MEMBERS PRESENT:

CHAIRMAN GLASER	CHAIRMAN PRICE
SENATOR DON ASHWORTH	VICE CHAIRMAN CRADDOCK
SENATOR KOSINSKI	ASSEMBLYMAN CHANEY
SENATOR SLOAN	ASSEMBLYMAN COULTER
SENATOR DODGE	ASSEMBLYMAN DINI
SENATOR RAGGIO	ASSEMBLYMAN MANN
	ASSEMBLYMAN BERGEVIN
	ASSEMBLYMAN MARVEL
	ASSEMBLYMAN RUSK
	ASSEMBLYMAN TANNER
	ASSEMBLYMAN WEISE
MR. SHORR, FISCAL ANALYST	MR. MILES, FISCAL ANALYST

The joint meeting was called to order on Wednesday, April 11, at 12:00 noon in the Assembly Lounge with Senator Glaser in the Chair.

Senator Glaser: I thought I'd ask Dan Miles to lead us through the rest of the handout and if any questions come up while Dan is addressing us, at that time you can raise them and we will discuss them. (Handout is attached as Exhibit A.)

Mr. Miles: Page 2 of the handout is a cost comparison of AB 616 and SB 204. The top portion is the state costs, total potential costs and then local costs. You'll see, going down the page, that both have the food tax, those costs are the same; both take away the state's 11¢ medical payment, those costs are the same; state's 25¢ share will be given up, those costs are the same. The difference being in the amount of money funnelled through the Distributive School Fund, with AB 616 being $1.00 of the tax rate as opposed to the rebate allowances in SB 204. The basic cost difference applies in that area. In addition, then each bill figures additional money based on the performance of the state'e gaming revenue and sales tax revenues next year. The trigger costs are a little bit different, but fairly close to the middle. The whole potential costs under AB 616 is $226,000,000 to the state and under SB 204 it is $208,600,000.

Assemblyman Price: I have a question, Dan, or maybe Ed would have the answer. On the figures for the cost of SB 204, does the $106,500,000 include the figures that we talked about; administrative costs and costs to the state, etc., or is that the actual number for rebates of the tax credits?

Mr. Shorr: That's the rebate from tax credits.

Assemblyman Price: So the $208,000,000 does not include the cost of administration for the state and counties or that sort of thing.

Mr. Miles: Both bills have local impact taking the sales tax off food which reduces the city-county relief tax an estimated $7,500,000 statewide, that is the same under both bills. SB 204 removes or exempts household property and AB 616, when taken together with AB 58 which has come out of the Assembly, also removes the household property from taxation. Total local impact then, under both proposals, would be about $14,900,000 over the biennium bringing total tax relief under AB 616 to $241,000,000 and under SB 204 to $223,500,000.

Senator Glaser: That difference of $18,000,000, is that a one-shot, one year, discrepancy or will that be a continuing discrepancy over the biennium.

Mr. Miles: The total difference over the biennium between the two proposals - if the next legislature had the same proposal before you two years from now - you would see a similar discrepancy, I would expect.

Mr. Shorr: Dan, the difference the first year between the Senate and Assembly versions, the Assembly would be $10,600,000 higher, but the second year the Assembly would be $8,500,000 higher and that is not including the trigger. The Senate trigger is about $300,000 higher.

Mr. Miles: What we've got now on the handout in the next section is the expenditure limitations under the AB 616 for the cities and counties and right behind it are the expenditure limitations under SB 204 for cities and counties. We have lifted out the schools, because there was a distinct difference between the caps on the schools. We lifted those out and put them on a separate page, which would be following those two. Under both presentations, under cities and counties, the first column is the potential budget limit for the 1979-80 budget. The second column is the tentative budget. The third column would be the tentative budget and the fourth column the decrease required in the tentative budget and percentage decrease is in the fifth column. Those two presentations are consistent, the same information is in both of them for comparison purposes.

Assemblyman Chaney: You referred to the $18,000,000 cost higher in the Assembly version as opposed to SB 204. Would it be proper to say that the Assembly version would give more relief or is it just costing more. Can that be explained in any other way than that our version is higher then the Senate version?

Senator Glaser: You are providing $18,000,000 more relief which is costing the state government that much.

Assemblyman Chaney: What I am trying to find out is that we are giving more relief. Could it be referred other then that it is higher?

Mr. Miles: It is giving more relief. It was just being said that it was higher but not being explained as giving more relief - $18,000,000 more in relief.

Assemblyman Weise: It is direct tax relief versus cost to give relief, if that is what you mean.

Mr. Miles: Continuing on, we have a page in here that shows the expenditure limitations for the caps on schools, side by side.

Senator Sloan: During the time you talked about the Assembly cap, I have been told that perhaps the real impact of your cap is not in the 1979-80 biennium, but in the periods that are after, because each year you have this 80% factor as opposed to the 100% factor. Do you have any projections, say four or five years down the road, as to what the disparity between the two caps would be and if you didn't I was wondering why, because you explained last night that the reason that you adopted this was that it was a modification of Senator Dodge's "implicit deflator formula". In school districts, which seem to be labor intensive - we had some figures but I dont' have them right in front of me - a substantial portion of their budget - 80% percent - goes for salaries. If you are going to have employees 20% behind each year, aren't you digging them in further and further?

Assemblyman Mann: As I look at it, and I am trying to remember the figures, our cap is about .6 of 1% over the cap that you have utilized in your proposed bill. We have used almost the same projections, I think, in terms of the difference being not a net 20%, as I see it. The total cap comes out at about .6 of 1%.

Senator Sloan: Each year it only makes that difference? So if there is an 18 percent increase -

Assemblyman Mann: I think the basic difference, yours versus ours, would be on the fact ours would also limit the Distributive Education Fund, whereas your cap doesn't, but as these figures point out, your own figures from your own people, it is .6 of 1% difference. I mean .4 of 1% in the first year. And it holds true right down the line, because we use the same factors for growth.

Senator Sloan: I understand that you use the same factors for growth, but you don't use the same factors for inflation, and if the inflation rate is 10 percent next year, under the Senate bill they'd get 10% and under yours they'd get 8%. If the following year, it was 10% under ours, they'd get 8 percent under yours, so now they are 4 percent behind and every year it would get increasingly worse.

