

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

Mr. Ed Shorr,
Fiscal Analyst

Chairman Bob Price
Vice-Chairman Bob Craddock
Assemblyman Lloyd Mann
Assemblyman Louis Bergevin
Assemblyman Bob Weise
Assemblyman Darrell Tanner
Assemblyman Lon Chaney
Assemblyman Steve Coulter
Assemblyman Joe Dini
Assemblyman John Marvel
Assemblyman Bob Rusk

Mr. Dan Miles,
Fiscal Analyst

The meeting was called to order by Senator Norman Glaser on Tuesday, April 10, 1979, at 4:00 p.m. in the Assembly Lounge with Senator Glaser in the Chair.

Senator Glaser: "I would like to call a joint meeting of the Assembly and Senate Taxation Committee. We have an important hearing coming up at 5:00 p.m. on the Senate side and I understand that there is also one on the Assembly side...So in talking with Chairman Price... we determined that we would meet at 5:00 p.m. and then we would recess until 8:00 p.m. and then meet for another hour. The purpose of the hearing as I understand it is to compare the two taxation bills, S.B. 204 and A.B. 616. I thought it might be appropriate that we have one member from the Senate Taxation Committee and one member from the Assembly Taxation Committee to give about a three minute dissertation on the basic philosophies on why we have arrived at the bills that we did, and with that in mind I would like to call on the man who has been working on taxation measures long before Proposition 13 came down the pike...I'd like to call on Senator Floyd Lamb."

Senator Lamb: "Members of the Committees. When we started out on this tax relief bill nobody knew what was going to be needed and there was nothing sacred about any of the figures as they were amended from time to time. What we set out to do is give the homeowners a tax relief and that's what we have in S.B. 204...I am concerned about the political ramifications of the homeowners, and I think that if you don't take care of the homeowners, if you discriminate against the homeowners, that you're going to have Question 6 and you might just well save a quarter of a million dollars."

Senator Lamb (Cont.): "...in my mind you've got to take care of the homeowners or you might just as well go ahead and take Question 6. There are 100,000 renters in the State of Nevada and with that number of people who all registered and who voted,... and who oppose Question 6, because I am sure that they will...because Question 6 doesn't do anything for them and they would oppose it...I recognize that this is a little 'love fest', but I'll reserve my opinion on that."

Senator Glaser: "From the Assembly side, who will give some of the basic philosophies on A.B. 616? Chairman Bob Price."

Assemblyman Price: "First, I would really like to thank the Senate Committee for rescheduling this so that we could come down to the meeting. I really don't consider this a 'love fest'. What we are really trying to do is that we have hoped that since we have all worked and spent these many hours on trying to get together that we could somehow...get it in its finals to resolve it. We, and I particularly,... were enthused about giving some rebate, to the renters because they do constitute a large segment of the population. Also, it would be very nice and it would be politically desirable...to give a larger break to the homeowners as you've done with S.B. 204. We held hearings on S.B. 204, as you know, before it was amended to the version that it is now... and during those hearings, some people felt that there were too many mechanical and some constitutional questions, not withstanding the comments made by Frank Daykin. So after looking at all the various versions...and we held hearings on two or three versions of reducing the assessed valuation... We eventually decided upon reducing the tax rate similar to what Governor List had proposed in his package, or at least as a style, as a method of achieving the basic property tax relief. We along with you developed our spending 'caps', of which in some cases I think are reasonably similar and perhaps only the numbers change and perhaps a little bit of the philosophy in the school 'caps'. Unlike S.B. 204, we had decided to just handle those two items first and not put in food tax and not put in property tax or personal property tax. Later we did revise our thinking to add in the removal of sales tax on food. We felt that to avoid any constitutional question at all that we would have to move forward in a straight reduction of taxes equally applied to businesses as well as the homeowners. With the spending 'caps' that we've worked out and as well as yours, we've found that in many areas, my own hometown is an example, North Las Vegas, under A.B. 616, the actual tax rate to homeowners as well as businesses would be approximately .70¢ below what the tax rate would be in Question 6. So, we feel that by lowering the \$5.00 limit down to \$3.64, which is the figure that we worked out after many hearings and so forth, and by implementing effective spending caps on all the entities... we could achieve clean and simple major tax reduction... You've gone through this, and we will go through it together,

(Committee Minutes)

Assemblyman Price (Cont.): but that basically has been our philosophy and through everything else outside there is a great, simple, constitutional, ...revised tax package....You may not be aware, but we killed some other bills that we would have like to have gotten out, but we felt that we should be putting all of our money and all of our effort into the major tax package and that's just about it. Thank you."

Senator Glaser thanked Assemblyman Price for his talk and asked Mr. Ed Shorr who was going to lead in the discussion of the comparison of the two bills, himself, or Mr. Dan Miles?

