

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

GUESTS: Mr. Frank Daykin, Legal Counsel, Legislative Counsel Bureau
 Mr. Gary Milliken, Clark County Assessor's Office
 Mr. Ted Saunders, Superintendent of Public Schools
 Mr. Doug Sever, Nevada Department of Education
 Dr. Marvin Picollo, Washoe County School District
 Mr. Ed Greer, Clark County School District
 Mr. Louis Hirshmann, Douglas County School District
 Dr. Claude Perkins, Clark County School District
 Mr. Howard Barrett, Administrator, Nevada Department of Administration
 Mr. Jim Shields, Nevada State Education Association

The meeting was called to order on Tuesday, March 27, 1979, at 1:35 p.m. in Room 213, with Senator Norman Glaser in the Chair.

S.B. 204 - Amendment No. 360 - Exhibit "A"

Mr. Frank Daykin, Legal Counsel, Legislative Counsel Bureau, read Amendment No. 360, section by section. Senator Lamb proposed that action on the Amendment be taken in this manner in order that each subject matter be clarified.

Mr. Frank Daykin read Section 5 of Page 2 of S.B. 204 as shown in Exhibit "A".

Senator Lamb moved adoption of Section 5 of Amendment No. 360, paragraphs 1, 2 and 3.

Senator Don Ashworth seconded the motion.

The motion carried.

Mr. Daykin read Section 16.5 of Page 7 of S.B. 204, Lines 3, 7, 11 and 27 through 32. Mr. Daykin then skipped to Sections 17.7 and 17.8, which are new sections to S.B. 204. Section 17.8, of NRS 387.195 was also amended.

Mr. Daykin stated that the amendment of Section 17.8 places a limit on the 80¢ levy; as the levy cannot exceed 80¢ or the level permitted by the "cap", whichever is the lower.

Senator Lamb asked the school district representatives and the Department of Education to comment on the new sections which apply specifically to the special "cap" placed on the school districts.

Mr. Ted Saunders, Superintendent of Public Schools, introduced Mr. Doug Sever of the Department of Education to make the following comments: (For detail, see Exhibit "B")

Mr. Sever said that the Department of Education had prepared a package for the review of the Committee. The package is divided into three parts. The first part compares A.B. 616 with S.B. 204 (as it is currently written); the second part compares A.B. 616 with S.B. 204, with Amendment No. 360; and the third part shows all three impacts.

Senator Dodge asked if the reserves have been defined as part of the expenditures for the school districts? The Senator said that he felt that S.B. 204 was not attempting to restrict operating balances. Mr. Daykin said that Senator Dodge's statement is correct toward S.B. 204, as it stands unamended. Senator Raggio said that the only "cap" that limits the ending balances is in the Assembly bill.

Mr. Sever said that on Page Two of Exhibit "B", the column titled, "Tentative Bueget", represents the Governor's new money without the opening fund balances. Mr. Sever said that this permits analysis of expenditure limits over what is planned by the districts in the tentative package.

Senator Dodge asked if the Tentative budget is composed of the Governor's recommendation, plus the full 80¢ on the present assessed valuation? Mr. Sever confirmed that this was correct.

In referencing Page Three of Exhibit "B", Senator Dodge asked what the expenditure totals per pupil are for the present operating year? Mr. Sever said that he did not have that information with him, but would obtain it for the Senator as soon as possible.

Senator Raggio asked if the figures shown on Page 5 of Exhibit "B" indicate that Carson City had an opening balance of approximately \$200,000? Mr. Sever said yes, it was about \$175,000.

Dr. Marvin Picollo, Washoe County School District, said that the most important item for a "cap" to the superintendents is to save the "Nevada Plan", because of its flexibility with regards to population changes. Dr. Picollo said that Amendment No. 360 for S.B. 204 does allow this continued elasticity, and no other "cap" proposals do allow for this growth.

Mr. Ed Greer, Associate Superintendent of Clark County School District, said that if the 80¢ "cap" is combined with the State Distributive School Fund "cap", the effect is a limitation on 90% of the school budget, and at the same time, the projections on all other revenue would be available.

Mr. Greer said the school districts have serious reservations with the Assembly's tax package using 80% of the C.P.I., as the C.P.I. does not allow the district budgets to grow with the actual costs from one year to another, and over the "long-range" this results in a serious constriction.

Senator Dodge asked if the school districts foresee an appreciable increase in enrollment, or if they predict it will continue to decline? Dr. Picollo said that in the upcoming biennium, the districts predict an approximate 2% increase. Mr. Saunders said that they can only predict this slow and steady growth from the past enrollments.

Dr. Picollo said that the proposed "cap" on the 80¢ has an advantage because if state revenues should be cut-off, this would allow the local entities to rely more heavily on their own resources.

Senator Raggio asked what is the projected enrollment for next year in Washoe County schools? Dr. Picollo said the enrollment should increase slightly over 1%, and the estimated amount is 31,370. Mr. Sever said the actual enrollment for Washoe County in 1979 is 31,119.2.

Mr. Saunders commented that the allowance of ending balances in Amendment #360 is important because school districts that are involved in litigation, plan to pay for the litigation, if the court rules against them, out of their ending fund balances. He also said that the "cap" currently in S.B. 204 would not allow for this, and the payment would have to be taken out of regular program monies. Mr. Louis Hirshmann of the Douglas County School District said that this applies to his district which is currently involved in litigation, and the amount which may need to be paid results in approximately 2% of his budget. Senator Dodge stated that S.B. 204 in its current format speaks to "capping" expenditures from the general fund, and although an ending balance might be placed in reserve, it would become an expenditure when augmented into the budget.

Senator Dodge stated that in order for him to give equitable consideration of this legislation, he would need the school districts to provide their "bottom-line" average financial ability for A. D. M.