Assemblyman Mann: It would depend on the five year average, because we drop off a year and add the new year each time in terms of the CPI index. I think you are looking at any given year maybe a 2% discrepancy over your version in terms of the inflation factor. Where yours might give 10% ours would give 8.2%.

Assemblyman Bergevin: We are also looking at a dollar higher base in our bill than you are.

Senator Sloan: I understand that. That is why I think for the first year it doesn't make a significant difference, but, at least the testimony we had from the educators, it becomes a subsantial problem. The people that I have spoken to in every facet of local government, not only the schools, have felt that the delay mechanism of that 80% factor is going to be a time bomb down the road for them, because they just get further and further behind. I just wondered if you had the figures projected on out.

Assemblyman Bergevin: Unfortunately, they didn't testify that way before our committee.

Assemblyman Mann: I would say that one of the provisions that could adjust this, if that in fact becomes a reality, is that the legislature has the prerogative to readjust this and we so stated that in testimony. We indicated that we can't come up with a 100% right bill right off the bat and the legislature is going to have to come back, maybe in special session or maybe two years from now, and readjust these things. We are projecting no more than a 2% difference on the second time around from your cap and our cap.

Senator Glaser: There is one significant difference or discrepancy and I think Senator Dodge asked the question last night. What was the rational for the 80% 5 year rolling average? Ed Greer (Clark County School District) worked some figures up and showed me and I would like to have him present those at this time.

Mr. Greer: I had my people call Washington, the Department of Commerce, and the problem with the implicit price deflator is that you can have several of them, and these figures, I did not have time to get into detail as to what each one meant. But as you can see there are a considerable number of deflator factors. (A copy of Mr. Greer's figures are attached to these minutes as Exhibit B.) For instance, one of the broadest ones is the GNP deflator factor and what I did was take the same period of time that the Assembly bill takes on the CPI, the five year average. I took the fourth quarter of 1973 and the fourth quarter of 1978 and figured the percentage of increase. You may recall that the CPI average for that period of time or the increase was 46.8%, which figured 9.36 percent on the average, and down at the bottom to bring a little more clarity to it, I compared it with two of the deflator factors. That average for five years for the GNP price deflator is 8.71%, but one that I think, without looking into all the details of it and I don't know which one Mr. Newton used when he testified before the Assembly, where he I understood said that it showed it was 80% below the CPI, but if you look at the state and local government purchasing deflator, which I would assume would be more accurately representative of school districts, it is 10.02% in comparison to the 9.36% which indicates it's slightly above the CPI and not 80% of it.

Assemblyman Mann: I don't want to put words in Ernie Newton's mouth, but as I recall the testimony, he indicated that in state and local government purchase deflator you had some things that would not be directed in terms of school purchasing. That would be the difference of that .7%.

Mr. Newton: I don't have the numbers with me. I got them from the Department of Commerce's office in Reno. It was only the last year based on the 1977-78 base rather than the 1978-79 base which you adopted after considerable discussion and it was the implicit price deflator for goods and services purchased by state and local governments. I can't explain the difference in information that Ed (Mr. Greer) has brought forward today, but that is where I got my numbers. It was not an average of five years, it was 1977-78 compared to 1978-79.

Mr. Greer: One other point, in trying to get information in a very quick time, I did ask my people to explore with the representative of the Department of Commerce, as far as they could, to try and get some reality of what do those factors mean and how do they relate to a school district. I was unable to get the detail that I wanted over the phone, but Mr. Ken Patrick was the person we talked to and I can't tell you what his capacity is at this time or anything else. He said that in his estimation, all you're doing if you are relating that to any 80% of CPI is simply reducing your cost of living by 20%. He sees no relation whatsoever in doing this.

Senator Glaser: I think that was Senator Sloan's initial analysis of it.

Assemblyman Weise: I don't quite understand. When you said the factor - do I understand you to say that the state and local government purchasing deflator factor or whatever you want to call it would be 10.02%.

Mr. Greer: Yes, what I am doing, if you look at the bottom figure, it says state and local government purchasing factor and for the fourth quarter of 1973 it shows 110 and the fourth quarter of 1978 it is 165.1 which is a 50.09% increase for that period of time. You divide that by five years, you get the 10.02%.

Assemblyman Weise: But that is still below by probably more than 2 points than the CPI - without a deflator - the straight CPI.

Mr. Greer: No, the straight CPI for five years is 9.36%. That is using the same procedure in calculating.

Mr. Miles: We are now on the page referring to school district caps. The columns 2, 3 and 4 are 80% cap and the Senate version (204) which is not an expenditure limitaiton, it is a revenue limitation on the 80¢ school levy.

Assemblyman Mann: I would like to point out, we did some calculations yesterday and comparing the two caps in terms of which effected the 16 counties. The Assembly cap effected 9 counties less than the Senate did, and the Senate effected 7 counties less than what the Assembly did. The caps are very close when projected on paper in terms of effect to counties.

Senator Dodge: There is one thing about these kind of tables which I think are incomplete and that is that they don't give you any reference to the current operating year's budget. Now everybody talks about the loss from the tentative which is one thing - but the important thing to me about whatever we do with all these entities, be sure and keep them viable. One of the ways, the only way that I know to half way assess that is to know what their budgets are going to wind up as against the current year. I don't know if that is a criticism but I am just saying to you if you really want to give us complete information you need to give us some idea of where everybody is from a current year budget.

Assemblyman Bergevin: We have that. Dan put that together for us and I've got it in my office.

Assemblyman Weise: We don't have any that have suffered decreases. I know our package doesn't show decreases for any of them and I don't know what the relative increases are right now.

Senator Dodge: That is only part of the story. I think we want to take a look at particularly the areas that we all represent and be able to know so we can respond to people about where they are from last year's budget.

Assemblyman Tanner: Tentative budgets as a whole show an increase of what percentage over the actual budget for last fiscal year?

Mr. Miles: I think in the cities and counties it would be around 12, I'm not sure.

Assemblyman Bergevin: In other words, with tentative budgets, we're showing an increase of roughly 12% average over the past budget, so we are starting out from a point of reference where they are in pretty good shape.

Mr. Shorr: I have some older numbers and I'm not sure that I should give them out without going back and checking what they are, but this particular schedule shows an 18% increase to schools overall, statewide average.

