XIX	.11	
School	<u>.70</u>	<u>1.06</u>
		<u>3.94</u>
Maximum limit (before school debt)		<u>3.50</u>
Additional reduction to counties		\$ <u>.44</u>

S.B. 54 - Property Tax Abatement For Homeowners and Renters

1. Increase cost of property assessment and tax billing operations
 - . Assessor to maintain separate records for homeowners
 - . Counties using computers will have to reprogram for changes
 - . Will effect a local government's cash flow due to timing of reimbursement from the state
 - . Increase paper cost
 - . Increase postage (to and from)
2. Fiscal note on face of bill should read: "Effect on Local Government: Yes"
3. Administration of the renter refunds may be very difficult to administer (police)

Side Effects of Cutting Property Taxes

1. Reduce federal revenue sharing funds to Nevada - state, counties and cities
2. Increase federal income taxes on individual earnings as well as businesses
3. Decrease costs (property tax expense) to tourist oriented businesses (casinos, restaurants, hotels and motels), which, if passed on to the consumer, will be of only minor benefit to the citizens of Nevada
4. Increase spending power for individuals

Remove Tax On Food (Sales and Use Taxes, City/County Relief Tax,
School Support Tax)

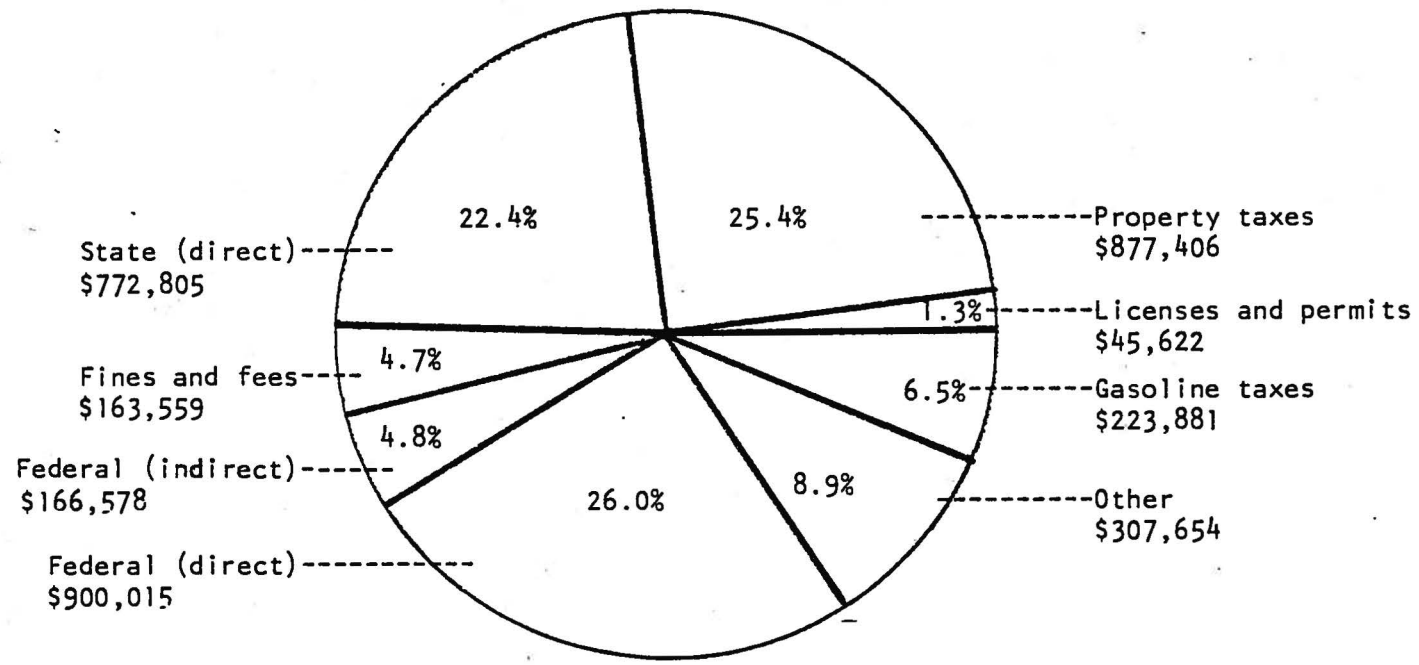
1. Reduce statewide revenue from sales and use tax by approximately 12%
2. No effect on schools because of present state support formula
3. Generally our small cities and counties, (other than Clark and Washoe) would suffer a greater loss. Churchill County would lose about 21% or \$59,600, and City of Fallon would lose about \$22,966 for fiscal year 1979-1980
4. Increase federal income tax for individuals
5. Decrease Nevada's share of federal revenue sharing

Where to Cut Costs?