Senator Raggio asked what was Clark County's budget for last year? Mr. Greer answered that it was \$133,000,000, and if Clark receives the Governor's full proposal, their budget will increase by 11% this next year.

Senator Don Ashworth moved to adopt the portion of Amendment No. 360 of Senate Bill No. 204, which includes Section 16.5, Lines 3, 7, 11, and 27 through 32; as well as, Sections 17.7 and 17.8 in their entirety.

Senator Lamb seconded the motion.

Discussion:

Senator Dodge stated that he would abstain from voting on these sections until he had the information on the A.D.M. figures for last year. Dr. Claude Perkins said that normally the average pupil cost for the State is what the average equates to in Clark County, and that is currently about \$1500 per pupil.

Senator Raggio stated that he would vote to support the amendment, but he has serious reservations about imposing different types of "caps" for different governmental entities. Senator Lamb said that he knew when they first began discussion on the "cap" process that there would have to be a special "cap" for the school districts.

Chairman Glaser called for the vote on Senator Ashworth's motion:

The motion carried. (Senator Dodge voted to "abstain".)

Mr. Daykin then went on to read Amendment No. 360, Section 16.5, Line 39, Page 7; and Section 16.5, Page 8, Lines 2 and 3.

Senator Lamb moved to adopt the portion of Amendment No. 360 of Senate Bill No. 204, which includes Section 16.5, Page 7, Line 39; and Section 16.5, Page 8, Lines 2 and 3.

Senator Don Ashworth seconded the motion.

The motion carried.

Chairman Glaser announced that Mr. Howard Barrett, Administrator of the Budget Division for the Department of Administration, had a suggested amendment to Senate Bill No. 204, which he needed to prepare the State agency budgets.

Mr. Barrett, referencing Section 16.1 of Senate Bill No. 204,

Page 6, Lines 26 through 29, said that the first paragraph of this section sets the State agency expenditure level at certain amounts above the biennium beginning 1975; however, for the increase in population, they are required to use the figure of July, 1975, and this would in reality only bring the population increase for three years - up to July, 1978. Mr. Barrett said that this means that in preparation of the budgets they are dealing with four years in increases of expenses, but only three years for increases in population. Mr. Barrett suggested that this could be corrected by changing the date to July 1, 1974 on Lines 28 and 40. Mr. Barrett also said that it would not be applicable to their budget preparation if the census figures used were not available for 1 1/2 from the Department of Commerce. Mr. Shorr said that the Bureau of Census accepts information from any state that has a planning agency, and uses them as their census, so the figures of the State Planning Coordinator would in fact come out as the Department of Commerce's provisional estimates. Mr. Daykin said that in preparing this amendment, he could include the use of population estimates certified by the Governor for the current biennium.

Senator Lamb moved to amend Senate Bill No. 204, as suggested by Mr. Howard Barrett, by changing Lines 28 and 40 of Page 6, to read July 1, 1974; and to use the population estimates certified by the Governor for the current biennium budget preparation.

Senator Don Ashworth seconded the motion.

The motion carried.

Chairman Glaser asked Mr. Ed Shorr to read his Memorandum into the record regarding the "rent rebate", (see Exhibit "C").

Mr. Jim Shields presented figures to the Committee in an attempt to respond to Senator Dodge's earlier remarks regarding the current A.D.M. figures for this year.

Mr. Shields said that he determined what the actual enrollment was for this year, and divided this into the actual expenditures, to obtain the current A.D.M. amounts, (See Exhibit "D").

ADMINISTRATIVE HEARING:

Chairman Glaser distributed a copy of BDR 41-1522 to the Committee members for their consideration as a Committee introduction. The Committee decided not to take any action on this bill draft.

S.B. 162 -- Exhibit "E"

Senator Raggio said that Mr. Joe Brown of the Nevada Catholic Welfare Board wanted to change the language on Page 1, Line 8 to "owned or operated". Senator Don Ashworth said that he felt the only wording that would assist Mr. Brown, would be that which Mr. Brown had suggested.

Senator Dodge moved to amend Senate Bill No. 162, on Page 1, line 8, to read "owned or operated".

Senator Don Ashworth seconded the motion.

The motion carried. (Senator Lamb - Absent)

Senator Sloan moved amend and "Do Pass" on Senate Bill No. 162.

Senator Don Ashworth seconded the motion.

The motion carried. (Senator Lamb - Absent)

S.J.R. 2 -- Exhibit "F"

Senator Dodge asked how the Committee felt about processing this resolution if S.B. 204 doesn't "survive".

Senator Kosinski said that S.J.R. 2 is limited to residential property. Senator Don Ashworth said he is in favor of this resolution if it is limited to residential property, however, he is opposed to the first section of the resolution which requires a 2/3's vote by both houses to consider any further tax legislation. Senator Kosinski commented that even if Senate Bill No. 204 does fail, and if Question 6 should fail, it would be best if the legislature could still have the capability of providing tax relief to residential property.

The Committee discussed the "pro" and "con" of the 2/3's requirement and Senator Sloan made the following motion:

Senator Sloan moved "Do Pass" on S.J.R. 2.

Senator Kosinski seconded the motion.

Senator Raggio moved to amend the previous motion, to delete the reference in the bill to the 2/3's requirement.

Senator Don Ashworth seconded the motion.

The motion carried. (Senators Dodge & Kosinski voted "No")
(Senator Lamb - Absent)

(Committee Minutes)

S.J.R. 2 (Cont.)

Senator Raggio moved to amend and "Do Pass"
S.J.R. 2.

Senator Don Ashworth seconded the motion.

The motion carried. (Senator Lamb - Absent)

S.J.R. 15 -- Exhibit "G"

Senator Raggio moved to indefinitely postpone
S.J.R. 15.

