

The meeting was called to order at 2:00 p.m. on Tuesday, March 6, 1979, in Room 213 with Senator Norman Glaser in the Chair.

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

Ed Schorr, Fiscal Analyst

GUESTS: See Exhibit "A"

Chairman Glaser stated that Senator Keith Ashworth had requested committee introduction on a bill that would change the basis of motor vehicle fuel taxes to a percentage of sales price. Chairman Glaser stated that the bill would change the wording from "4.5¢ per gallon" to "equal to 6.3% of the price at which motor vehicle fuel is sold". Chairman Glaser stated that 6.3% is equivalent to the 4.5¢ per gallon at this point in time, but that as the price of fuel rises the tax would be more "elastic" in rising comparably.

The Committee decided to return the bill to Senator Keith Ashworth without Committee Introduction.

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S.B. 161 - Eliminates annual filing requirement for certain tax exemptions.

Mr. Gary Milliken of the Clark County Assessors Office gave the following testimony in opposition to S.B. 161:

Mr. Milliken stated that the provision would remove any control the assessor might have over an exemption. He said that the primary purpose of the applicant signing the affidavit each year is for the assessor to verify that the exemption is applied to the property that the applicant wishes and to verify the applicant is still a living resident of the state. Mr. Milliken stated that the penalty clause would defeat the purpose of the veteran's exemption and that the annual filing would eliminate the problem. Mr. Milliken stated that the argument that many veterans lose the exemption because they are unable to come to the Assessor's office to endorse the affidavit is not valid because if a veteran is unable to come to the office due to illness or incapacity, someone will go to the veteran's residence to ensure the exemption is not lost. He said that the statutes also allow adequate time for filing the affidavits. He stated

S.B. 161 - (con't)

that Sections 361.090 and 361.091 would be a disservice to veterans since the penalty clause makes no mention of intent and therefore would not be discretionary (the Assessor would be forced to impose the penalty even if the error was unintentional by the veteran).

Senator Raggio questioned if the veterans could possibly file every five years rather than every year? Mr. Milliken stated that anyone who has not filed when it is close to the deadline is notified either by mail or telephone and arrangements are made to see that they have the opportunity to do so each year.

Senator Ashworth asked Mr. Milliken approximately how many veterans are in the State of Nevada? Mr. Milliken stated that he couldn't really answer the question.

Senator Raggio asked what happens in the case where a person has a valid reason for having missed the deadline? Mr. Milliken stated that the problem is that real property has to close the rolls at the Assessor's office. Senator Raggio stated that there was a problem at the Reno office in that it is inconveniently located. Senator Raggio asked Mr. Milliken if the deadline was the last feasible date for determining property roll? Mr. Milliken stated "yes".

Senator Dodge asked if there was any process to "purge" the property tax roll? Mr. Milliken said "no".

Senator Kosinski asked what happens if there is a transfer of property? Mr. Milliken said that the roll would show a new owner but the new owner would get the exemption since the exemption is applied to the parcel number.

Senator Raggio stated that he thought it would be more feasible to check each year whether there are any property changes rather than having a person sign an affidavit each year. Mr. Milliken stated that it could be done but would require reprogramming for exemptions.

Mr. John Ciardella of the Department of Motor Vehicles stated that he was concerned that under Section 371 of NRS, the DMV theoretically administers the tax section and the county assessor acts as an agent. He stated that DMV is questioning if they will have to keep the exemption on a vehicle since they will lose track of where an exemption stands at any given point. He said that one agency should be responsible for all tracking of any given exemption.

Mr. Ray Crosby, representing Disabled American Veterans, stated that A.B. 367 (presently in Assembly Taxation) would lower the assessed valuation exemption to \$5,000. Mr. Crosby stated that an equivalent change is in S.B. 161 in Section 2, Page 3, Line 5. He also said that he thought it would be better

S.B. 161 - (con't)

to mail the affidavits to each veteran to be signed and returned rather than requiring the veteran to come into the office each year.

Senator Kosinski asked how many qualified applicants are losing exemptions due the the problem of filing on time? Mr. Crosby stated that he had no definite figures.

Mr. Russ McDonald stated that there is a law in the books which allows the County Commissioners to give a refund to people who apply late for their exemption. (Sec. 354.220 of N.R.S.).