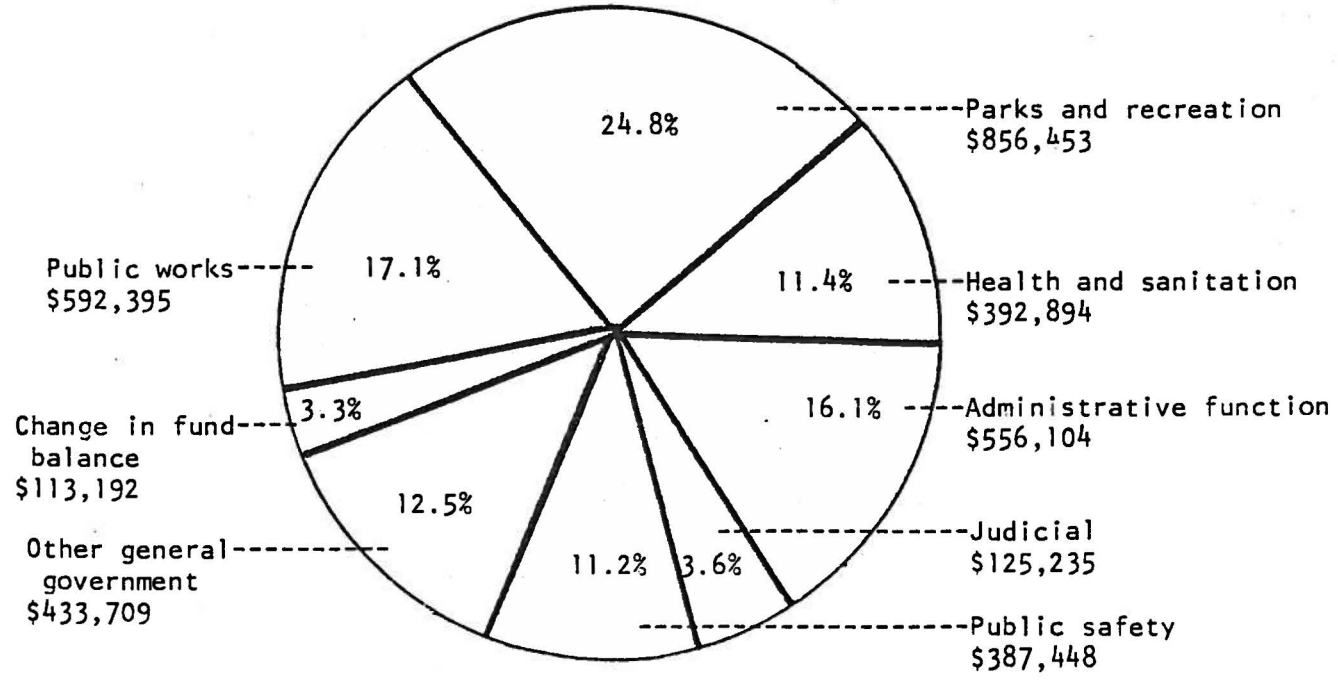
- . Administration
- . Public safety
- . Judicial
- . Health and sanitation
- . Public works
- . Parks and recreation