Senator Kosinski seconded the motion.

The motion carried. (Senator Lamb - Absent)

A.J.R. 19 -- Exhibit "H"

Senator Don Ashworth moved to indefinitely postpone
A.J.R. 19.

Senator Kosinski seconded the motion.

The motion carried. (Senators Raggio and Glaser voted "No")
(Senator Lamb - Absent)

A.B. 405

Senator Dodge moved to indefinitely postpone
A.B. 405.

Discussion:

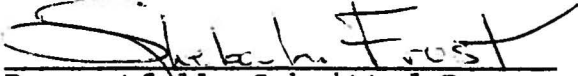
Senator Raggio asked what the alternative to this legislation would be. Senator Dodge said that he felt this would allow various designations in order to receive property tax exemption.


Senator Raggio stated that this bill does not change the language in the law now which says, "or preserve sites designated as historic, pursuant to law", but would allow the Historic Preservation and Archeology Division to dedicate the sites as "historic". Senator Dodge said that he felt that currently the county commissioners make these designations.

It was decided by the Committee to hold any further action on A.B. 405, until the main provisions of the bill could be clarified.

Senator Raggio asked to have it entered into the record that his lawfirm represents the Washoe County Teacher's Association, but he felt that this was not a conflict on a major tax package.

There being no further business, the meeting adjourned at
3:20 p.m.


Respectfully Submitted By:
Sheba L. Frost, Secretary


Approved By: Senator Norman Glaser,
Chairman

1979 REGULAR SESSION (60TH)

ASSEMBLY ACTION	SENATE ACTION	Senate	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to	Senate
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Bill No.	204 Joint Resolution No.
Date:	Date:	BDR	32-1480
Initial:	Initial:	Proposed by	Senator Glaser
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 No 360

Consistent with Amendments Nos. 330 and 340

Amend section 5, page 2, by deleting lines 8 through 11 and inserting:

"Sec. 5. 1. A person who owns a home and maintains it as his primary residence is entitled to an allowance against the property tax accrued against that home:".

Amend section 5, page 2, by deleting lines 19 and 20 and inserting:

"2. If a claimant owns the home for only a part of the assessment year, he is entitled to 1/12 of the allowance for each full month of ownership.

3. If a home is owned by a trustee and occupied by a beneficiary of that trust as his primary residence, the trustee is entitled to the allowance provided in this section."

Amend section 16.5, page 7, line 3, after "government" by inserting ", except as a school district,".

Amend section 16.5, page 7, line 7, after "government" by inserting ", except as a school district,".

Amend section 16.5, page 7, line 11 by deleting "or enrollment".

To: E & E
LCB File
Journal
Engrossment
Bill

Date 3-22-79 Drafted by FWD:nl

743

Amendment No. 360 to Senate Bill No. 204 (BDR 32-1480) Page 2

Amend section 16.5, page 7, by deleting lines 27 through 32 and inserting:

"4. On or before December 1 of each year, the governor shall certify the percentage of increase or decrease in population for each county and city: Every other local government, except a school district, must use the percentage of increase or decrease in population".

Amend section 16.5, page 7, line 39, after "government" and inserting ", except a school district,".

Amend section 16.5, page 8, line 2, after "fund," by deleting "or".

Amend section 16.5, page 8, line 3, by deleting the period and inserting ", or a fund established by a county fair and recreation board whose revenues consist primarily of license taxes assigned or appropriated for its use.".

Amend the bill as a whole by inserting new sections designated sections 17.7 and 17.8, following section 17.5, to read as follows:

"Sec. 17.7. Chapter 387 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. The amount computed by multiplying .008 times the average assessed valuation of the school district for the assessment years 1975-76, 1976-77 and 1977-78 is the base amount from which the

Amendment No. 360 to Senate Bill No. 204 (BDR 32-1480) Page 3

permissible amount of revenue to be derived from the tax whose levy is authorized by paragraph (b) of subsection 2 of NRS 387.195 must be calculated. The average enrollment in the school district during the school years 1975-76, 1976-77 and 1977-78 is the base enrollment from which changes in enrollment must be calculated. The level of the Consumer Price Index for the month of November in 1976 is the base level from which the percentage of inflation or deflation must be calculated.

2. The board of trustees shall calculate the amount of permissible revenue from the specified tax for a given year as follows:

(a) The base amount is multiplied by the percentage of change in enrollment in the current year from the base enrollment and this product is added to or subtracted from the base amount.

(b) The amount calculated under paragraph (a) is multiplied by the percentage of inflation or deflation in the current year from the base level, and this product is added to or subtracted from the amount calculated under paragraph (a).

(c) If the amount resulting from the calculations under paragraphs (a) and (b) represents a net increase over the base amount, the board of trustees may increase its recommended levy

Amendment No. 360 to Senate Bill No. 204 (BDR 32-1480) Page 4

accordingly. If the amount represents a net decrease, the board shall decrease its recommended levy accordingly. If the amount is the same as the base amount, the recommended levy must not be increased.

3. The department of taxation shall disapprove any tentative budget of a school district which does not comply with the limitations of subsections 1 and 2.

4. On or before December 1 of each year, the state board of education shall certify the percentage of increase or decrease in enrollment for each school district.

5. The Consumer Price Index published by the United States Department of Labor, for the month of November preceding the fiscal year for which the budget is prepared, must be used in determining the percentage of inflation or deflation.

Sec. 17.8. NRS 387.195 is hereby amended to read as follows:

387.195 1. At the time of levying county taxes, the board of county commissioners of each county shall levy a county school district tax.