Mr. Shorr: "Both of us. I'm sure that everyone has a copy of the handout, (see Exhibit "A"). I will just start with the first page and try to point out the similarities and differences in general terms. Both the Senate and Assembly version will provide across the board tax relief. The Senate version would provide .36¢ which is made up of the State .25¢ levy and .11¢ Medicaid levy to everyone. The Assembly proposal would do the same thing but add an additional \$1.00 across the board tax relief...the differences are that homeowner allowances and rent rebates would be included in the Senate proposal. So you can see the times listed on the first sheet, that both Committees agreed the State should give up its .25¢ levy and both agreed that the county should no longer be required to contribute the .11¢ of their levy to Medicaid. The basic difference is the \$1.00 across the board cut in the Assembly compared to the homeowners allowance rebate in the Senate."

Senator Raggio: "I would like to invite the discussion at this point because this is a major difference. The Senate bill, of course, provides for the homeowner allowance and the renter rebate. Chairman Price indicated that you were concerned with two factors on this, one being the constitutionality of rebates in this area; and the problem with the mechanics. We were afforded an opinion of legislative counsel which said that this was, to the effect, constitutional. This would meet a constitutional challenge. He indicated that it was no different in that regard than the Senior Citizen's rebate. With that opinion, I'm assuming that you didn't receive something contrary, or did you? Well, that's the first question and secondly, what was the input your Committee had as to the difficulty in the mechanics of handling rebate or homeowner allocance. On our side we heard that this was easily done by comparison either through the Assessor's office on the one hand, or through the Department of Taxation making the reimbursement to the counties. I think this is a big area of difference and maybe we can change some viewpoints here. What do you have on that? "

Assemblyman Mann: "Well, I think first off I would like to add to that which just may have been overlooked. And that is a basic philosophy against giving somebody a tax rebate who has never initially had capital investment or had to pay the tax. We differ on the political philosophy of trying to buy someone to hold out Proposition 6. I think that is the basic philosophical difference. I think that as far as the mechanics go, and I don't know what you people heard, but we heard that at least at the local level it could be a nightmare. That it would open up fraud like you couldn't believe in terms of verifying people's rightful claim in terms of cost. We've heard projections of costs up to \$750,000.00 statewide. According to the people we talked to, we heard for instance from Washoe that they don't have a computer big enough or large enough at this time to put in all the parcel numbers to draw out the proper parcel numbers. I think that on the other items in terms of legal opinions, I feel very uncomfortable when the same legal counsel that told you that it was legal would tell us that he's out on the political 'limb' or legal 'limb' as far as he possibly could go. And, that he could not guarantee a victory like no lawyer can guarantee a victory. So I think that we have had two different kinds of versions, or at least we interpreted the information a little bit different. I think that basically summarizes the three different philosophical approaches that I have entertained."

Senator Ashworth: "Mr. Chairman, in response to that, Assemblyman, when you've got a renter that's renting from a homeowner or from an owner, are you stating that it's your opinion that that tax is not passed on to that renter?"

Assemblyman Mann: "No, I think that Mr. Weise can best answer that. In fact, I think he gave the best argument on our floor."

Assemblyman Weise: "I think that if you believe at all in the free enterprise system, this is a weak argument that the landlords are not going to pass on the savings. We have a vacancy factor, but we have problems with the economics which are not true vacancy factors. I think you see vacancy factors in Carson City now in the renting facilities. There's a real shortage in single family homes, but I firmly believe that if you accept the free enterprise principle, an across the board tax reduction is nothing more to a landlord than an operating expense. If the landlord can improve his position and be more competitive he will do so. They say in California that didn't happen. But you have to remember in California that they didn't have prohibition against other taxes and that many of those people who were caught up with higher fees and higher operating expenses by government intervention in other areas, did not pass it on."

Senator Ashworth: "I think that could be followed through, but I think the people that were actually viewing Proposition 13 in California, were functioning under the same assumption you were. That the tax savings would be passed on to the renter, but over a period of time that didn't transpire.... Now, maybe other taxes had been a factor in that, but I think that even if you take the premise that you have a time lag, the individual that owns the apartment dwelling is going to pick up that volume."

Assemblyman Weise: "Well, one of two things will happen. Either you will recognize a very real reduction, that's the Utopian approach...or, I feel certain that you have to accept the fact that the rents will not go up for a substantial period of time as they would without that type of relief. To expand that argument a little further, we are trying to build equity into the property tax... it's a very inequitable property tax to begin with. I mean it's a tax generally - it's a lousy tax. Whichever approach we come up with out of this legislature is going to be a heck of a lot more attractive to any renter to begin with than Question 6...We feel that A.B. 616 gives a better across the board relief program. What is the property tax used for? Fifty percent of Washoe County is supported, that is, the county government is supported by the property tax and close to that amount, the school district is supported by the property tax."

Senator Ashworth: "Again, you are stating that the renter is not paying any of that tax, and he is."

Assemblyman Weise: "The renter pays it as an expense. There is no question that a part of rent is determined as an operating expense."

Senator Ashworth: "That's right, so basically the renter is paying that and not the operator."

Assemblyman Weise: "So all we are saying is that if you allow the tax rebate to go in as we have it, it's an operating expense to the landlord and to be competitive, they should reflect it either in a direct reduction or a delayed increase in rent."

Senator Ashworth: "I think it will be a delayed increase in rent."

Senator Glaser: "Let's get this thing moving...we've got Frank (Mr. Frank Daykin, Legal Counsel, Legislative Counsel Bureau) here, so let's utilize him while he is available. Frank, the question was raised about the constitutionality of S.B. 204, and we would like for you to reiterate for these folks what you told us."