Churchill County
REVENUES AND EXPENDITURES
1977-1978

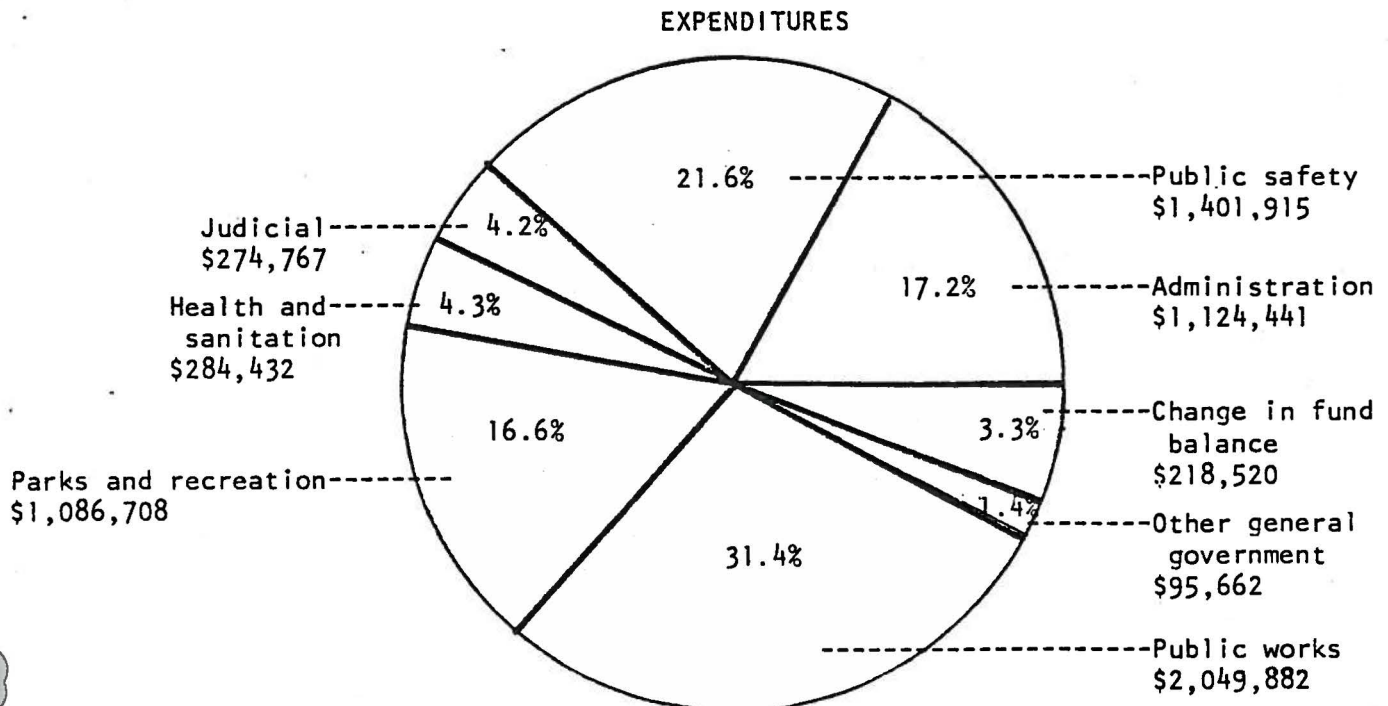
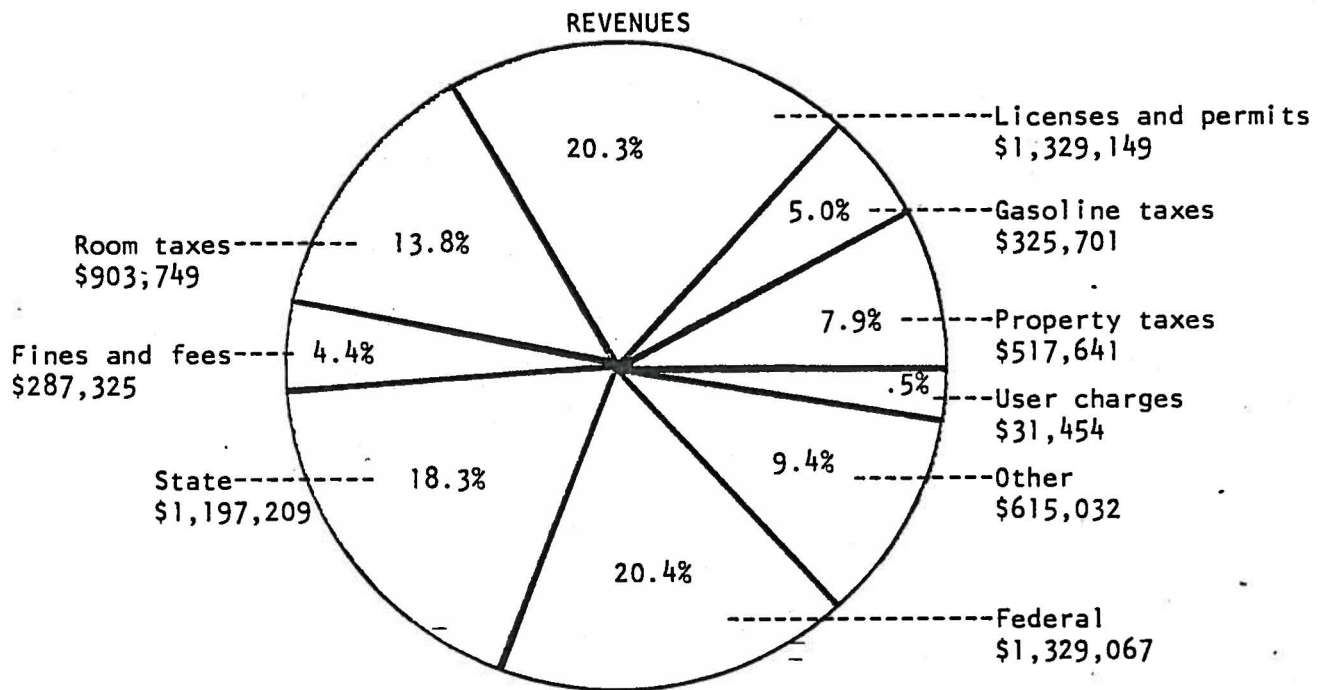
REVENUES