Mr. Greer: Statewide average is 13% above last year's budget? I think it would be interesting to point out on the sheet with the school districts, what the tentative budgets of the school districts actually encompass. I can't speak for all the counties but basically what it encompasses is what the $1.50 will produce on the ad valorem tax rolls plus what the distributive school fund will generate with the Governor's recommendations. There is no supposition of spending patterns or need or anything. It is the tax dollars available to them under the present law - that is the tentative budget of the school districts.

Assemblyman Mann: Is that an accurate statement.

Mr. Greer: That is an accurate statement as far as Clark County is concerned. I testified before the Taxation Committee regarding the impact to Clark County School District and I do have figures to show the impact. The problem with the way that is being suggested is that it does not take into account the budgets as you build them including the ending balance and it throws you out of kilter. You need to look at what the percentage increase is based upon budgets and also, Senator Dodge is absolutely correct, the only way to do it is to divide by your weighted enrollment to get your support level, the total support level per student each year. And then you've wiped out enrollment growth and you are looking at exactly the same factor you're doing when you're trying to set in on a CPI factor. I do have those figures for both years of the biennium on all of your caps.

Senator Glaser: I wonder if you could make those available to us. This information is attached as Exhibit C.

Mr. Greer: I would like to do that because very definitely the figures you are looking at are very disrepresentative of what the true picture will be. It has more impact than that and there are other superintendents around to testify to that too. Unfortunately, when you try and work from a tentative budget you are not starting from an accurate base of where you are and I have the figures. I'll get them typed and reproduced for you.

Assemblyman Mann: Does your tentative budget include what your $1.50 will yield plus what the Governor's recommendations?

Mr. Greer: By law we cannot project what the Governor's budget is in the tentative ledger.

Assemblyman Mann: Then somebody's breaking the law. Some of the districts are breaking the law in these figures.

Mr. Greer: What the state department did then is they took the tentative budget and they figured what the governor's package would do to raise that up and that's what they call a tentative budget. Unfortunately in doing that you are losing sight of the actual budget condition including opening balances. That does not take into account properly, all of the money. All I am doing is taking the budgets as I build them and reflect it to my board based upon projections of the Governor's money and the opening budget each time - the opening accounts. It shows a different picture and the problem with the Assembly cap is that it is indeed a destructive thing because each year it is behind far greater than the previous year because you are compounding on it.

Assemblyman Mann: As the representative of the largest school district in the state, you would advocate the Senate cap on education?

Mr. Greer: Yes sir. If you were going to cap it, I'd say by all means cap on the 80¢ because that is where -

Assemblyman Mann: Would you accept the cap on the 50¢?

Mr. Greer: On the 50¢, yes.

Assemblyman Mann: In other words you could accept the cap on the 50¢ and leave the distributive education fund open?

Mr. Greer: I'm not saying that it is open. By all means -

Assemblyman Mann: Well, it is only restricted by the state spending -

Mr. Greer: By the legislature. And I have the same motives as your committee to hold it down.

Assemblyman Mann: So you are saying right now before this committee that you would buy a cap on 50% and let the legislature handle the distributive education fund.

Mr. Greer: That is correct, because then you leave the state, the foundation plan intact, and if you don't you destroy it with an expenditure cap.

Assemblyman Mann: Would that be a conclusion from the other superintendents - that they would support that?

Mr. Greer: I think so.

Mr. Miles: The next page is a comparison of the money available per pupil under the two different versions of the caps on schools. Comparing that with the money available per pupil through the tentative budgets. The next two page section is a comparison of the caps in the Assembly version and the Senate version, the state governments and local governments and on the second page, school districts just laying them side by side, all the factors, the criteria that go into each one of those caps and how they are the same and where they are different. You can see on the state government cap that it is the same. The local governments there is a difference in the base year and a difference in funds covered. There is a difference in the inflation factor. Going on to school districts, there is a difference in the base, there is a difference in the basic type of the Assembly expenditure cap and the Senate for revenue cap, but disregarding that for the moment, there is a difference in the base. The Senate version uses a three year average base and the limit goes directly on the 80¢ optional levy, whereas for the school districts, the base and funds are the same as that described for cities and counties under the Assembly version. The subject of a levy in the Assembly is on expenditures of the budget and the Senate it is their property tax levy. The inflation factor is different and the enrollment numbers are different. The Assembly version uses the current year enrollments and goes to the increase of the projection of the school district as agreed to by the Department of Education. The bill also has a factor to decrease if they over project and allows them to increase expenditures if they should under project once they know what their final enrollment figures are. The Senate version uses this year's actual enrollments compared to last year's actual enrollments to get enrollment increase.

Mr. Miles: The next page is a comparison on homeowners of the two versions. Assuming a $60,000 home at the current taxing mechanism, 35% assessed value at a $5.00 rate, assuming the full $5.00 rate is used, $1,050 a year. Under Question 6, it would be 1% of the appraised value or $600 plus exising debt service and that varies in every locality of the state. Under the Assemlby proposal the tax is at the $3.64 rate, and this is before the expenditure limitations are applied, this is simply the tax relief portion is $764, a 27.2% reduction. Under SB 204 it would be $727 after the homeowners allowance, or a 30.7% reduction.

Senator Glaser: Now that we've met and seen some of the basic differences, if in effect we enriched SB 204 to the tune of $18,000,000, how much would that change this benefit to the homeowner?

Mr. Shorr: If all of the difference of the first year, that is if $10,600,000 were put into homeowner allowances, the allowance would increase by 54¢. That would mean a reduction in the rate to $2.92. I haven't multiplied it through.

Senator Glaser: The Assembly has proposed we use more and give more back to the taxpayers. If the Senate went with the same number of dollars as the Assembly did, I was just wondering how much difference it would make in this, because we are proposing not to spend as much. We want to keep the general fund balance between $35,000,000 and $50,000,000. That is what they call a good healthy operating balance.

Assemblyman Craddock: There is one point that some others are more capable of addressing than I am probably, but in these comparisons here, when we get to the bottom line figures in Assembly versus Senate, I would like to point out that in these figures there is not consideration given for any probable impact or even likely impact that the reduction of taxes will have on the business community and the utility industry as it relates to the consumer prices. Now as surely as the free enterprise system works, there will be a reduction in some of these prices or the extent that it works. So there is no consideration given that in the Assembly's package and that positive aspect of the program does not exist in the Senate version.