Mr. Frank Daykin: "All right sir. The principle argument that has been raised against S.B. 204 is that it amounts in effect to a different rate of taxation upon owner-occupied residential property. To this there are at least two answers. One, is that actually the rate collected from all taxpayers is the same and the legislature is merely appropriating a sum of money which is distributed among the owner/occupants of residential property. And, using the county assessors as a mechanism for making this distribution by requiring them to allow the specified credit against the property tax and then the State in turn reimbursing the counties which amounts to writing seventeen checks instead of perhaps 170,000. The other answer is that even though the effect is thought to be equivalent, this does not in itself make S.B. 204 unconstitutional because the Supreme Court in the Sales and Use, Local School Support Tax case twelve years ago specifically rejected that argument. The Local School Support Tax is in effect equal or equivalent to 1/3 cent upon the sales tax, but because it is cashed in a different form and for a different purpose, the court sustained it even though to have added 1/3 cent would have been unconstitutional without a direct vote of the people. A point I would like to emphasize here is that, the real effect is not exactly the same because if you were to establish outright, a different rate at the level you have proposed on residential property, then to raise the same revenue, the \$5.00 constitutional limit would apply; but, in any county which was not at the full \$5.00 limit, in order to raise the same revenue, you would have to increase the rate, the rate of taxation on non-residential property, in order to be able to provide the lower rate on residential. Under S.B. 204 on the other hand, no rate is increased. It is the State and not the local property taxpayers who make up the difference between what the county would receive if it collected all the money produced by the rate levied and the amount which it actually does collect after giving the allowances. For those reasons, I believe that although, no doubt, someone would come forward and challenge the constitutionality of S.B. 204, I believe that it can be successfully defended."

Assemblyman Price: "I'm always a little hesitant to try and put you in a spot particularly when you've got the Senate on one side and the Assembly on the other."

Mr. Daykin: "No, go right ahead."

Assemblyman Price: "Would you anticipate that there would be any constitutional question raised against A.B. 616?"

Mr. Daykin: "No sir, I do not."

Assemblyman Price: "Would you as an attorney feel more comfortable defending A.B. 616 or S.B. 204 as far as the possibilities of a successful defense? I'm leading the witness...."

Mr. Daykin: "All right. I don't think the formal rules of evidence apply, Mr. Chairman. I think that my answer to the former question answers that one. I don't think that there is a serious constitutional argument to be made against A.B. 616, therefore I would not anticipate any difficulty with it. With respect to S.B. 204 there probably will be a constitutional challenge made. I would expect to be successful in defending it, but there is no 'blinking' the fact that there is a constitutional challenge which could reasonably be made even though I would not expect it to be successful. It's exactly like the situation with the Local School Support Tax. The Attorney General had declared roundly that the tax was unconstitutional, and then he declined to attack it himself. Someone else did and the attack was defeated...."

Assemblyman Price: "If a challenge to S.B. 204 or any law that we pass is made, does the party have the option of going to a higher court?"

Mr. Daykin: (Referencing if the State Supreme Court ruled in favor of the constitutionality of the law), "No, not in this instance."

Assemblyman Price: "Then if it is a state question and a state law...it ends right there."

Mr. Daykin: "Yes."

Assemblyman Craddock: "The one cent sales and use tax distributed for the purpose of providing a constitutionally mandated service, is this required to be uniform throughout the State of Nevada?"

Mr. Daykin: "Yes."

Assemblyman Craddock: "The distribution that we are discussing in S.B. 204, the rent rebate, is being made to a select group of people."

Mr. Daykin: "That is true Mr. Craddock, but I do not perceive any constitutional challenge to the rental rebate. The only challenge that I perceive is to the allowance on property taxes."

Assemblyman Craddock: "You do however, see a distinct difference in the two?"

Mr. Daykin: "The difference that you mention is certainly there, but I do not think it has anything to do with the relative constitutionality. The constitutional issues are quite different. My comparison was based upon the fact that in both cases the effects either were as in the sales and use tax law or might be argued to be in the case of S.B. 204 equivalent, yet the Supreme Court rejected that equivalence as being

decisive. In other words, it may be possible to do in one way what would be unconstitutional if attempted another way. That was the analogy I was trying to draw."

Assemblyman Mann: "Frank, I was wondering when I had brought up the question of constitutionality, where you thought you could successfully defend it at that time, but you also said that you thought it was about as far out on the 'limb' as we could possibly go. Do you recall that conversation?"

Mr. Daykin: "Yes, I do."

Senator Dodge: "So there is no misunderstanding, he said the same thing in the Senate committee."

Assemblyman Mann: "As I compute out the renter's rebate, it seems to me to provide much more percentage wise than in any other category. It is not equal."

Mr. Daykin: "The thing with the renter's rebate is that it is not a tax, it is the relief from the effect of a tax. And, I think that you are probalby right arithmatically that the two are not equivalent. Senator McCorkle raised a question about that and you can figure it a number of different ways. There is no requirement in the constitution, however, that when the Legislature gives away public money, which it does in the renter's rebate, that it has to give it away equally."