EXPENDITURES



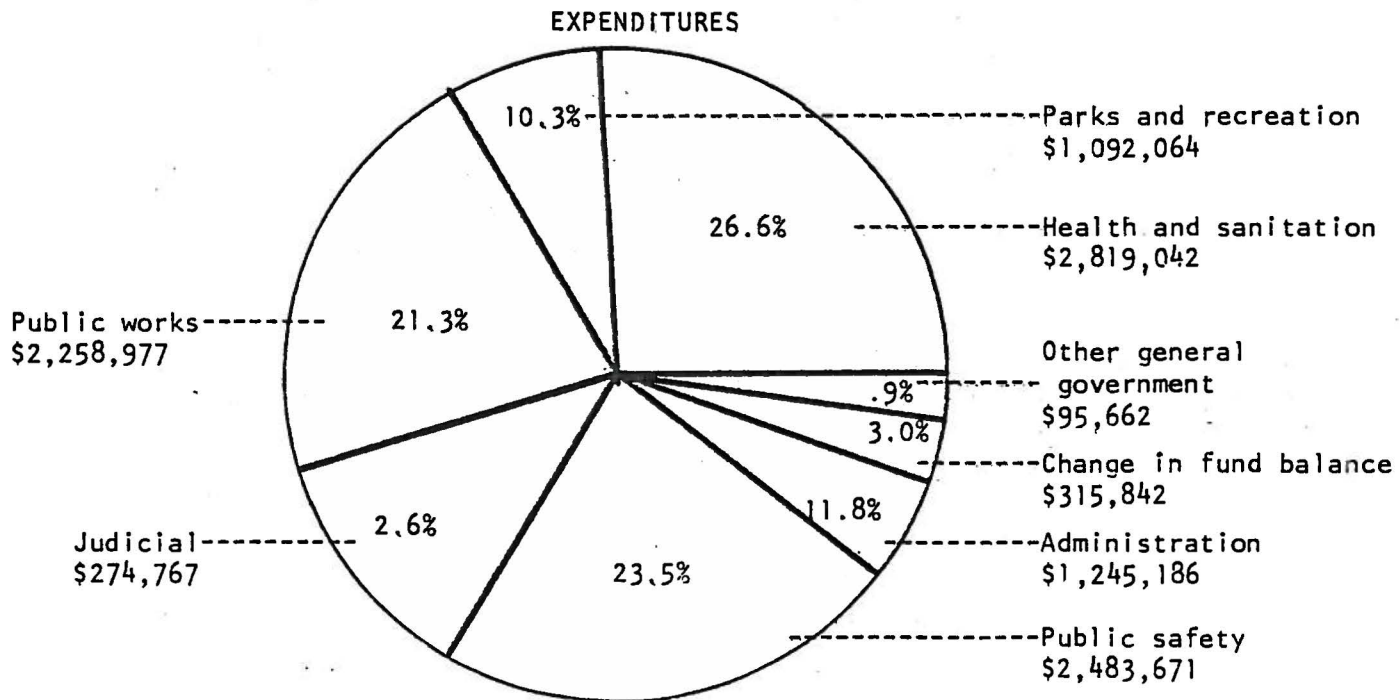
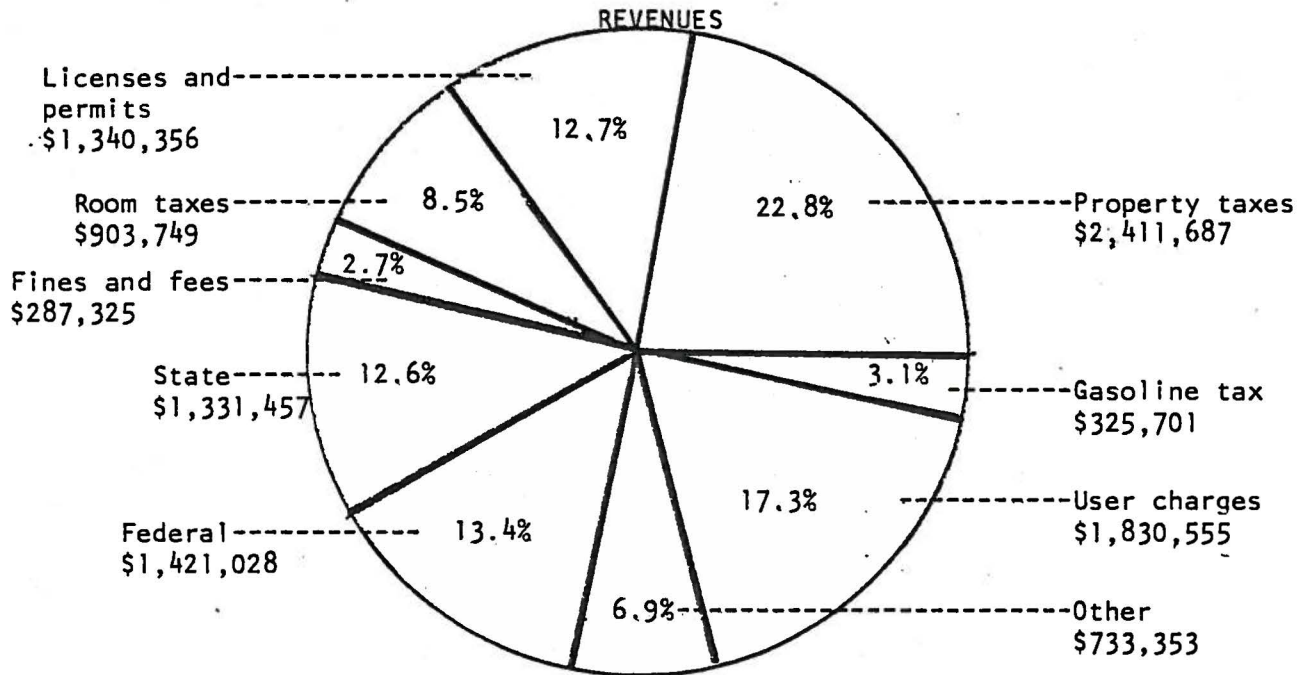
Douglas County
REVENUES AND EXPENDITURES
1977-1978