Senate Glaser: To some extent it does because we have an across the board allowance, too.

Assemblyman Craddock: But not the extent that we have by any means.

Assemblyman Mann: I think it boils down to the simple fact that we talked about last night, of the difference of philosophies in terms of the across the board constitutionality versus what we think to be unconstitutional by unequal rate decreases. I think that is something that goes through the whole thing - the philosophical differences.

Assemblyman Bergevin: I think it was brought out either in Senate testimony or on the Senate floor that the 4.9% rebate on renters is actually a greater tax relief than the homeowner is going to get, percentagewise. Was that brought out on the floor of the Senate? How can you justify subsidizing someone that does not own anything more than the man that's put his money up front to build a home or a business? How can you justify subsidizing the renter at a greater extent than you do the homeowner?

Senator Glaser: We didn't intend to do that and when Ed put the pencil to it he said that was a relatively comparable percentage.

Mr. Shorr: If you're talking about the 17% it appears to be fairly good depending upon how you look at it. I think what Mr. Bergevin is speaking about is including the 36¢ -

Assemblyman Bergevin: Whatever you include, evidently testimony developed indicating that the renter was getting a better break than anybody out of this.

Senator Sloan: Would that lessen your opposition to the renter rebate?

Assemblyman Bergevin: No, you are never going to lessen my opposition to that.

Senator Sloan: If we modify it?

Assemblyman Mann: I think Senator McCorkle pointed that out on the floor. Daykin pointed that out yesterday. And Shorr's right, it includes the 36¢.

Assemblyman Price: One of things that I keep coming back to is the fact the $3.64 is the maximum allowed under AB 616, but with the type of caps and expenditure caps that we have, or have designed, those rates are going to go down substantially. We've worked up very tentative type, ball park figures, but for example the figure that we have in Reno could conceivably be $2.68 under AB 616, which is lower that $2.92 that you were talking about when you added another $18,000,000 into SB 204. We've been dealing in all the figures with the maximum $3.64, but I'm not sure that all of the Senators in here realize that's the maximum that we are talking about. But the minimum, the most effective, will be way below that.

Assemblyman Craddock: This is based on the $5.00 to begin with and that's only a starting point. I would say that most of our population area is pretty close to the $5.00. I worked some of our cap figures into, for example Clark County, where they were starting with $3.33 and it went down to $2.07 or something of that nature as I recall. That's one thing I wanted to point out, that when we bring the whole thing into effect, the rates are going to go down substantially lower.

Assemblyman Weise: The point was brought up on philosophy, what is arguable and what isn't. Let me ask you this about rent rebate. If we can beat all of the administrative problems that we are going to have, and the constitutional question and something else, how would you feel about a law that just says anybody who is a landlord shall reduce the rents proportionately to the savings that is effected through a tax reductions program.

Senator Glaser: Aren't you getting into rent control then?

Assemblyman Weise: No, I don't have any idea what the rents are, I mean I am just asking philosophically, does that accomodate what you are trying to get on to the renters? What you are trying to pass on?

Senator Glaser: I would say at first glance that I would not have any strong objections to that if it can be done legally. I certainly can't speak for the committee, but that seems consistent with the idea of mandating some kind of reduction for the -

Assemblyman Weise: Think of what that might build in. It builds in that relief that we are supposed to be passing out. It doesn't build an ongoing bureaurcracy that we'll never shed and it allows the markets to adjust according to the free enterprise system.

Senator Raggio: The problem with that is that it assumes that everyone who is charging rent is charging on an equitible base and they are charging appropriately and it penalizes in effect somebody who hasn't already -

Assemblyman Weise: That somebody might be a very small number of people in the state population based on the fact of not passing relief on to renters. The best of two alternatives that we have before us.

Senator Raggio: If you put that in the law you are putting in a grounder or I think you are jumping_ relief and if it is utilized then it's assuming that everybody is on an equitible plane to start. And not recognizing that some landlords may already be doing this.

Assemblyman Weise: Been doing what? Passing it on? If they pass it on, then they don't have a problem, right?

Assemblyman Tanner: It works the other way too, because the renter is going to get a rebate based on an equity to start out with too. In following up what Bob has to say there, I think we ought to take a long hard look at requiring a separation of rent and taxes in terms of billing by landlords and renters. That automatically builds in the pass through. Commercial leases are on a triple net basis and have been for a long time. The same concept could be applied to this situation and it doesn't have to be a lease situation either. It can be a month to month rent or simply by law you require the landlord to separately state the rent and separately state the taxes.

Senator Ashworth: Who audits this?

Assemblyman Tanner: Uncle Sam, when they file.

Assemblyman Price: Can you deduct that on IRS?

Assemblyman Tanner: The commercial leases have that right now.

Senator Ashworth: I don't think that landlords would go along with that and the reason for that is they are not going to get the deduction anymore. They are not going to get the deduction as far as the taxes are concerned.

Assemblyman Weise: But they don't have the income.

Assemblyman Bergevin: But they aren't paying it either. Not if you bill the renter for it.

Assemblyman Tanner: Are you talking about federal income tax reporting?

Senator Ashworth: Yes.

Assemblyman Tanner: Why can't they?

Senator Ashworth: Because he is not paying. I am talking about the owner.

Mr. Tanner: It doesn't effect his bottom line one bit. It is an operating expense and the bottom line isn't effected either way, whether he reduces the gross on one side and takes it out of operating expenses on the other.

Assemblyman Weise: Ordinary income versus deduction.

Assemblyman Tanner: It doesn't hurt him at all. If the landlord opposes this situation, he still has the option of raising the rent on the other side, which he can either way we go.

Assemblyman Weise: We aren't talking rent controls, so that argument goes out the window.

Assemblyman Tanner: No indeed, it doesn't even touch on rent controls.

Assemblyman Bergevin: You could put the relief in and immediately he could raise the rent by the same amount as the rebates.