Senator Raggio: "Would there be less of a constitutional problem if the homeowners allowance were handled in a manner similar to the renter's rebate?"

Mr. Daykin: "That is a question that Senator James Kosinski raised in one of your meetings in the Committee on Taxation. Arguable, there might be, but I wouldn't attach any particular importance to it because that is a situation where I would expect the court to look through the form to the substance. In other words, I really don't think it makes any significant constitutional difference...."

Assemblyman Chaney: "Frank, assuming that A.B. 616 or S.B. 204 passes and either one has a constitutional problem, what would actually happen if either of the bills was taken to court? Where would we be in terms of implementing a tax package?"

Mr. Daykin: "Well, of course, one of the features of S.B. 204 is a part of the section which is designed to give the opportunity for an immediate challenge and a speedy decision of that issue. And, it would be possible, of course, for the Session instead of adjourning on the target date to recess until a time fixed and then reconvene to see what the court had done. If the court had supported the tax bill, then the legislature could adjourn."

If the court had overthrown the tax bill, then the legislature could have another shot at it in light of the court decision. Of course, you cannot guarantee how quickly a court decision is going to come, Mr. Chaney, and therefore, there is always the possibility that it might not come until after the fiscal year had begun."

Senator Dodge: "I could offer a little comment on that based on our experience in 1967 with the Local School Support Tax. There was a question of constitutionality, just like there might be on S.B. 204, and what we did is we went to the Supreme Court and simply asked them if we could structure a situation that would create a writ of mandamus, or a writ of prohibition where we could go directly into the Supreme Court and get an early decision. So, we knew where we were before we got into the fiscal period of July 1, and it's my feeling that we can do that in this situation. The court was very cooperative."

Assemblyman Chaney: "That is exactly what I am trying to find out,...who would actually bring the charges?"

Mr. Daykin: "...there is a trigger in S.B. 204 which requires the Director of the Department of Taxation to file certain forms with the Legislative Counsel Bureau within seven days after the act became effective. If he cooperates in setting up the test, he would refuse to file the forms saying, "I believe the act to be unconstitutional". At that point, representing the Legislative Counsel Bureau, I would apply to the Supreme Court for a writ of mandate to command him to supply the forms. And, the issue before the court would be, "is the bill constitutional or not". If everyone cooperates in the same way that Carl has just described, we would get a very speedy decision."

Assemblyman Chaney: "You mean that nobody else from outside the state could make this challenge?"

Mr. Daykin: "The only challenge that could be made, would be from within the State. Not, however within the state government, as a taxpayer could challenge it. But, if the Supreme Court had already decided the question between the Department of Taxation and the legislature, any other court in which some challenge was made, could simply say, "Well, read the Supreme Court's decision, they have already answered it. It wouldn't be tried again."

Senator Sloan: "I wanted to ask about the problems of fraud, because I think when we first got into the area of renter rebate we had some concerns ourselves. We had testimony for Mr. Roy Nickson (Department of Taxation, Director), and from Mr. Andrew Grose (Legislative Counsel Bureau) we received a comparative study of the fraud experience in those states throughout the country which have some form of renter relief. And, the testimony was uniform that the potential for fraud in Nevada and the experience in those states which

have an existing renter's rebate program or a variation of one, has been very limited in terms of fraud. It's the same kind of situation you have almost with the Federal Income Tax that you're putting people on a self-policing system at the threshold. So, I am wondering what kind of people came forward with that testimony, because we had Mr. Nickson and Andy Grose, and we didn't get any of that kind of thing."

Assemblyman Mann: "It was one of the assessors, and I checked with a couple of others...."

Senator Glaser: "If I might interrupt this discussion, it's off the constitutionality and we have four minutes left. Is there any other question of Mr. Daykin?"

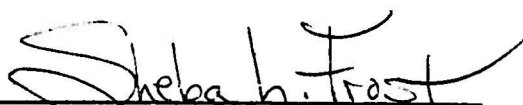
Assemblyman Weise: "Oh, wait a minute, what you're saying is that the constitutional question is how the taxes are levied and not how they are distributed?"

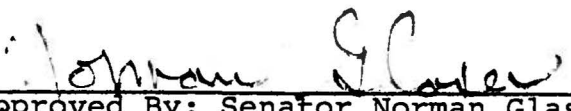
Mr. Daykin: "Yes."

Assemblyman Weise: "And there isn't a parallel to say that even though we are providing a very specific mechanism, that all we're doing is recycling the money, and that the individual homeowner or renter, is going to get back a very formulated amount of money based on what he pays; could be construed as having a split role?"

Mr. Daykin: "Well, the argument would be that it is equivalent to that. I say that I think that argument can be defeated, Bob."

Senator Glaser: "We will recess...until 8:00 o'clock."


Respectfully Submitted By:
Sheba L. Frost, Senate
Taxation Committee


Approved By: Senator Norman Glaser,
Chairman
Senate Taxation Comm.