Douglas County and Related Entities
(Excluding Schools)

COMBINED REVENUES AND EXPENDITURES

1977-1978



COUNTY GAMING TAX

Amounts received by City of Las Vegas in years indicated:

	<u>Amount</u>	<u>Percent Increase</u>
1973-74	693,680	-0-
1974-75	740,123	6.7
1975-76	772,538	4.4
1976-77	857,750	11.0
1977-78	926,520	8.0
1978-79	977,500	5.5

If SB ⁴⁶~~30~~ had been in effect in 1978-79, the City of Las Vegas would have received 75% of the tax collected within its borders instead of 50%. This would amount to \$488,750.

• STATE AGENCY ESTIMATES Date Prepared January 31, 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	\$ 199,247	\$ 228,357	YES
Schools		1,583,591	1,845,260	
Local Governments		1,970,981	2,228,209	
Household Goods Only				
Total	NONE	\$3,753,819	\$4,301,826*	YES

Explanation (Use Continuation Sheets If Required)

Livestock	1979/80	1980/81	1981/82	1982/83	1983/84
State	\$ 12,852	\$ 13,838	\$ 14,887	\$ 15,984	\$ 17,145
Schools	92,689	99,834	107,372	115,311	123,675
Local Governments	136,537	147,068	158,170	169,867	182,187
TOTAL	\$ 242,078	\$ 260,740	\$ 280,429	\$ 301,162	\$ 323,007

GRAND TOTAL HOUSEHOLD AND LIVESTOCK \$3,796,650 \$4,334,209 NOT COMPUTED FOR HOUSEHOLD

Local Government Impact YES NO
(Attach Explanation)

SEE ATTACHED

Signature Roy E. Nickson

Title EXECUTIVE DIRECTOR

*Assessed value estimated to increase at approximately 14 percent.

• DEPARTMENT OF ADMINISTRATION COMMENTS

Date January 31, 1979

The above estimate appears reasonable.

Signature Howard E. Barratt

Title Director of Administration

• LOCAL GOVERNMENT FISCAL IMPACT

Date February 1, 1979

(Legislative Counsel Bureau Use Only)

	FY 1979-80	FY 1980-81
Local Governments	Not Significant	(\$1,876,000)
Schools	" "	(\$ 958,000)

Question 4, passed by the voters November, 1978, amended the Nevada Constitution to exempt business inventories from property tax. The amendment calls for a 20% reduction each year in the tax on business inventories and a total exemption by the end of the fourth year. Also, the legislature was permitted to exempt any other personal property.

Sections 3 and 4 of this bill implement the constitutional amendment with respect to livestock held for business purposes. No reduction in revenue should be attributed to this enabling section. Also, the bill would exempt household goods and furniture from taxation beginning FY 1979-80. Taxes levied for that period on the secured roll become due during FY 1980-81. In FY 1979-80, the only decrease in revenue would be that attributable to collections on the unsecured roll. It is estimated that local government revenues would decrease in FY 1980-81 approximately \$1,876,000 and schools \$958,000. Schools would actually lose about \$1,471,000 but \$513,000 would be recouped through the Distributive School Fund.

Signature E.A. Schorr

Title Deputy Fiscal Analyst

PERSONAL PROPERTY
1979/80
HOUSEHOLD

1980/81
HOUSEHOLD

	1979/80		1980/81	
	VALUE	LOSS	VALUE	LOSS
Carson City Schools	\$ 3,036,088	\$ 78,635 56,775	\$ 3,468,123	\$ 89,824 64,854
Churchill County and City Schools	1,394,894	35,569 26,642	1,598,688	40,767 30,535
Clark County and Cities Schools	37,911,159	856,792 834,045	43,449,979	981,970 955,899
Douglas County Schools	6,315,994	147,794 133,899	7,238,761	169,387 153,462
Elko County and Cities Schools	4,687,990	124,701 84,384	5,372,905	142,919 96,712
Esmeralda County Schools	51,562	1,526 773	59,095	1,749 886
Eureka County Schools	40,992	1,180 648	46,981	1,353 742
Humboldt County and City Schools	584,406	15,428 10,636	669,788	17,682 12,190
Lander County Schools	104,631	2,887 1,779	119,918	3,309 2,039