2. [In 1956 and in each year thereafter when] When the board of county commissioners levies county taxes:

Amendment No. 360 to Senate Bill No. 204 (BDR 32-1480) Page 5

(a) [It shall be mandatory for each] Each board of county commissioners [to] shall levy a 70-cent tax on each \$100 of assessed valuation of taxable property within the county, which [taxes] tax shall be used by the county school district for the maintenance and operation of the public schools within the county school district; [and]

(b) When recommended by the board of trustees of the county school district, in addition to the mandatory levy [of taxes] provided in paragraph (a), each board of county commissioners shall levy a tax of not [to exceed] more than 80 cents on each \$100 of assessed valuation of taxable property within the county , or the rate which will produce the revenue permitted by section 17.7 of this act, whichever is lower, for the support of the public schools within the county school district [.] ; and

(c) In addition to the taxes levied in accordance with the provisions of paragraphs (a) and (b), each board of county commissioners shall levy a tax for the payment of interest and redemption of outstanding bonds of the county school district."

COMPARISON OF
SENATE (SB 204) AND ASSEMBLY (AB 616) CAP BILLS
AND
EFFECT ON SCHOOL DISTRICTS

PREPARED FOR SENATE TAXATION COMMITTEE

March 26, 1979

COMPARISON OF
SENATE (SB 204) AND ASSEMBLY (AB 616)
CAP BILLS

BASE YEAR:

- Assembly - - Uses 1978-79 budgeted expenditures as the base year with increases for enrollment and inflation.
- Senate - - - Uses 1977-78 actual expenditures as the base year with increases for enrollment and inflation.

ENROLLMENT INCREASES:

- Assembly - - Permits increase in weighted enrollment from September 1978 to projected enrollment for September 1979.
- Senate - - - Permits increase in weighted enrollment in base year (September 1977) to enrollment for September 1978. (Note: Calculations include increase in enrollment from September 1976 to September 1978 to establish consistency with C.P.I.).

INFLATION INCREASES:

- Assembly - - Provides for increase of 80% of the last five year average of the C.P.I. (Nov. 1973 = 137.6, Nov. 1978 = 202.0 = $9.36\% \times 80\% = 7.48\%$).
- Senate - - - Provides for increase in C.P.I. from November 1976 to November 1978 (Nov. 1976 = 173.8, Nov. 1978 = 202.0 = 16.2%).

EXPENDITURE LIMIT:

- Assembly - - Provides for 1979-80 Budget Limit which includes an expenditure limit plus a 3% to 5% ending balance.
- Senate - - - Provides for 1979-80 Expenditure Limit with no provision for ending balance.

SCHOOL DISTRICT COMPARISON
OF SENATE AND ASSEMBLY CAP PROPOSALS ON EXPENDITURES

School District	FY 1979-80 Expenditure Limit	Increase From FY 1978-79	Percent of Increase	FY 1979-80 Tenative Budget	FY 1979-80 Decrease	Percent of Decrease	Tax Rate Adjustment
Carson City							
Assembly	\$ 10,264,367	\$ 900,679	9.6%	\$ 10,494,522	\$ 230,155	2.2%	\$.05
Senate	\$ 9,759,006	\$ 395,318	4.2%	\$ 10,494,522	\$ 735,516	7.5%	None
Churchill							
Assembly	4,759,407	439,654	10.2	5,039,215	279,808	5.9	.14
Senate	4,750,451	430,698	10.0	5,039,215	288,764	6.1	None
Clark							
Assembly	144,513,314	13,732,257	10.5	148,627,756	4,114,442	2.8	.13
Senate	137,457,930	6,676,873	5.1	148,627,756	11,169,826	8.1	None
Douglas							
Assembly	5,976,091	339,333	6.0	6,851,612	875,521	14.7	.42
Senate	6,598,367	961,609	17.0	6,851,612	253,245	3.8	None
Elko							
Assembly	7,373,559	522,065	7.6	7,107,112	-0-	-0-	*
Senate	6,835,875	(15,619)	-0-	7,107,112	271,237	4.0	None
Esmeralda							
Assembly	505,025	43,319	9.4	382,196	-0-	-0-	-0-
Senate	421,827	(39,879)	-0-	382,196	-0-	-0-	None
Eureka							
Assembly	842,469	113,385	15.6	809,911	-0-	-0-	*
Senate	744,532	15,448	2.1	809,911	65,379	8.8	None
Humboldt							
Assembly	3,553,090	280,330	8.6	3,451,064	-0-	-0-	*
Senate	3,411,761	139,001	4.3	3,451,064	39,303	1.2	None
Lander							
Assembly	1,932,581	215,705	12.6	1,803,026	-0-	-0-	.15
Senate	1,800,811	83,935	4.9	1,803,026	2,215	.1	None
Lincoln							
Assembly	1,952,768	48,296	2.5	2,049,411	96,643	4.9	.50
Senate	2,463,590	559,118	29.4	2,049,411	-0-	-0-	None
Lyon							
Assembly	5,017,482	742,096	17.4	5,105,655	88,173	1.8	.14
Senate	4,195,226	(80,160)	-0-	5,105,655	910,429	21.7	None
Mineral							
Assembly	2,732,075	192,432	7.6	2,563,540	-0-	-0-	*
Senate	2,460,135	(79,517)	-0-	2,563,540	103,405	4.2	None
Nye							
Assembly	3,961,031	491,798	14.1	4,167,950	206,919	5.2	.15
Senate	4,043,190	573,957	16.5	4,167,950	124,760	3.1	None
Pershing							
Assembly	1,473,831	95,264	6.9	1,380,537	-0-	-0-	.15
Senate	1,353,849	(24,718)	-0-	1,380,537	26,688	2.0	None
Storey							
Assembly	530,127	68,471	14.8	494,357	-0-	-0-	.08
Senate	510,649	48,993	10.6	494,357	-0-	-0-	None
Washoe							
Assembly	56,047,028	4,319,549	8.4	57,828,659	1,781,631	3.2	.14
Senate	53,664,356	1,936,877	3.7	57,828,659	4,164,303	7.8	None
White Pine							
Assembly	3,578,724	249,059	7.5	3,175,161	-0-	-0-	*
Senate	3,131,884	(197,781)	-0-	3,175,161	43,277	1.4	None
Statewide							
Assembly	\$255,012,969	\$22,793,692	9.8%	\$261,331,684	\$ 7,673,292	2.5%	\$.17
Senate	\$243,603,439	\$11,384,153	4.9%	\$261,331,684	\$18,198,347	7.3%	None

Note 1

Note 1 - Amounts in this column represent tentative budget with Governor's 8% recommendation for each district less opening fund balance.