MAJOR TAX REFORMComparison of Senate & Assembly Version

A.B. 53 & 616

S.B. 204

Major Tax Relief:Major Tax Relief:

- . Across-the-Board
- . Rate Reduction \$1.36
 - State 25¢
 - Medicaid 11¢
 - Schools \$1.00
- . Maximum allowable rate \$3.64
- . Trigger additional relief
- . Food tax exemption
- . Sales tax administrative provisions
- . Household property exemption
- . Total potential tax relief w/trigger - \$241 million
- . State cost - \$226 million
- . Local cost - \$15 million
- . Self-destruct if Question 6 passes
- . Remaining 50¢ school levy to be optional

- . Directed Relief and Across-the-Board
- . Rate Reduction 36¢
 - State 25¢
 - Medicaid 11¢
 - Homeowners Allowance \$1.18
 - Rent Rebate 4.9¢
- . Maximum allowable rate \$4.64
- . Trigger additional relief
- . De-trigger if revenues are low
- . Food tax exemption
- . Sales tax administrative provisions
- . Household property exemption
- . Total potential tax relief w/trigger - \$224 million
- . State cost - \$209 million
- . Local cost - \$15 million
- . Self-destruct if Question 6 passes

Expenditure Limits:Expenditure Limits:

- . Limits State Budget - Governor's request except Highway Fund
- . Limit local expenditures
 - Base: 1978-79 Budget
 - CPI: 80 % 5-year average
 - Population: Governor's 1977-78
 - Enrollments: Dept. of Education 1978-79
- . Population appeal process
- . Allows levy to include ending balance
- . Override to protect life & property
- . Override 2/3 vote of people (expires after 2 years)
- . All funds receiving property tax except debt

- . Limits State Budget - Governor's request except Highway Fund
- . Limit local expenditures (except schools)
 - Base: 1977-78 expenditure
 - CPI: 100%
 - Population: Governor's 1977-78
- . Limit schools 80¢ levy.
 - Base: 3-year average 1975-78
 - CPI: 100%
 - Enrollments: 1977-78
- . Override to protect life & property
- . Override majority vote of people (expires after 2 years)
- . All funds receiving any tax except debt, enterprise, service, trust, capital construction funds

Comparison of State Costs

1979-81 Biennium

<u>State Cost:</u>	<u>A.B. 616</u>	<u>State Cost:</u>	<u>S.B. 204</u>
Food Tax	\$ 44,500,000	Food Tax	\$ 44,500,000
State 11¢	13,344,000	State 11¢	13,344,000
State 25¢	30,760,000	State 25¢	30,760,000
Schools \$1.00	125,547,000	Rebates	106,500,000
Basic Cost	<u>\$214,151,000</u>		<u>\$195,104,000</u>
Trigger	<u>12,200,000</u>	Trigger	<u>13,500,000</u>
Total Potential Cost	<u>\$226,351,000</u>	Total Potential Cost	<u>\$208,604,000</u>
 <u>Local Cost:</u>			
Food Tax	\$ 7,500,000	Food Tax	\$ 7,500,000
Household Property	<u>7,400,000</u>	Household Property	<u>7,400,000</u>
Total Local Cost:	<u>\$ 14,900,000</u>		<u>\$ 14,900,000</u>
 Total Tax Relief	<u>\$241,251,000</u>		<u>\$223,504,000</u>

ASSEMBLY TAXATION COMMITTEE
EXPENDITURE LIMITATION ESTIMATES

<u>Entity</u>	<u>FY 1979-80¹</u> <u>Budget Limit</u>	<u>Increase from²</u> <u>FY 1978-79</u>	<u>FY 1979-80³</u> <u>Tentative Budget</u>	<u>FY 1979-80⁴</u> <u>Decrease</u>	<u>FY 1979-80⁵</u> <u>% Decrease</u>
Carson City	\$ 11,498,966	\$ 1,998,695	\$ 9,782,556	-0-	-
Churchill County	3,163,142	317,974	3,306,570	143,428	4.3%
Fallon	1,367,756	129,372	1,476,094	108,338	7.3
Clark County	86,389,365	9,354,385	87,911,299	1,521,934	1.7
Boulder City	2,316,611	269,739	2,524,752	208,141	8.2
Henderson	5,883,358	619,214	6,157,706	274,348	4.5
Las Vegas	50,458,173	5,989,278	48,726,250	-0-	-
North Las Vegas	10,164,347	1,005,827	10,570,863	406,516	3.8
Douglas County	5,810,583	791,983	5,702,538	-0-	-
Elko County	3,639,662	209,124	4,007,300	367,638	9.2
Carlin	349,804	28,066	377,450	27,646	7.3
Elko	2,317,306	199,758	2,424,115	106,809	4.4
Wells	331,506	21,972	332,225	719	.2
Esmeralda County	852,705	48,130	969,659	116,954	12.1
Eureka County	1,562,393	176,228	1,577,210	14,817	.9
Humboldt County	3,695,470	399,085	3,551,144	-0-	-
Winnemucca	1,261,172	139,839	1,357,330	96,158	7.1
Lander County	1,822,215	136,289	2,284,222	462,007	20.2
Lincoln County	1,355,713	139,935	1,555,074	199,361	12.8
Caliente	131,930	5,623	142,343	10,413	7.3
Lyon County	4,437,676	732,287	4,555,507	117,831	2.6
Yerington	503,101	15,737	584,657	81,556	13.9
Mineral County	2,813,630	383,286	2,261,210	-0-	-
County	4,687,555	471,984	5,228,443	540,888	
	100.000	10.098	165.382	-0-	