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S.B. 162 - Exempts housing for elderly operated by nonprofit corporations from property tax.

Mr. John McSweeney, Administrator for the Division of Aging Resources stated in favor of S.B. 162. He stated that housing is a problem for elderly people within the state. He said that he thought S.B. 162 would stimulate nonprofit organizations to develop housing for these elderly people. He said that the waiver of the taxes could be used in support of HUD monies as the nonfederal matching requirement.

Senator Sloan asked for an outline of the requirements of the Housing Act of 1959 regarding income eligibility levels for people using the housing? Mr. McSweeney stated that under Section 8 of the Housing Act "if \$250 is deemed a fair rental rate for a one bedroom unit in a particular area, the elderly would only pay 25% of that amount and the Section 8 subsidy would pay the difference in order to reduce the mortgage of the original construction of the elderly housing development".

Mr. David Kroot, Attorney for the Department of Housing & Urban Development stated that HUD finances and subsidizes the construction of rental housing for the elderly and handicapped under Section 202 of the amended Housing Act. He stated that the program allows eligible nonprofit sponsors to build housing if they are also exempt from federal income tax. He said that HUD directly lends money for construction of the project at 1% above the rate at which Treasury borrows the money during the construction period. He said that HUD then reduces it by another 1/2% for permanent financing at which time HUD subsidizes the rents to the tenants with money appropriated by Congress. He stated that the tenant will pay 25% of his/her income and HUD makes up the rest of the money to amortize the loan.

Mr. Kroot stated that in order for a sponsor to have a project selected by HUD for a fund reservation they have to compete with other nonprofit sponsors in the State of California as well as Nevada. He said the basis for the competition is cost

S.B. 162 - (con't)

of construction, quality of construction site and sponsor's experience in dealing with housing matters. Mr. Kroot said that at this time there are 12 projects in California and 1 project in Nevada because Nevada is at a disadvantage in competing with California. He said this is due to the fact that California does exempt senior citizens projects from real property taxation and therefore the costs of providing the housing is lower

Mr. Kroot stated that housing for the elderly and handicapped tends to be expensive because of the need for extra equipment. He said there is presently two projects accepted for processing in Las Vegas, both of which are having difficulty coming within the cost and rent rates because they can't receive the real property tax exemption.

Senator Lamb asked how this will affect the tax rolls "dollar wise"? Mr. Kroot stated that the project in Reno which was closed, is a 150-unit project on which taxes were estimated at \$88,000 (based on \$595 per unit per year).

Senator Dodge asked the potential for this type of development if S.B. 162 is passed? Mr. Kroot stated that this is the smallest type of housing project (the FHA type of projects are the largest) therefore there probably wouldn't be more than 2 projects per year. He said that church organizations are the main sponsors of this type of housing.

Mr. Rich Bennett, representing the Volunteers of America, stated that the bill was drafted by the Legislative Counsel Bureau and should be amended to include any property owned and operated by any nonprofit organizations. Mr. Bennett stated that the bill request is based on the need for elderly housing in the various areas of Nevada weighed against the loss of tax revenues as a project is built.

Senator Sloan asked what were the projections of money that the nonprofit organizations will have available at the end of the year for use on other projects? Mr. Kroot stated that they would have \$0 net income remaining.

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Chairman Glaser asked the Committee for their thoughts on what course of action they wished to take with S.B. 204. After some discussion the following motion was made:

S.B. 204 - (con't)

Senator Dodge moved to arrange a joint hearing with Assembly Taxation Committee for a working session on the basic concept and approach to be taken regarding a tax package.

Senator Raggio seconded the motion.

No further action was taken on the above motion.

Senator Lamb moved to amend the above motion that prior to meeting with Assembly Taxation S.B. 204 be passed out of Senate Taxation.

Senator Kosinski seconded the motion.

The motion carried with Senator Dodge voting "No".

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S.B. 163 - Removes provision for additional compensation to county treasurer for sale of tax delinquent property and clarifies provision relating to disposition of any surplus proceeds from that sale.

Ms. Yvonne Bernard, Douglas County Treasurer, testified in support of S.B. 163.

Ms. Bernard stated that S.B. 163 would be beneficial to Douglas County in clarifying some of the mechanics of tax sales.