- Exemption of food from sales tax or exemption of household property, inventories and livestock would allow a higher rate than current rate.

SCHOOL DISTRICT COMPARISON OF
SENATE AND ASSEMBLY CAP PROPOSALS ON EXPENDITURES
EXPRESSED PER PUPIL

EXHIBIT B

750

School District	1979-80 Tenative Budget	Assembly		Senate	
		Limit	Decrease	Limit	Decrease
Carson City	\$1,700	\$1,663	\$37	\$1,581	\$119
Churchill	1,687	1,593	94	1,590	97
Clark	1,721	1,673	48	1,592	129
Douglas	1,953	1,704	249	1,881	72
Elko	2,026	2,102	-0-	1,949	77
Esmeralda	3,323	4,392	-0-	3,668	-0-
Eureka	4,354	4,529	-0-	4,003	351
Humboldt	1,953	2,011	-0-	1,931	22
Lander	1,968	2,110	-0-	1,966	2
Lincoln	2,411	2,297	114	2,898	-0-
Lyon	1,935	1,901	34	1,590	345
Mineral	1,935	2,062	-0-	1,857	78
Nye	2,475	2,352	123	2,401	74
Pershing	2,030	2,167	-0-	1,991	39
Storey	2,472	2,651	-0-	2,553	-0-
Washoe	1,843	1,787	56	1,711	132
White Pine	1,851	2,087	-0-	1,826	25
Totals	\$1,790	\$1,747	\$43	\$1,669	\$121

COMPARISON OF
SENATE (SB 204) AND ASSEMBLY (AB 616) CAP BILLS
WITH PROPOSED SENATE AMENDMENT ON 80¢ AD VALOREM TAX

BASE YEAR:

- Senate - - - Uses average of assessed valuation in 1975-76, 1976-77, and 1977-78 as base amount.
- Assembly - - - Uses 1978-79 budgeted expenditures as the base year with increases for enrollment and inflation.

ENROLLMENT INCREASES:

- Senate - - - Permits increase in weighted enrollment from average of September 1975, 1976, and 1977 to weighted enrollment in September 1978.
- Assembly - - - Permits increase in weighted enrollment from September 1978 to projected enrollment for September 1979.

INFLATION INCREASES:

- Senate - - - Provides for increase in C.P.I. from November 1976 to November 1978 (Nov. 1976 = 173.8, Nov. 1978 = 202.0 = 16.2%).
- Assembly - - - Provides for increase of 80% of the last five year average of the C.P.I. (Nov. 1973 = 137.6, Nov. 1978 = 202.0 = 9.36% x 80% = 7.48%).

EXPENDITURE LIMIT:

- Senate - - - Provides for a limit on 80¢ ad valorem tax with no provisions for limitation of budget or expenditures.
- Assembly - - - Provides for 1979-80 Budget Limit which includes an expenditure limit plus a 3% to 5% ending balance.

SCHOOL DISTRICT COMPARISON
OF SENATE AND ASSEMBLY CAP PROPOSALS
WITH PROPOSED 80¢ SENATE AMENDMENT

School District	1	2	3		5	6		7
	1979-80 Tenative Budget	80¢ CAP Reduction	Senate After Reduction	% Decrease	Proposed Reduction	Assembly After Reduction	% Decrease	
Carson City	\$ 10,670,459	\$ 300,740	\$ 10,369,719	2.9%	\$ 98,161	\$ 10,572,298	.9%	
Churchill	5,098,687	21,003	5,077,684	.4	101,310	4,997,377	2.0	
Clark	152,727,756	3,051,304	149,676,452	2.0	3,879,043	148,848,713	2.6	
Douglas	7,242,637	152,973	7,089,664	2.2	967,741	6,274,896	15.4	
Elko	7,505,386	26,316	7,479,070	.3	-0-	7,505,386	-0-	
Esmeralda	495,086	16,021	479,065	3.3	-0-	495,086	-0-	
Eureka	812,859	34,629	778,230	4.4	-0-	812,859	-0-	
Humboldt	3,724,403	25,813	3,698,590	.7	-0-	3,724,403	-0-	
Lander	2,092,462	42,135	2,050,327	2.0	63,252	2,029,210	3.1	
Lincoln	2,223,987	19,106	2,204,881	.9	173,581	2,050,406	8.5	
Lyon	5,416,821	87,311	5,329,510	1.6	148,465	5,268,356	2.8	
Mineral	2,724,494	27,113	2,697,381	1.0	-0-	2,724,494	-0-	
Nye	4,357,950	225,891	4,132,059	5.5	198,867	4,159,083	4.8	
Pershing	1,609,646	-0-	1,609,646	-0-	62,123	1,547,523	4.0	
Storey	567,694	2,491	565,203	.4	11,061	556,633	2.0	
Washoe	60,069,511	2,558,142	57,511,369	4.4	2,341,072	57,728,439	4.1	
White Pine	3,175,161	-0-	3,175,161	-0-	-0-	3,175,161	-0-	
Totals	\$270,514,999	\$6,590,988	\$263,924,011	2.5%	\$8,044,676	\$262,470,323	3.1%	