Assemblyman Weise: If he raises the rent, then we are talking about the free market system, supply and demand. If you go into rent rebates, you have to assume that the landlords are going to calculate that 4.9% and up rent too. However, this is a poor argument against it. This is real clean and it gets away from the two biggest problems that I have with the rent rebate problem. One is hanging all of this on a very constitutional limb and a very difficult administrative problem and expensive problem.

Senator Sloan: I don't think that Frank has ever indicated that there is any constitutional question about the renter rebate. Homeowner allowance is what he has spoken of, but he has never had any question whatsoever on the constitutionality of the rebates.

Assemblyman Weise: I don't mean to confuse apples and oranges, but in taking the two proposals that we have before us, if philosophically you want to pass that kind of relief on to those particular people, I think that you can do that by simply requiring that rents, when the landlord gives a rent bill, that he specify the portion of tax that is portionate to that unit.

Assemblyman Tanner: Two separate bills. I can't imagine any opposition from the landlord standpoint because if he were not to pass it on, he can simply raise the rent on the other side and keep the percentage return on the investment where ever it has to be. From the bottom line standpoint it is cleaner than a hound's tooth.

Senator Ashworth: I think that it beds a question that Senator Raggio pointed out and that is you are forming the basic assumption that they are all on equal plateau to begin with. You have to form that assumption.

Assemblyman Tanner: It doesn't matter. You will never have them on an equal plateau. There is no way that you ever could do that no matter what way you go.

Assemblyman Craddock: SB 204 doesn't do that.

Assemblyman Weise: If you take SB 204, and come back to the furnished apartment and tell me how you are going to determine what portion of the rent is furnishing, what portion of the rent on any unit is utilities and what portion is just hard core rent. From which you have to deduct another factor which is suppose to be the taxes.

Assemblyman Tanner: The other fringe benefit in this thing if this were required by law, then anybody who files a 1040 is entitled to a federal tax deduction on his tax return, if he itemizes.

Mr. Miles: Going down to the bottom of the page, we have a hypothetical examples of a family of four in a $60,000 home and what annual savings might be under the Assembly and Senate proposals. Under the Assembly proposal they would get the $369 reduction plus whatever personal property reduction there was. Under the Senate proposal as it is now, it would be $406 plus personal property savings. The next section deals with mobile home owners showing the reduction under the Assembly proposal, which would be property tax savings on the mobile home and under the Senate version it would be on the mobile home plus a rebate of whatever he paid rental on the lot, assuming in this case that he was on a rented lot. On an owned lot, under the Assembly version he would get the tax relief on the value of the home plus the lot and the same under the Senate proposal. The final figures are for a family of four, if renting at an assumed $300/month rental. Under the Assembly version the $83 represents a hypothetical figure of food tax savings and under the Senate if would be a combination of food tax savings plus the renters rebate.

The next page is a comparison of effects on major property owners in Reno and Las Vegas, showing taxes under the current method, under Question 6, under the Assembly method and under the Senate version. In Reno, we would see that the annual taxes would be, assuming a $5.00 rate, $2,625,000; under Question that would drop to $1,847,000. In this particular case it assumes that Question 6 were effective next year and you take 1% of the appraised value of $150,000,000 and add existing debt service requirement in the City of Reno, which includes Reno, Washoe County and Washoe County School District, coming up with a total tax of $1,847,000 which is a savings of $778,000. Under the Assembly version the savings would be $714,000 and under the Senate version the savings would be $189,000.

Assemblyman Bergevin: If you went back to Question 6, of course you would have to roll it back to 1975 values and that would not be the value of that hotel today.

Mr. Miles: If it had not been reappraised.

Assemblyman Bergevin: I am sure that it would have been in a 5 year period from 1975 to 1980. So you would have probably another 30% or so on the value which you are applying our formula to which would result in a greater dollar tax savings; but by the same token would result in a tremendous amount more taxes being paid into the state then is being utilized.

Mr. Miles: Also under Question 6, it limits the tax to 1% and protects existing debt as of the effective date of Question 6, which means that over a period time as that debt is retired, the tax in that particular area would decline.

Assemblyman Bergevin: So the increased assessments would be very much effected by 2% per year whereas the normal rate of inflation is probably 12%.

Mr. Miles: The final 2-page schedule is a comparison of what the combined rates are in different localities in the state comparing existing combined rates in the current year and the rate in AB 616, only after tax relief, this does not include any reduction in rate for expenditure limits. The rate in SB 204 under the same circumstances and then that rate in Question 6. Again, I have to qualify the Question 6 rate here because what that is is the 1% limit plus the existing debt rates in those entities, again that would assume that Question 6 were effective this next year and the existing debt rates would be in effect again this next year and as the time goes on it would retire and those rates would decline.

Senator Glaser: If we pumped an additional $18,000,000 into SB 204 to make it comparable to AB 616, would that change those combined tax rates.

Mr. Miles. It would change all of them. Keep in mind that this schedule only relates to homeowners, because the major portion of SB 204 that we are showing here is the homeowner allowance only. In answer to your question, yes , as it applies to homeowners you would deduct that amount Ed has given us from each one of these rates if you were to plug the $18,000,000 into homeowner allowances.

Assemblyman Bergevin: Ours does not include those homeowners, ours is the total rate on everybody.

Assemblyman Price: Of the $106,000,000 that SB 204 indicates for rebates, how much of that goes in dollars to homeowners and how much goes to business.

Mr. Shorr: This $106,500,000 is all to either homeowners or renters. The $13,000,000 and $30,000,000 is what the businesses, apartments and casinos would share in. That is across the board relief.

Senator Raggio: The rebate is only the homeowner allowance and renters.

Assemblyman Bergevin: You say across the board, is that 36¢ in addition to the dollar rate.

Senator Raggio: Yes, that is across the board.

Assemblyman Bergevin: In other words you are giving the homeowners - but that is not what your bill states.

Senator Raggio: The 36¢ reduces the rate automatically to the $4.64 and that is where that comes from. That is across the board relief to all taxpayers.

Assemblyman Craddock: Each and everytime we mention the disparity between the business sector relief and the private sector relief we also have to take into consideration that anytime you talk about inserting or pumping another $18,000,000 into it we have to take into consideration the influence that the reduced rate would have on business and the prices to consumer. Let anybody forget the $118,000 that Sierra Pacific paid last year in interest on deferred taxes to the utility bills. The money that we are not giving the institutions is in part a loss.