Senator Sloan questioned if there have been instances where refunds were made to a prior owner of excess tax sales monies? Ms. Bernard stated that at present the law only states that all proceeds go into the General Fund.

Mr. Tom Susich, Assistant District Attorney for Douglas County, stated that the problem is one of "who owns the money that is left from the tax sale and then placed in the General Fund?". He said that if, in fact, the money belongs to the former property owner how does that property owner go about getting the money out of the General Fund? Mr. Susich stated that there has been one claim this year in which the County Commissioners refused to return the money to the prior owner due to the fact that it is inequitable to the other people who own property. He said that if this individual is entitled to get the money back why shouldn't the rest of the people who have property sold receive their money as well. Senator Ashworth stated that the people are entitled to that money that's left especially if they do come in and ask for it. Mr. Susich stated that that creates another question of how long does the person have to come in and ask for that money and in the meantime should it go into the General Fund. Mr. Susich stated that at this time there are no guidelines for what to do with

S.B. 163 - (con't)

the money.

Senator Ashworth stated that the money should be returned to the prior property owner after the county has taken out the expenses involved in the tax sale.

Chairman Glaser said that there is an Assembly Bill which deals with unclaimed property wherein the state advertises to find the owners. He said that after a period of time if the owner is not found the money is placed in the General Fund and that perhaps S.B. 163 could be incorporated into the same bill. Mr. Susich stated that there would be a large revenue loss to the counties if that is done.

Mr. Homer Rodriguez, Carson City Assessor, stated that he has handled tax sales of mobile homes and the money left over after the lien is paid is returned to the owner. He said that he felt there should be a time limit for people to claim the money that's left.

After discussing possible changes to S.B. 163, Chairman Glaser requested that a preliminary draft be prepared to include the change from a three year notice of sale to a five year notice of sale and to include a provision for cost of sale being deducted from the total amount. The bill will be considered by the Committee once these changes are incorporated.

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A.B. 250 - Increases certain allowances to elderly for payment of property tax.

Mr. Gary Milliken, representing Clark County Assessors office gave the following testimony:

Mr. Milliken stated that the Assessor's office is running into a problem of seniors conveying their property to their children or relatives for estate purposes. Mr. Milliken quoted from Page 2, Subsection "3" which says "Provided by regulations an otherwise eligible person who has conveyed his ownership interest to a member of his family but occupies his home and pays the property tax thereon, may claim assistance as a homeowner" as the wording suggested by Mr. Daykin, Legal Counsel for the Legislative Counsel Bureau. Mr. Milliken stated that the new wording would allow the senior citizen to convey the property and continue to receive the senior citizen exemption. Mr. Milliken stated that if the wording is not included the exemption will have to be denied or revoked from those already receiving it. Mr. Milliken stated that the people are usually deeding the property in order to avoid the problem of it being "held up" in probate.

S.B. 226 - Relaxes limitation on use of Douglas County Lodgers Tax.

Mr. Bob Hadfield, Douglas County Manager, stated that the way the bill presently reads if Douglas County spends no money on the airport during any fiscal year utilizing funds from the lodgers tax, they may spend not less than 75% on capital improvements for recreational facilities or more than 25% on maintenance. He said that the main problem is that if the 75% is used for construction purposes, the 25% is not enough money to "keep up" with the cost of maintenance. Mr. Hadfield stated that the County Commissioners need the flexibility of deciding what percentage will be used for construction and what percentage will be used for maintenance.

Chairman Glaser questioned how much of the lodgers tax is presently allocated for the airport fund? Mr. Hadfield stated that approximately \$400,000 has been borrowed on short term financing to improve the runway and taxiways.

Mr. John Giannotti, Vice President of Harrah's Corp., stated that the bill was originally drafted the way it is in 1969 because of the interest in developing the airport. He said that since that time the situation has completely changed in Douglas County through a referendum passed by the vote of the people that nothing more be done with the airport. Mr. Giannotti stated that the the law is now outdated and should be changed in order to provide the flexibility that the county needs in spending the funds available.

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There being no further business, the meeting was adjourned at 4:05 p.m.

Sharyna Miley
Respectfully Submitted By:
Sharyna Miley, Secretary

Norman Glaser
Approved By:
Senator Norman Glaser, Chairman