SCHOOL DISTRICT COMPARISON OF
 SENATE AND ASSEMBLY CAP PROPOSALS ON TOTAL BUDGET
 WITH PROPOSED 80¢ AD VALOREM AMENDMENT - EXPRESSED PER PUPIL

EXHIBIT B

School District	1979-80 Tenative Budget	Senate		Assembly	
		Limit	Decrease	Limit	Decrease
Carson City	\$1,729	\$1,680	\$49	\$1,713	\$16
Churchill	1,707	1,700	7	1,673	34
Clark	1,768	1,733	35	1,724	44
Douglas	2,065	2,021	44	1,789	276
Elko	2,140	2,132	8	2,140	-0-
Esmeralda	4,305	4,166	139	4,305	-0-
Eureka	4,370	4,184	186	4,370	-0-
Humboldt	2,108	2,093	15	2,108	-0-
Lander	2,284	2,238	46	2,215	69
Lincoln	2,616	2,594	22	2,412	204
Lyon	2,053	2,020	33	1,996	57
Mineral	2,056	2,036	20	2,056	-0-
Nye	2,588	2,454	134	2,470	118
Pershing	2,367	2,367	-0-	2,276	91
Storey	2,838	2,826	12	2,783	55
Washoe	1,915	1,833	82	1,840	75
White Pine	1,851	1,851	-0-	1,851	-0-
Totals	\$1,853	\$1,808	\$45	\$1,798	\$55

SCHOOL DISTRICT SUMMARY OF
ASSEMBLY AND BOTH SENATE CAP PROPOSALS ON TOTAL BUDGET

School District	1	2	3	4	5	6	7
	1979-80 Tenative Budget	Proposed Reduction	% Decrease	Senate 80¢ CAP Reduction	% Decrease	Assembly Proposed Reduction	% Decrease
Carson City	\$ 10,670,459	\$ 735,516	7.4%	\$ 300,740	2.9%	\$ 98,161	.9%
Churchill	5,098,687	288,764	6.0	21,003	.4	101,310	2.0
Clark	152,727,756	11,169,826	7.9	3,051,304	2.0	3,879,043	2.6
Douglas	7,242,637	253,245	3.6	152,973	2.2	967,741	15.4
Elko	7,505,386	271,237	3.7	26,316	.3	-0-	-0-
Esmeralda	495,086	-0-	-0-	16,021	3.3	-0-	-0-
Eureka	812,859	65,379	8.7	34,629	4.4	-0-	-0-
Humboldt	3,724,403	39,303	1.1	25,813	.7	-0-	-0-
Lander	2,092,462	2,215	.1	42,135	2.0	63,252	3.1
Lincoln	2,223,987	-0-	-0-	19,106	.9	173,581	8.5
Lyon	5,416,821	910,429	20.2	87,311	1.6	148,465	2.8
Mineral	2,724,494	103,405	3.9	27,113	1.0	-0-	-0-
Nye	4,357,950	124,760	2.9	225,891	5.5	198,867	4.8
Pershing	1,609,646	26,688	1.7	-0-	-0-	62,123	4.0
Storey	567,694	-0-	-0-	2,491	.4	11,061	2.0
Washoe	60,069,511	4,164,303	7.4	2,558,142	4.4	2,341,072	4.1
White Pine	3,175,161	43,277	1.4	-0-	-0-	-0-	-0-
Totals	\$270,514,999	\$18,198,347	7.2%	\$6,590,988	2.5%	\$8,044,676	3.1%

SCHOOL DISTRICT SUMMARY OF
ASSEMBLY AND BOTH SENATE CAP PROPOSALS ON TOTAL BUDGET
EXPRESSED PER PUPIL

School District	1	2	3	Senate		6	7
	FY 1979-80 Tenative Budget	Proposed Limit	Amount of Decrease	80¢ CAP Limit	Amount of Decrease	Proposed Limit	Amount of Decrease
Carson City	\$1,729	\$1,609	\$120	\$1,680	\$49	\$1,713	\$16
Churchill	1,707	1,610	97	1,700	7	1,673	34
Clark	1,768	1,639	129	1,733	35	1,724	44
Douglas	2,065	1,992	73	2,021	44	1,789	276
Elko	2,140	2,062	78	2,132	8	2,140	-0-
Esmeralda	4,305	4,305	-0-	4,166	139	4,305	-0-
Eureka	4,370	4,019	351	4,184	186	4,370	-0-
Humboldt	2,108	2,086	22	2,093	15	2,108	-0-
Lander	2,284	2,282	2	2,238	46	2,215	69
Lincoln	2,616	2,428	188	2,594	22	2,412	204
Lyon	2,053	1,708	345	2,020	33	1,996	57
Mineral	2,056	1,978	78	2,036	20	2,056	-0-
Nye	2,588	2,514	74	2,454	134	2,470	118
Pershing	2,367	2,328	39	2,367	-0-	2,276	91
Storey	2,838	2,838	-0-	2,826	12	2,783	55
Washoe	1,915	1,782	133	1,833	82	1,840	75
White Pine	1,851	1,820	31	1,851	-0-	1,851	-0-
Totals	\$1,853	\$1,728	\$125	\$1,808	\$45	\$1,798	\$55

TO: Senator Norman Glaser, Chairman
Senate Taxation Committee

FROM: Ed Shorr, Fiscal Analyst

SUBJECT: Rent Rebate

Formula for equating property tax allowance to rent rebate:

$$\frac{\$1.08 + \$0.36}{\$5.00} \times 17\% = 4.9\%$$

Part #1: (\$1.08 + \$0.36)