	1979-80 28%	1980-81 21%	1981-82 14%	1982-83 7%	1983-84 -0-%	Total Loss
Lincoln County and City	4,257	4,586	4,932	5,297	5,681	24,753
Schools	3,308	3,563	3,832	4,115	4,413	19,231
Lyon County and City	5,977	6,439	6,925	7,437	7,976	34,754
Schools	4,277	4,606	4,954	5,320	5,706	24,863
Mineral County	691	744	801	860	922	4,018
Schools	459	495	531	572	612	2,669
Nye County and City	6,449	6,945	7,470	8,022	8,604	37,490
Schools	4,323	4,656	5,008	5,378	5,768	25,133
Pershing County and City	3,861	4,159	4,472	4,803	5,152	22,447
Schools	2,097	2,259	2,430	2,609	2,799	12,194
Storey County	48	52	56	60	64	280
Schools	29	31	34	36	38	168
Washoe County and Cities	6,668	7,183	7,724	8,296	8,898	38,769
Schools	4,555	4,905	5,276	5,667	6,077	26,480
White Pine County and City	7,169	7,722	8,305	8,919	9,566	41,681
Schools	3,633	3,913	4,209	4,519	4,848	21,122
Total State	12,852	13,838	14,887	15,984	17,145	74,706
Total Schools	92,689	99,834	107,372	115,311	123,675	538,881
Total Local Governments	136,537	147,068	158,170	169,867	182,187	793,829
TOTAL FOR YEAR	242,078	260,740	280,429	301,162	323,007	1,407,416

REDUCTION LIVESTOCK

	1979-80 28%	1980-81 21%	1981-82 14%	1982-83 7%	1983-84 -0%	Total Loss
Carson City	233	251	271	290	311	1,356
Schools	168	182	195	209	225	979
Churchill County and City	8,573	9,233	9,931	10,665	11,438	49,840
Schools	6,421	6,916	7,438	7,988	8,568	37,331
Clark County and Cities	4,311	4,644	4,994	5,364	5,753	25,066
Schools	4,197	4,521	4,862	5,221	5,600	24,401
Douglas County	4,688	5,051	5,432	5,833	6,257	27,261
Schools	4,248	4,575	4,922	5,285	5,668	24,698
Elko County and Cities	51,968	55,975	60,199	64,652	69,341	302,135
Schools	35,166	37,878	40,736	43,749	46,923	204,452
Esmeralda County	1,484	1,598	1,719	1,845	1,980	8,626
Schools	752	809	871	936	1,003	4,371
Eureka County	8,450	9,101	9,789	10,513	11,275	49,128
Schools	4,635	4,994	5,370	5,767	6,186	26,952
Humboldt County and City	14,258	15,358	16,517	17,739	19,025	82,897
Schools	9,830	10,587	11,387	12,229	13,116	57,149
Lander County	7,452	8,027	8,633	9,272	9,944	43,328
Schools	4,591	4,944	5,317	5,711	6,125	26,688

PERSONAL PROPERTY

1979/80

HOUSEHOLD

VALUE

LOSS

1980/81

HOUSEHOLD

VALUE

LOSS

Lincoln County and City
Schools

\$ 322,514 \$ 8,095
6,289

\$ 369,633 \$ 9,278
7,208

Lyon County and City
Schools

1,268,453 32,980
23,593

1,453,774 37,798
27,040

Mineral County
Schools

635,711 17,037
11,316

728,588 19,526
12,968

Nye County and City
Schools

485,659 12,967
8,693

556,614 14,861
9,963

Pershing County and City
Schools

233,725 6,754
3,669

267,72 7,741
4,206

Storey County
Schools

147,997 4,129
2,472

169,619 4,732
2,832

Washoe County and Cities
Schools

21,759,840 576,636
393,853

24,938,953 660,882
451,395

White Pine County and City
Schools

717,210 21,229
10,758

821,994 24,431
12,329

TOTALS

\$ 79,698,825 \$ 3,554,572

\$ 91,342,823 \$ 4,073,469

SB 54 "Tax Abatement Act"

Renters - No problem. Section 10 states that renter applicants must be filed with D. O. T.

Homeowners - following is a breakdown of owned residences. The fourth column is projected eligibility based on estimated owner occupied percentages.

<u>Type</u>	<u>No.</u>	<u>Est. % Owner occupied</u>	<u>Projected Eligible</u>
Detached Single family	76,623	95%	72,792
Townhouse	7,330	95%	6,964
Condominium	3,900	95%	3,705
Duplex	4,451	50%	2,226
Triplex	840	30%	252
Fourplex	8,665	30%	2,600
Apts. 5 units +	30,179	5%	1,509
Mobile homes	21,262	90%	19,136
			<u>109,184</u>
	Max. potential applicants		

Maximum projected total is assuming that all eligible applicants take advantage of the program.