Senator Sloan: Since we are primarily a tourist state, and most of the people who are consumers in tourist industry are from out of state, are you suggesting that when we roll back the hotel's taxes 4 to 1 under your bill, that they should pass that along to our visitors from out of state as opposed to ours trying to give it to the homeowners that live here.

Assemblyman Craddock: I would suggest that that might not be the worst move that we make, because other states are inducing gaming and starting it up and it may not be a bad idea as far as that would go. But the real thing that has happened here is that we are forgetting that the utility companies and the grocery stores and clothing stores sell our own local people.

Assemblyman Mann: Bob is bringing up a good point and I think it was something that was brought up to us. I see that it boils down to the fact that the reasonthat you are seeing such large rate back to private businesses is the simple fact that we have not been about to address the fact that Daykin claims it is constitutional. That is why we went with the across the board. That is the reason we went across the baord. If or one, if I could believe Mr. Daykin in terms of being as convinced as he is , I would have no problem taking every bit of support and giving it back to the local home-owner. But philosophically the difference is strictly that we do not feel that it is constitutional and that I am not buying Daykin's 7-3. It is the 3 that worries me. I think another point of this is that anytime you have to set up a machinery to have something tested in court, it doesn't sound to me that you are too confident about it. That is the premise that we operated on. Not the premise of giving something back to the tourists but the premise of the constitutionality of an unequal tax relief.

Assemblyman Craddock: One of the contributing factors in my making up my mind is the basic equity in the whole thing. Fair claim giving to free enterprise system at least an opportunity to work without the interference.

Senator Sloan: I have heard the figure that under your bill that about 60% of the total relief would go to business and commercial and 40% would go to residential. Is that figure correct?

Assemblyman Craddock: In order to make that assumption you have to first assume that it will have absolutely no influence on the private sector, which I don't buy.

Senator Sloan: Of the existing tax dollars that you have there in terms of property tax relief, I was told that there was testimony that 60% of it would go to business and 40% would go to residential.

Assemblyman Mann: You asked the same question last night and you can't look at it that way, because we are buying an equal cut for everyone. Naturally, a $150,000,000 casino is going to get more dollars back than a $50,000 house. There is no way of fighting that, but it goes back to the premise that you have to have equal tax reduction and that is the premise that we operated under.

Senator Sloan: Senator Kosinski stated last night that we started with a fundamentally different point of view as we wanted to give relief to the people and not to the property. You didn't respond to that then.

Assemblyman Mann: We think that you threw away the constitution.

Assemblyman Tanner: Forgetting the constitutional element of it, I still think that you can solve the problem and comply with your philosophy by again adressing this through a requirement in terms of split rent and split taxes. Let me give you an example and relate it to how it operates on a commercial lease because it could operate under the exact same premise in the situation of the renter. I happen to be the landord on 20 or so commerical properties and I also happen to be the lessee or tenant in roughly the same number. So I am on both sides of the fence, dealing with triple net leases and looking at it from two different shows. I have on a location, a Kentucky Fried Chicken, Wendy's Hamburgers, and Winchell's Doughnuts, so there are three users on that side. In this situation I am the tenant, I am not the landlord. All three are on triple net leases, and the triple net lease means that the tenant pays taxes, insurance, and makes all the repairs and maintenance. All the landlord does is deposit the check. He has complete management free, effortless type of lease. In terms of the taxes, when the tax bill comes, I'll receive a letter from the landlord with the tax bill and what he does is take the square footage on the total site occupied and then he splits that down and says x number of square feet are allocated to KFC, x number to Wendy's and x number to Winchell's. The percentage shows that KFC occupies 30% of the site and therefore he applies that percentage of square footage occupied to the total tax bill and that becomes my tax billing. It is a simple mechancial situation. You have the same thing on insurance and that covers the lease. Apply the same principal to the apartment house - 10 units - the tax is $1,000 a month. All he has to do is the very same thing - he has one bedroom, two bedroom, or three bedroom units and they occupy a certain amount of square footage. All he has to do is prorate the square footage costs of the property tax to the unit and that becomes the billing process to the renter. It is a very simple mechanical process to handle the thing. Now, as to how Prop. 13 effects me in California. I have over 50% of my commercial properties there. Property taxes on my commercial properties dropped nearly 70% in some cases. This effected me as a landlord and as a tenant. On the landlord end of it my bottom line was still the same, but on the tenant end of it where I am locked into a 20 year lease, I suddenly got a drop substantially in my rent. I was paying $6,000 a year and suddenly I am paying $2,000 property taxes which effectively lowered my cost or my rent tax costs. So I got the automatic pass through the taxes and the landlord couldn't care less because his return on investment is based on the base rent, taxes are not even involved in the situation. That is an operating cost. Instead of him gambling on what was going to happen to property tax, he passed the risk on to me as a tenant. I live with whatever the economics dictate. If the taxes go up I pick them up automatically, if they go down I get the advantage of them going down. Mechanically it is very simple for them to handle. I think you really ought to seriously explore that avenue to take care of your problem with renters.

Assemblyman Weise: This problem of the philosophical thing. Do we have excess money in the State of Nevada that is just plain money that we should be doing something with and if that's it and what we want to do is to make it equal, then I suggest that maybe we should buy a computer or rent one for a month and print out 700,000 checks of equal value and distribute them. That would be the most equitable thing that we could do. If you go beyond that and you are looking at what our sources of income are there are three general areas. There is gaming, and we all feel that is equitable because we feel that someone else is paying that outside of the State of Nevada. There is no equity there but we like it and so we are going to ignore that aspect of it and we will take what we can get off it. As long as we can keep the casinos viable that is our main concern. Keep them viable and tax whatever we can get out of them and make sure that they are not at a disadvantage somewhere else. The only other two tax sources are that you are generating money on your sales tax, which is probably the fairest tax we have in this state, because you pay for what you get. We are going to take it off food, so we assume that is no longer an issue because both bills have that. If you are a big spender you are going to be a big payer. Then you get to property tax. What we are talking about is not returning it to 40% but we are returning tax dollars to 100%. We are returning it to 100% of the people who pay them. Who pay a very lousy tax. Maybe we could reach agreement by doing away with the property tax and kicking sales tax up to 5¢ or 6¢ and then we would have equitable taxation statewide and there wouldn't be anybody in this room that could complain about how they were being taxed for the services they are getting back.