<u>Entity</u>	<u>FY 1979-80¹ Budget Limit</u>	<u>Increase from² FY 1978-79</u>	<u>FY 1979-80³ Tentative Budget</u>	<u>FY 1979-80⁴ Decrease</u>	<u>FY 1979-80⁵ % Decrease</u>
Pershing County	1,715,452	151,643	1,591,012	-0-	-
Loveloek	317,159	28,941	365,056	47,897	13.1%
Storey County	879,071	95,004	952,745	73,674	7.7
Washoe County	45,912,945	7,876,746	48,190,941	2,277,996	4.7
Reno	35,073,875	3,964,502	40,449,454	5,375,579	13.3
Sparks	11,018,516	1,227,468	11,909,595	891,079	7.5
White Pine County	3,166,611	306,080	4,467,597	1,300,986	29.1
Ely	798,138	12,531	990,000	191,862	19.4
<u>Totals</u>	<u>\$305,886,401</u>	<u>\$37,262,823</u>	<u>\$316,448,299</u>	<u>\$14,964,575</u>	
		12.5%		4.7%	

Note: Expenditure Limit uses 1978-79 Budgeted expenditures as the base with increases allowed for population and inflation. Population increase is from 1977 to 1978 as prepared by the State Planning Coordinator. Inflation increase is 80% of the last five year average of the CPI.

(Nov. 1973 = 137.6, Nov. 1978 = 202.0 = 9.36% X 80% = 7.48%).

Footnotes:

1. 1979-80 Budget Limit is expenditure limitation plus a 3% to 5% ending balance.
2. Increase from FY 1978-79 is the amount of expenditure increase provided over 1978-79 budgeted expenditures before allowance for ending balance.
3. FY 1979-80 Tentative Budget is total budget filed with Department of Taxation on Feb. 20, 1979.
4. Decrease Required is adjustment of tentative budget.

SENATE TAXATION COMMITTEE

EXPENDITURE LIMITATION ESTIMATES

<u>Entity</u>	<u>FY 1979-80¹ Budget Limit</u>	<u>Increase From² FY 1978-79</u>	<u>FY 1979-80³ Tentative Budget</u>	<u>FY 1979-80⁴ Decrease</u>	<u>FY 1979-80 Percent Decrease</u>
Carson City	\$ 9,794,234	\$ 628,884	\$ 9,311,015	\$ -0-	-
Churchill County	2,730,208	(405,914)	3,509,570	779,362	22.2
Fallon	1,323,665	150,412	1,380,303	56,638	4.1
Clark County	126,171,848	9,991,177	126,488,218	316,370	.3
Boulder City	2,195,006	258,448	2,236,952	41,946	1.9
Henderson	5,507,584	523,599	5,741,317	233,733	4.1
Las Vegas	48,931,914	5,932,674	47,827,994	-0-	-
North Las Vegas	10,143,732	1,281,261	10,383,792	240,060	2.3
Douglas County	4,837,534	279,988	5,582,416	744,882	13.3
Elko County	3,548,636	147,845	3,647,064	98,428	2.7
Carlin	350,732	45,651	341,550	-0-	-
Elko	2,130,462	123,262	2,180,480	50,018	2.3
Wells	474,771	82,023	309,225	-0-	-
Esmeralda County	683,731	(77,729)	897,380	213,649	23.8
Eureka County	1,317,610	(16,805)	1,368,861	51,251	3.7
Humboldt County	3,662,538	229,499	3,431,105	-0-	-
Winnemucca	1,220,339	159,062	1,233,622	13,283	1.1
Lander County	2,605,046	784,151	1,887,600	-0-	-
Lincoln County	1,746,692	253,182	1,790,880	44,188	2.5
Caliente	144,204	24,179	135,755	-0-	-
Lyon County	3,169,275	349,938	3,934,631	41,318	1.0
Yerington	435,444	(27,966)	555,049	119,605	21.5

Mineral County	2,465,059	137,491	2,123,919	-0-	-
Nye County	4,722,459	90,466	4,837,092	114,633	2.4
Gabbs	229,994	64,758	143,808	-0-	-
Pershing County	1,561,284	36,813	1,669,749	108,465	6.5
Lovelock	289,283	16,168	335,260	45,997	13.7
Storey County	678,864	(73,454)	903,097	224,233	24.8
Washoe County	41,759,450	2,368,004	45,130,726	3,371,276	7.5
Reno	33,750,985	3,663,291	36,496,593	2,745,608	7.5
Sparks	8,636,161	1,534,205	9,032,116	395,955	4.4
White Pine County	2,732,303	(89,844)	4,205,169	1,472,866	35.0
Ely	\$ 669,991	(77,609)	943,550	273,559	29.0
Totals	<u>\$330,621,038</u>	<u>\$ 28,387,110</u>	<u>\$339,995,858</u>	<u>\$ 11,797,323</u>	
		8.4%		3.5%	

Note: Expenditure Limit uses 1977-78 actual expenditures from all funds supported primarily by taxes or license fees, except funds from which only the interest on or principal of debt is paid. Population increase is from 1976 to 1978 as prepared by the State Planning Coordinator. Inflation increase is the change in the CPI from November 1976 to November 1978.