Sec. 7 Par. 3. States that form must be furnished by the County Assessor "to each claimant.". The numbers above dictate that at least 115,000 forms be printed. Though procedures are not yet planned, we must assume from various sections of SB 54 that it will be necessary to provide copies of the application for: Tax Receiver (Sec. 8 Par. 4), Auditor (Sec. 8 Par. 1), Department of Taxation (Sec. 12) and naturally the original would be kept by the Assessor. The foregoing would necessitate at least four copies and five if a copy were to be maintained by the applicant.

The Personal Property Division recently ordered 5,500 4-copy NCR letter size credit memos for the senior citizens program. Cost of these forms was \$902.83 or \$16.42 per 100. (NCR forms alleviate usage of carbon paper and cuts clerical time spent on each application substantially). Assuming that the applications would be at least letter size, and that the volume of 115,000 applications could earn a 15% discount, the form cost would be: \$16,050.55. Letter size envelope cost is \$18.00 per thousand or \$2,070.00. Use of window envelopes would eliminate the need for address labels or typewritten envelopes if data processing could address the applications. Though postage costs are not directly charged to each department, the postage would nevertheless be charged to the County. The assumption is made that only the application would be mailed and not followed by an additional correspondence. $109,184 \times 15\text{¢} = \$13,507.20$. Breakdown of only material and postage with no labor cost is as follows:

115,000 Applications	\$16,050.55
115,000 Envelopes	2,070.00
Postage 109,184 x 15¢	<u>16,377.60</u>
	\$34,498.15

Labor - Projecting labor cost is probably the most difficult aspect of this program. We have no history on which to base incidents where additional work is required. We do know that approximately 35% of the senior citizens applications are either filed in person (which involves more time than mail apps.) or must be verified, audited or returned to the applicant for one reason or another. We must assume that the form will not be as detailed as the senior citizen application and will be more easily understood. An estimate of 20% of this type of "problem" application is made, or approximately 22,000 applications that will require other than "normal" processing. The majority of these problems can probably be solved by a phone call, but even so we must assume a minimum of 4 or 5 minutes on each call. If 80% can be solved by telephone, then approximately 1200 man hours will be spent on phone calls alone. (160 working days of 7 1/2 hrs.) Average field time per call, including travel, should be about 45 minutes. The number of field calls could run as high as 4,400, which means about 3,300 hours expended (440 work days = 2 full time field auditors)

In addition to insuring that eligible applicants receive applications, the following clerical procedures would probably take place.

1. Applications must be opened, checked for completeness, and date stamped for receipt thereof.
2. Completed apps. would then be checked against ownership rolls, either real property or mobile home. Parcel or decal number would be entered on application.

Applications not deemed calculable would be referred to audit personnel for phone or field check or returned to applicant for completion.

3. Appropriate information would be forwarded to data processing (either by list or direct entry) for listing and calculations.
4. Original applications would be noted as completed and filed in Assessor's Office.
5. D. P. List would be forwarded to Auditor showing description, name and address of applicant and dollar allowance of each claim.

The above processing seems relatively simple, discounting audit work. However, the problems that arise probably would not be in the complexity of the individual process, but in the numbers involved. Logistics concerning over 100,000 applications of any kind are phenomenal.

Minimum foreseeable man hours involved are detailed below. (Figures assume addressing, folding, stuffing - all premailing done by machine.)

Work days July 1 - Dec. 15 - 114 working days
Estimated time to open, stamp and check for completeness - 30 seconds each.

Estimated time to extract date (parcel or decal no.) and copy -
 Minimum under ideal conditions using direct terminal - 20 seconds each
 Minimum under ideal conditions using remote terminal - 30 seconds each

Maximum apps. that could be processed from receipt to extration of
 information per person per day
 using direct terminal - 500
 using remote terminal - 450

The above figures indicate approximately 220 working days just in the opening, stamping and checking for completeness of 100,000 applications. Note the term "under ideal conditions." That term does not take into consideration any lag in computer response or any other interruption such as inquiries, phone calls, etc. If a quick review is built into the process as the time the processing is initiated, then the man hours spent would increase substantially.

Not including any administrative review, additional labor required would be:

- Clerical - to initiate processing and quick review - est. 1,700 man hours
 to make contact on non-calculable apps by phone - 1,200 man
 hours
- Audit - Field audits and checks on property - 3,300 man hours

Because of the time frames allowed in SB 54 the workload would be concentrated in a 6-month period which would indicate that the normal 230 work day year could not be considered in figuring personnel needs.

There are 114 work days between July 1, 1979 and December 15, 1979.

- Clerical - Minimum of 5 competent clerks (OAI)
- Audit - Minimum of 2 field auditors
- Administrative - One person must be given supervisory control of
 program, will exercise personnel duties and have ultimate audit
 control with program.