Assemblyman Craddock: One more thing as relates to the casino or resort industry. I am not wearing their boots in any shape, form or fashion. I would hate to see the industry get in any worse trouble then it is. In the Reno area, I understand, some of the casinos are now in dire straits simply because they can't accomodate enough gamblers to keep their operation going in an economic fashion. I don't think there is any great big drawback and I don't think there is any big detriment to the State of Nevada to give these people a break occasionally because they are the reason that we have the break that we have. Frankly, I can find nothing wrong with that.

Assemblyman Mann: I would just like to add, as a landlord, that I have a triple net lease on my property. The guy pays everything and all I do is collect my return on investment, which is the rental that I charge him for the property. I couldn't care less if there is a tax cut, let him have it. I am getting what I am happy with and I think this net concept that is offered is an excellent idea to get around our objections on rent rebates and yet guarantee the renter gets something.

Senator Kosinski: That proposal makes a lot of sense when you are talking about commercial property with long term leases, where it is going to be quite evident what portion of the rent is represented by taxes and it would be easy to work out. You can't get a long term lease on residential property in Reno and you can require the landlord to put down what portion of your rent is going to be represented by taxes, but that is not going to get around the problem of him raising it in other areas. This is the same thing that happened in California. You were talking about that in California there wasn't any decrease in rent because of all the other service costs. I haven't read any material like that and if you got some information in front of your committee that the reason that there was no reantal rebate in California is because other costs were going up, I would like to have that information.

Assemblyman Tanner: You have no guarantee on the rebate deal either. If I have a 20-unit apartment house and I find out that you received a 4.9% rebate, there is nothing stopping me from raising your rent.

Senator Kosinski: I understand that, I am just saying that your proposal makes a lot of sense with long term leases.

Assemblyman Tanner: It doesn't have to be long term, you can have month to month. In other words, if it is required by law to separate you have it whether it is month to month or a lease.

Senator Kosinski: But then when you get the increase the following month it is for another reason that has nothing to do with the rental increase.

Assemblyman Weise: But you would get the increase either way. If you believe that the landlord is going to jump your rent just because you are getting the tax deduction, you have to believe that the landlord is going to increase your rent knowing that you are going to get a rebate check in the mail.

Senator Kosinski: I don't believe that necessarily follows. In the one case you are asking them to take money out of his pocket and in the other case there is no money out of his pocket.

Assemblyman Weise: You are wrong. In the one case you are giving the fellow a potential deduction on his taxes and in the other case you are giving him the potential where the landlord is going to see real dollars coming through the mail and into his pocket that he knows that he can go lay his hands on.

Senator Kosinski: But in the other case he has to give you the money back. He has to reduce your rent.

Assemblyman Weise: He has to break out that portion that is taxes.

Assemblyman Tanner: You don't reduce the rent. If the rent on the apartment is $400 a month, let us assume that the break out is $300 for rent and $100 for taxes. If we require by law that it is separated, then I as the renter get a bill for $300 for rent and $100 for taxes. The bottom line for the landlord is not affected one way or another. For the renter, now he has a separation and if AB616 or SB 204 goes through and you get a 30% tax reduction, suddenly he is paying $70 for taxes instead of $100.

Senator Ashworth: But what if in the next month his new rental bill says that it has now gone up by $30.

Assemblyman Tanner: It doesn't matter, because you can do that either way you go.

Senator Ashworth: On a long term lease that is the difference.

Assemblyman Tanner: If you have a lease, then the renter is protected until the expiration of the lease. There is no way to protect the renter from a landlord raising his rent unless there is a lease, under either condition.

Assemblyman Price: Senator Ashworth, as an accountant does everything that Mr. Tanner has stated jive?

Senator Ashworth: Yes it does.

Assemblyman Mann: And it is so clean that you can't believe it - no million dollar bureaucracy.

Senator Glaser: Did Maury and Armstrong testify before your committee. He suggested another approach.

Senator Sloan: I discussed that with Frank and unfortunately he s ays that if we have constitutional question with SB 204 the other one has even more.

Senator Ashworth: There is another area from the tax vantage point. In response to what Darrell said it is true and there has been a question raised, but to me it is diminimous, and that is that many of the renters do not itemize, they file short form and therefore they are not going to get it so they are sending more dollars back to Uncle Sam, but I don't think that there are that many myself.

Assemblyman Tanner: That is just a fringe and I wouldn't bank on that one way or another.

Assemblyman Mann: Don, what do you think about this concept. Do you see it as a lot cleaner than the rebate.

Senator Ashworth: Yes, I do. That is only my personal opinion.

Assemblyman Price: Since there was so much discrepancy apparently in testimony or how we received testimony on the expense and the problems to the county assessors and county treasurers, we have set in motion some steps to get us some information from all the county assessors and treasurers and we hope that it will be here by tomorrow, in order to get some kind of further idea as to whether there is an impact or not.

Senator Ashworth: We wouldn't want the Assembly to go away and think that we weren't aware of the many problems from the administrative vantage point of the renter rebate. We were aware of that, we knew there were problems and there are. To say that there are no problems would not be facing the thing straight on. We were led to believe by the people who testified before us that they were not so big that they couldn't be overcome.

Assemblyman Price: I have been debating about whether to say anything or not but I am going to. It has been my impression and perhaps some other people on our committee, that it is possible although I am certainly sure that it was without just cause, that some of the assessor's or some of the people who appeared before your committee may have for one reason or another been hesitant to give strong opposition with respect to the impact on their office of SB 204.

Senator Ashworth: That could have been, but why?

Assemblyman Price: Perhaps because they would have to appear in Senate Finance at some later date or something of that kind.

Senator Ashworth: The only thing that I would say in response to that is that we do not intimidate the witnesses and I think if you go back and check the record, I think on most of the testimony Floyd wasn't even present.

Assemblyman Tanner: I for one know that a lot of you agonized over that for a long time and I am sympathetic with that. We also agonized over some of our problems and tried to figure out something.

Senator Ashworth: The consideration of constitutionality we talked about everyday and there are still some of us that feel very strongly about that. What are you going to do when you have counsel that basically represents this organization that says we can do it.