The \$0.36 per hundred across the board rate cut is added to the \$1.08 allowance. The intention is to provide the same total relief to renters as is provided to homeowners. It is recognized that landlords would also receive a \$0.36 per hundred cut in their tax rate. If only \$1.08 were included in the calculation the rent rebate would be as follows:

$$\frac{\$1.08}{\$5.00} \times 17\% = 3.7\%$$

Part #2: (\$5.00)

The state maximum rate of \$5.00 per hundred of assessed value is used since the major metropolitan areas of the state are at or near the maximum. The lower the rate used in the formula, the higher would be the rebate. The statewide average rate of \$4.71 per hundred yields the following rent rebate percentage:

$$\frac{\$1.08 + \$0.36}{\$4.71} \times 17\% = 5.2\%$$

Part #3: (17%)

Seventeen percent of rental payment exclusive of utilities is assumed to be property tax. The 17% figure is taken from the Senior Citizen's Property Tax Act (NRS 361.830) wherein 17% of rent is "rent deemed to constitute accrued property tax."

Questions have been posed as to the origin and validity of the 17% figure. The Senior Citizen's Act originally used 15% for rent. A figure which apparently has basis in the 1972 Senior Citizen's Tax Relief study of the Legislative Commission. The 1977 Legislature increased the 15% to 17% in light of

Part #3: (Cont.)

advice from the Department of Taxation that the latter figure more nearly represented the average percentage of rent attributed to property tax. Reportedly, the Department of Taxation based their recommendations on a study of a sample of Senior Citizen rent returns.

Senator McCorkle suggested that by using an income approach to determine value, a rental unit producing \$300/month rent would have a market value of \$25,222. Tax on the unit would be \$441 per year at the \$5.00/hundred rate as calculated below. This would yield a tax of 12.3% of rent.

● Gross Income (\$300/month X 12 months)	\$ 3,600
Less -- Vacancy rate (3%)	108
Operating Expenses (35% income)	<u>1,222</u>

Net Rent \$ 2,270

- Capitalization: $\frac{\$2,270 \text{ (net income)}}{9\% \text{ (capitalization rate)}} = \$25,222 \text{ market value}$
- $\$25,222 \text{ market value} \times .35 \text{ assessed rate} \times \$5.00/\$100 = \underline{\underline{\$441.00}}$

One problem with using the suggest capitalization technique to test the validity of the 17% figure is that capitalization of income is not widely used by county assessors. The most prevalent appraisal techniques used are replacement costs and comparable sales.

Also, the figures used in the above example probably do not reflect current market conditions. The sale price of \$25,222 would equate to about seven times annual earnings ($\frac{\$25,222}{\$3,600} = 7$). Clark and Washoe county assessors advise that rental property is selling for 9 to 1 and sometimes 10 to 1 in those counties due to buyer's willingness to forego immediate income for future growth in rental income and capital gains. At 9 to 1, 15.8% of rent would be attributed to taxes. The calculation is as follows: \$3600 rent X 9= \$32,400 market value;

$$\begin{aligned} & \$32,400 \text{ market value} \times .35 \times \$5.00/\$100 = \underline{\underline{\$567}} \text{ taxes.} \\ & \frac{\$567}{\$3600} = 15.8\% \text{ of rent.} \end{aligned}$$

Shields

Estimated Expend 1978-79
per student
(142,40 ADM)

Total Expenditures
per student

= \$162835

% increase
over
1978-79
Expenditures

Tentative per student
1979-80

= \$1790. (+ 9.9%)

Assembly cap

= \$1747. (+ 7.29%)

Present senate cap

= \$1669. (+ 2.5%)

80¢ cap (not including
ending fund balance
of \$63.)

= \$1745 (+ 7.15%)

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 162

SENATE BILL NO. 162—COMMITTEE ON TAXATION

JANUARY 31, 1979

Referred to Committee on Taxation

SUMMARY—Exempts housing for elderly operated by nonprofit corporations from property tax. (BDR 32-267)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to the property tax; exempting certain housing for the elderly owned or operated by nonprofit corporations from the tax; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. Chapter 361 of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 *All real property and tangible personal property used exclusively*
4 *for housing and related facilities for elderly persons are exempt from*
5 *taxation if:*
6 1. *The property was wholly or partially financed by a loan under*
7 *the Housing Act of 1959, as amended, 12 U.S.C. § 1701q; and*
8 2. *The property is owned or operated:*
9 (a) *By a nonprofit corporation organized under the laws of the State*
10 *of Nevada; or*
11 (b) *By a nonprofit corporation organized under the laws of another*
12 *state and qualified to do business as a nonprofit corporation under the*
13 *laws of the State of Nevada.*

Ⓜ

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. J. R. 2

SENATE JOINT RESOLUTION NO. 2—SENATORS KOSINSKI AND WILSON

JANUARY 18, 1979

Referred to Committee on Taxation

SUMMARY—Proposes to amend Nevada constitution to require two-thirds vote in each house of legislature to pass certain tax bills and to permit legislature to provide separately for assessment of taxes on certain residential real property. (BDR C-996)



EXPLANATION—Matter in italics is new; matter in brackets [] is material to be omitted.

SENATE JOINT RESOLUTION—Proposing an amendment to section 1 of article 10 of the constitution of the State of Nevada to permit the legislature to provide separately for assessment of taxes on certain residential real property.