Footnotes:

1. FY 1979-80 Budget Limit is expenditure limitation for the funds specified in S.B. 204.
2. Increase from FY 1978-79 is the amount of expenditure increase provided over 1978-79 budgeted expenditures.
3. FY 1979-80 Tentative Budget is the total for all funds, which is subject to the S.B. 204 limitation, in the tentative budget that is filed with the Department of Taxation on February 20, 1979.
4. Decrease Required is adjustment of tentative budget.

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

School District	1	2	3	4	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	6,274,096	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	-0-	5,416,821	-0-
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%	\$7,896,211	\$262,618,788	2.9%

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

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	2,053	-0-
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	\$1,799	54

COMPARISON OF ASSEMBLY AND SENATE "CAPS"

	ASSEMBLY	SENATE
I. STATE GOVERNMENT		
<u>Base</u>	*1975-77 biennium	* Same
	*G.F. expenditures excluding construction	* Same
<u>Subject of Limitation</u>	*G.F. budget	* Same
<u>Cost Adjustment</u>	*CPI (July preceding each biennium)	* Same
<u>Growth Adjustment</u>	*Population Increase--July 1, 1974 compared with certified estimate	* Same
<u>Application of Limit</u>	*Budget preparation stage	* Same
II. LOCAL GOVERNMENTS		
<u>Base</u>	*1978-79 fiscal year	*1977-78 fiscal year
	*Aggregate budget of all funds which receive property tax, except debt service funds, excluding contributions to the state Title XIX Program and including an ending balance	*Aggregate expenditures of all funds supported primarily by taxes or license fees, except debt service funds, enterprise funds, trust funds, funds for capital construction and certain funds set up for accounting purposes. Tax Commission authorized to adjudicate accounting problems
<u>Subject of Limitation</u>	*Aggregate of budgets for funds above	* Same
	*Excludes Fair and Recreation Boards	* Same
<u>Cost Adjustment</u>	*80% CPI for most recent 5 years	*CPI (November preceding each fiscal year)
<u>Growth Adjustment</u>	*Population increase as certified by the Governor	* Same
<u>Application of Limit</u>	*Tentative budget to be disapproved if planned expenditures are not within limit	* Same

COMPARISON OF ASSEMBLY AND SENATE "CAPS"

(Continued)

III. SCHOOL DISTRICTSBase

*1978-79 fiscal year

*Average of 1975-76, 1976-77, 1977-78 assessment years

*All funds receiving property tax or state aid

*80 cents/hundred times average assessment

Subject of Limitation

*Budget for all funds receiving property tax or state aid

*Optional property tax levy on schools

Cost Adjustment

*80% CPI for most recent 5 years

*CPI (November 1976 to November preceding each fiscal year)

Growth Adjustment

*Enrollment increase from base to projection for budget year

*Enrollment increase (average of 1975-76, 1976-77, 1977-78 is base to be compared enrollment certified by the State Board of Education)

Application of Limit

*Tentative budget to be disapproved if planned expenditures are not within limit

*Tentative budget to be disapproved if recommended levy is not within limit

EXHIBIT A

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COMPARISON OF EFFECT ON TAXPAYERS

MAXIMUM RATE ON A \$60,000 HOME:

<u>CURRENT</u>	<u>QUESTION 6</u>	<u>ASSEMBLY PROPOSAL</u>	<u>SENATE PROPOSAL</u>
\$60,000	\$60,000	\$60,000	\$60,000
X 35%	X 1%	X 35%	X 35%
<u>\$21,000</u>	\$ 600 + Debt	<u>\$21,000</u>	<u>\$21,000</u>
X .05		X .0364	X .0346
\$ 1,050/Year		<u>\$ 764</u> <u>27.2%</u>	<u>\$ 727</u> <u>30.7%</u>
<u>EFFECTIVE DATE</u>	7/1/1981	7/1/1979	7/1/1979
<u>UNIQUE FEATURES</u>	<p>Reduces assessments on real property to 1% of market value.</p> <p>1% limitation to be exceeded to pay off current debt.</p> <p>Assessments frozen 1975-76 plus 2%.</p> <p>Restrictions on increases of other taxes.</p>	<p>Reduces the rate to \$3.64. Additional relief triggered 80-81.</p> <p>No sales tax on food. Family of 4 save \$83/Yr.</p> <p>Removes tax on household personal property.</p> <p>"Cap" to restrain growth.</p>	<p>Reduction in rate to \$4.64 plus allowance of \$1.18. Additional relief triggered 80-81.</p> <p>4.9% rebate to renters.</p> <p>No sales tax on food. Family of 4 save \$83/Yr.</p> <p>Removes tax on household personal property.</p> <p>"Cap" to restrain growth.</p>

ANNUAL SAVINGS* - PROPERTY TAX AND SALES TAX ON FOOD

Family of 4 in \$60,000 Home:	\$450 Less Debt Service	\$369 + Personal Property	\$406 + Personal Property
Family of 4 in \$20,000 Mobile Home:			
On Rental Lot:	\$ 0	\$178	\$191 + 4.9% Rebate
On Owned Lot Worth \$5,000:	\$ 37	\$202	\$218
Family of 4 Renting @ \$300/Mo.	\$ 0	\$ 83	\$259

*These savings do not include indirect savings due to "Caps".