Labor costs as follows, include retirement, insurance and N.I. C.
 Based on 6 months at entry level, 6 months step II.

5 Office Assistant I - \$11,313.31	\$56,566.55
1 Supervisory Senior Office Assistant	14,638.03
2 Field Interviewers (Auditor) OAI	
@ 13,098.65	26,197.30
First Year Labor Cost Total -	<u>\$97,402</u>

Data Processing will facilitate implementation of the program and allow us to get by on the number of personnel above. The majority of the calculations would

be done by data processing along with listing and preparation for mailing. Possibility exists that data extraction on application could be done by D. P. Estimated D. P. costs are as follows. Those figures with asterisks are one time costs but are subject to approximately 10% per year maintenance.

Program for mailing applications -	\$750*
Run time for mailing applications -	450
Program for secured roll list and tags -	900*
Run cost for secured roll list and tags -	350
Program to tag mobile home roll -	800*
Run time to tag mobile home roll -	250
Total D. P. cost not including entry	<u>\$3,500</u>

Est. Costs SB 54 1st year of implementation - not including capital-space.

Preparation and mailing of applications	\$34,498.15
Labor	97,402.00
D. P.	3,500.00
	<u>\$ 135,400.15</u>

2/2/79sr

POSTCARD STOCK
NECESSARY TO INCLUDE INSERT FOR 1ST YEAR

EXHIBIT D

I hereby make application under the Tax Abatement Act of 1979 on the property described
below for tax relief as described in Nevada Revised Statutes. By signature below I claim
that I have maintained the below described property as my primary residence for at
least 6 months of 1978.

Parcel or Decal #
010-010-010

Jones, John J.
1234 Main St.
Henderson, NV 89015

Signature of applicant _____

Number & Street _____

Any person who willfully makes a false statement on a claim filed under the tax abatement
act, if as a result of the false statement or proof receives such abatement, is guilty of
a gross misdemeanor.

REVERSE SIDE

Place
Postage
Stamp
Here

CLARK COUNTY ASSESSOR
200 E. CARSON AVENUE
LAS VEGAS, NV 89101

STATEMENT FOR THE NEVADA FARM BUREAU FEDERATION

BY DAVID P. CONOVER

BEFORE THE SENATE TAXATION COMMITTEE - S.B. 66

MY NAME IS DAVID CONOVER. I AM DIRECTOR OF MEMBER RELATIONS FOR THE NEVADA FARM BUREAU FEDERATION.

THE NEVADA FARM BUREAU IS A VOLUNTARY ORGANIZATION OF SOME 4,000 MEMBERS STATEWIDE. THE ORGANIZATION SERVES AS A MEANS FOR RANCHERS AND FARMERS WHO PRODUCE A VARIETY OF CROPS AND LIVESTOCK TO EXPRESS THEIR IDEAS, CONCERNS AND PROBLEMS. A LARGE SEGMENT OF OUR MEMBERSHIP ARE CATTLE PRODUCERS.

FOR A NUMBER OF YEARS THE VOTING DELEGATES AT THE NEVADA FARM BUREAU ANNUAL MEETINGS, HAVE ADOPTED POLICY STATEMENTS ASKING FOR THE REMOVAL OF THE PROPERTY TAX ON COMMERCIALY PRODUCED LIVESTOCK. OUR CURRENT POLICY ON THIS STATES THAT THE NEVADA FARM BUREAU URGE THE "STATE LEGISLATURE TO PASS LEGISLATION CREATING AN EXEMPTION FOR LIVESTOCK . . ."

WE FEEL THAT THE RANCHER PAYS HIS FAIR SHARE OF TAXES THROUGH THE ASSESSMENT OF HIS LAND, BUILDINGS AND EQUIPMENT. THE REDUCTION OF THE TAX AND EVENTUAL ELIMINATION OF PROPERTY TAX ON CATTLE WOULD SATISFY THE CONCERNS OF THE LIVESTOCK PRODUCERS IN NEVADA.

THEREFORE, WE SUPPORT THE PASSAGE OF SENATE BILL 66. ANOTHER BILL, SENATE BILL 77, ALSO ADDRESSES THE QUESTION OF PROPERTY TAX ON AMOUNG OTHER THINGS, LIVESTOCK HELD FOR BUSINESS PURPOSES. WE ALSO SUPPORT THIS BILL. AND, WE FEEL THAT S.B. 77 MAY DO A BETTER JOB OF IMPLEMENTING THE WISHES OF THE VOTERS IN THE PASSAGE OF QUESTION 4 ON THE NOVEMBER BALLOT.

-MORE-

WE SUPPORT THE CONCEPT OF BOTH BILLS AND ENCOURAGE YOUR FAVORABLE APPROVAL. THANK-YOU FOR THE OPPORTUNITY TO EXPRESS THE VIEWS OF THE MEMBERS OF THE NEVADA FARM BUREAU.

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