- 1 *Resolved by the Senate and Assembly of the State of Nevada, jointly,*
- 2 That section 1 of article 10 of the constitution of the State of Nevada be
- 3 amended to read as follows:
- 4 Section 1. 1. The legislature shall provide by law for a uniform and
- 5 equal rate of [assessment and] taxation, *but may provide separately for*
- 6 *the assessment or valuation of any real property or portion of real prop-*
- 7 *erty which the owner occupies as his residence,* and shall prescribe such
- 8 regulations as shall secure a just valuation for taxation of all property,
- 9 real, personal and possessory, except mines and mining claims, when
- 10 not patented, the proceeds alone of which shall be assessed and taxed,
- 11 and when patented, each patented mine shall be assessed at not less
- 12 than five hundred dollars (\$500), except when one hundred dollars
- 13 (\$100) in labor has been actually performed on such patented mine
- 14 during the year, in addition to the tax upon the net proceeds. [; shares]
- 15 2. *Shares* of stock (except shares of stock in banking corporations),
- 16 bonds, mortgages, notes, bank deposits, book accounts and credits, and
- 17 securities and choses in action of like character are deemed to represent
- 18 interest in property already assessed and taxed, either in Nevada or else-
- 19 where, and shall be exempt.
- 20 3. Notwithstanding the provisions of this section, the legislature may
- 21 constitute agricultural and open-space real property having a greater
- 22 value for another use than that for which it is being used, as a separate
- 23 class for taxation purposes and may provide a separate uniform plan
- 24 for appraisal and valuation of such property for assessment purposes.

Original bill is 2 pages long.
Contact the Research Library for
a copy of the complete bill.

S. J. R. 15

SENATE JOINT RESOLUTION NO. 15—SENATOR WILSON

MARCH 2, 1979

Referred to Committee on Taxation

SUMMARY—Proposes to amend Nevada constitution to permit legislature to provide separately for assessment of taxes on different classes of real property. (BDR C-984)

EXPLANATION—Matter in italics is new; matter in brackets [] is material to be omitted.

SENATE JOINT RESOLUTION—Proposing an amendment to section 1 of article 10 of the constitution of the State of Nevada, relating to property taxation, to permit the legislature to provide separately for the assessment or valuation of different classes of real property.

1 *Resolved by the Senate and Assembly of the State of Nevada, jointly,*
2 That section 1 of article 10 of the constitution of the State of Nevada be
3 amended to read as follows:
4 SECTION 1. 1. The legislature shall provide by law for a uniform and
5 equal rate of [assessment and] taxation, *but may provide separately for*
6 *the assessment or valuation of different classes of real property,* and shall
7 prescribe such regulations as shall secure a just valuation for taxation of
8 all property, real, personal and possessory, except mines and mining
9 claims, when not patented, the proceeds alone of which shall be assessed
10 and taxed, and when patented, each patented mine shall be assessed at
11 not less than five hundred dollars (\$500), except when one hundred dol-
12 lars (\$100) in labor has been actually performed on such patented mine
13 during the year, in addition to the tax upon the net proceeds. [; shares]
14 2. *Shares* of stock (except shares of stock in banking corporations),
15 bonds, mortgages, notes, bank deposits, book accounts and credits, and
16 securities and choses in action of like character are deemed to represent
17 interest in property already assessed and taxed, either in Nevada or else-
18 where, and shall be exempt. [Notwithstanding the provisions of this
19 section, the legislature may constitute agricultural and open-space real
20 property having a greater value for another use than that for which it is
21 being used, as a separate class for taxation purposes and may provide a
22 separate uniform plan for appraisal and valuation of such property for
23 assessment purposes. If such plan is provided, the legislature shall also
24 provide for retroactive assessment for a period of not less than 7 years
25 when agricultural and open-space real property is converted to a higher
26 use conforming to the use for which other nearby property is used.]

Original bill is 2 pages long.
Contact the Research Library for
a copy of the complete bill.

A. J. R. 19

ASSEMBLY JOINT RESOLUTION NO. 19—
COMMITTEE ON TAXATION

MARCH 6, 1979

Referred to Committee on Taxation

SUMMARY—Proposes to amend Nevada constitution to prohibit state income tax. (BDR C-1994)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

ASSEMBLY JOINT RESOLUTION—Proposing to amend section 1 of article 10 of the constitution of the State of Nevada, relating to taxation, to prohibit any state tax on income.

1 *Resolved by the Assembly and Senate of the State of Nevada, jointly,*
2 That section 1 of article 10 of the constitution of the State of Nevada be
3 amended to read as follows:

4 Section 1. The legislature shall provide by law for a uniform and
5 equal rate of assessment and taxation, and shall prescribe such regulations
6 as shall secure a just valuation for taxation of all property, real, personal
7 and possessory, except mines and mining claims, when not patented, the
8 proceeds alone of which shall be assessed and taxed, and when patented,
9 each patented mine shall be assessed at not less than five hundred dollars
10 (\$500), except when one hundred dollars (\$100) in labor has been
11 actually performed on such patented mine during the year, in addition to
12 the tax upon the net proceeds; shares of stock (except shares of stock in
13 banking corporations), bonds, mortgages, notes, bank deposits, book
14 accounts and credits, and securities and choses in action of like character
15 are deemed to represent interest in property already assessed and taxed,
16 either in Nevada or elsewhere, and shall be exempt. Notwithstanding the
17 provisions of this section, the legislature may constitute agricultural and
18 open-space real property having a greater value for another use than that
19 for which it is being used, as a separate class for taxation purposes and
20 may provide a separate uniform plan for appraisal and valuation of such
21 property for assessment purposes. If such plan is provided, the legislature
22 shall also provide for retroactive assessment for a period of not less than 7
23 years when agricultural and open-space real property is converted to a
24 higher use conforming to the use for which other nearby property is used.
25 Personal property which is moving in interstate commerce through or
26 over the territory of the State of Nevada, or which was consigned to a
27 warehouse, public or private, within the State of Nevada from outside

Original bill is 2 pages long.
Contact the Research Library for
a copy of the complete bill.