COMPARISON OF EFFECT ON MAJOR HOTEL CASINO\$5.00/Hundred, \$150 Million Facility in Reno:

<u>CURRENT</u>	<u>QUESTION 6¹</u>	<u>ASSEMBLY</u>	<u>SENATE</u>
\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000
X 35%	X 1%	X 35%	X 35%
<u>\$ 52,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 52,500,000</u> ³	<u>\$ 52,500,000</u>
X .05	347,000 (debt ²)	X .0364 ³	X .0464
<u>\$ 2,625,000</u>	<u>\$ 1,847,000</u>	<u>\$ 1,911,000</u>	<u>\$ 2,436,000</u>
ANNUAL SAVINGS	\$ 778,000	\$ 714,000	\$ 189,000

\$4.9985/Hundred, \$150 Million Facility in Las Vegas:

<u>CURRENT</u>	<u>QUESTION 6¹</u>	<u>ASSEMBLY</u>	<u>SENATE</u>
\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000
X 35%	X 1%	X 35%	X 35%
<u>\$ 52,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 52,500,000</u>	<u>\$ 52,500,000</u>
X .049985	456,000 (debt ²)	X .036385	X .046385
<u>\$ 2,624,212</u>	<u>\$ 1,956,000</u>	<u>\$ 1,910,212</u>	<u>\$ 2,435,212</u>
ANNUAL SAVINGS	\$ 668,212	\$ 714,000	\$ 189,000

EFFECTIVE DATE:

7/1/81

7/1/79

7/1/79

Notes:

1. The examples here do not include a calculation of the impact of roll back to FY 1975-76.
2. Debt service at 1979-80 rate is used with assumption that roll back and new property on rolls for first time will approximately offset each other within the taxing units. Debt service would decline and go away completely over time.
3. Does not include triggered relief.

Entity	Existing Rate FY 1978-79	A.B. 616 ¹	S.B. 204 ²	Question 6 ³
Carson Urban	\$4.83	\$3.47	\$3.29	\$3.36
Carson Rural	3.65	2.29	2.11	3.36
Churchill County	3.80	2.44	2.26	3.27
Fallon	5.00	3.64	3.46	3.27
Clark County	3.58	2.22	2.04	3.58
Boulder City	5.00	3.64	3.46	3.66
Henderson	5.00	3.64	3.46	3.79
Las Vegas	5.00	3.64	3.46	3.82
North Las Vegas	5.00	3.64	3.46	4.17
Douglas County	3.01	1.65	1.47	3.01
Minden	4.87	3.51	3.33	3.48
Elko County	3.05	1.69	1.51	3.05
Elko	4.40	3.04	2.86	3.39
Esmeralda County	3.75	2.39	2.21	2.86
Goldfield	4.70	3.34	3.16	2.86
Eureka County	3.42	2.06	1.88	2.94
Eureka	3.92	2.56	2.38	2.94
Humboldt County	3.23	1.87	1.69	3.23
Winnemucca	4.88	3.52	3.34	3.25
Lander County	3.92	2.56	2.38	3.06
Battle Mountain	5.00	3.64	3.46	3.06
Lincoln County	3.60	2.24	2.06	3.31
Caliente	5.00	3.64	3.46	3.31
Lyon County	3.91	2.55	2.37	3.22
Yerington	5.00	3.64	3.46	3.22
Mineral County	5.00	3.64	3.46	3.17
Nye County	3.70	2.34	2.16	3.25
Gabbs	4.95	3.59	3.41	3.25
Pershing County	3.28	1.92	1.74	2.99
Lovelock	5.00	3.64	3.46	3.45
Storey County	4.79	3.43	3.25	3.45
Virginia City	4.99	3.63	3.45	3.45
Washoe County	3.87	2.51	2.33	3.28
Reno	5.00	3.64	3.46	3.47
Sparks	5.00	3.64	3.46	3.42
White Pine County	\$3.60	2.24	2.06	2.99
Ely	5.00	3.64	3.46	2.99
Maximum Allowable Rate	5.00	3.64	4.64	2.86 + c

1. A.B. 616 - Existing tax rate less \$1.36.
2. S.B. 204 - Existing tax rate less \$1.54 (.36 + 1.18).
These rates apply only to homeowners.
3. Question 6 - Maximum rate of \$2.86 @ 35% assessed value plus existing debt service rates. If a taxing district rate less debt is lower than \$2.86, the lower rate has been used. Rates under Question 6 would decline over time as ad valorem debt is retired. In addition, the tax base under Question 6 may be lowered due to the roll back to 1975-76 levels.

Note: Tax rates under A.B. 616 and S.B. 204 may also decline over time due to local government expenditure limits provided that other local governments not limited don't raise their rates.