Assemblyman Weise: Can you as a committee consider the credit by virtue of statutory language to pass on tax reduction as a philosophy and then maybe we can get back and see who the tax reduction should go to. There is still anelement of whether it should go to everybody or to just homeowners, commercial or noncommercial. That is a different question altogether than whether we should have rent rebate or not. I think we can beat the rent rebate problem per se with the type of triple net lease statutory provision. Maybe we can cross that hurdle and do away with it by the next meeting.

Senator Sloan: We can consider it but I don't want to negotiate this thing bit by bit. I think we should take an overall look.

Assemblyman Price; I would like to see us continue these meetings for little longer before we get into the structure of the 3-man committee.

Assemblyman Mann: We can iron out much in this type of meeting. We can't afford to let 3 people on each side decide it because there is too much expertise that we would lose.

Senator Ashworth: With the long recess coming up we could get some input from other people and come back the first part of the week.

Senator Glaser: The chairmen will get together and set some further meetings. This meeting is adjourned.

Respectfully submitted,

Sandra Gagnier

Sandra Gagnier,
Assembly Attache

EXHIBIT A

MAJOR TAX REFORM

Comparison of Senate & Assembly Version

A.B. 58 & 616	S.B. 204
Major Tax Relief:	**Major Tax Relief:**
. Across-the-Board	. Directed Relief and Across-the-Board
. Rate Reduction \$1.36 - State 25¢ - Medicaid 11¢ - Schools \$1.00	. Rate Reduction 36¢ - State 25¢ - Medicaid 11¢ - Homeowners Allowance \$1.18 - Rent Rebate 4.9%
. Maximum allowable rate \$3.64	. Maximum allowable rate \$4.64
. Trigger additional relief	. Trigger additional relief
	. De-trigger if revenues are low
. Food tax exemption	. Food tax exemption
. Sales tax administrative provisions	. Sales tax administrative provisions
. Household property exemption	. Household property exemption
. Total potential tax relief w/trigger - \$241 million	. Total potential tax relief w/trigger - \$224 million
. State cost - \$226 million	. State cost - \$209 million
. Local cost - \$15 million	. Local cost - \$15 million
. Self-destruct if Question 6 passes	. Self-destruct if Question 6 passes
. Remaining 50¢ school levy to be optional	

A.B. 58 & 616	S.B. 204
Expenditure Limits:	**Expenditure Limits:**
. Limits State Budget - Governor's request except Highway Fund	. 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	. 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
. Population appeal process	
. Allows levy to include ending balance	
. Override to protect life & property	. Override to protect life & property
. Override 2/3 vote of people (expires after 2 years)	. Override majority vote of people (expires after 2 years)
. All funds receiving property tax except debt	. All funds receiving any tax except debt, enterprise, service, trust, capital construction funds

EXHIBIT A

Comparison of State Costs

1979-81 Biennium

State Cost:	A.B. 616	State Cost:	S.B. 204
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	$214,151,000		$195,104,000
Trigger	12,200,000	Trigger	13,500,000
Total Potential Cost	$226,351,000	Total Potential Cost	$208,604,000

Local Cost:			
Food Tax	$ 7,500,000	Food Tax	$ 7,500,000
Household Property	7,400,000	Household Property	7,400,000
Total Local Cost:	$ 14,900,000		$ 14,900,000
Total Tax Relief	$241,251,000		$223,504,000

CITIES and COUNTIES

ASSEMBLY TAXATION COMMITTEE
EXPENDITURE LIMITATION ESTIMATES

Entity	FY 1979-80[1] Budget Limit	Increase from[2] FY 1978-79	FY 1979-80[3] Tentative Budget	FY 1979-80[4] Decrease	FY 1979-80[5] % Decrease
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-	-
Nye County	4,687,555	471,984	5,228,443	540,888	10.2

EXHIBIT A

Entity	FY 1979-80[1] Budget Limit	Increase from[2] FY 1978-79	FY 1979-80[3] Tentative Budget	FY 1979-80[4] Decrease	FY 1979-80[5] % Decrease
Pershing County	1,715,452	151,643	1,591,012	-0-	-
Lovelock	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
Totals	$305,886,401	$37,262,823	$316,448,299	$14,964,575	
		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.

EXHIBIT A

CITIES and COUNTIES

SENATE TAXATION COMMITTEE

EXPENDITURE LIMITATION ESTIMATES

Entity	FY 1979-80[1] Budget Limit	Increase From[2] FY 1978-79	FY 1979-80[3] Tentative Budget	FY 1979-80[4] Decrease	FY 1979-80 Percent Decrease
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

EXHIBIT A

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	$330,621,038	$ 28,387,110	$339,995,858	$ 11,797,323	
		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.

EXHIBIT A

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

	1	2	3	4	5	6	7
		Senate			Assembly		
School District	1979-80 Tenative Budget	80¢ CAP Reduction	After Reduction	% Decrease	Proposed Reduction	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	-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%

EXHIBIT A

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 Limit	Senate Decrease	Assembly Limit	Assembly 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

EXHIBIT A

COMPARISON OF ASSEMBLY AND SENATE "CAPS"

	ASSEMBLY	SENATE
I. STATE GOVERNMENT		
Base	*1975-77 biennium	* Same
	*G.F. expenditures excluding construction	* Same
Subject of Limitation	*G.F. budget	* Same
Cost Adjustment	*CPI (July preceding each biennium)	* Same
Growth Adjustment	*Population Increase--July 1, 1974 compared with certified estimate	* Same
Application of Limit	*Budget preparation stage	* Same
II. LOCAL GOVERNMENTS		
Base	*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
Subject of Limitation	*Aggregate of budgets for funds above	* Same
	*Excludes Fair and Recreation Boards	* Same
Cost Adjustment	*80% CPI for most recent 5 years	*CPI (November preceding each fiscal year)
Growth Adjustment	*Population increase as certified by the Governor	* Same
Application of Limit	*Tentative budget to be disapproved if planned expenditures are not within limit	* Same

EXHIBIT A

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COMPARISON OF ASSEMBLY AND SENATE "CAPS"

(Continued)

	ASSEMBLY	SENATE
III. SCHOOL DISTRICTS		
Base	*1978-79 fiscal year *All funds receiving property tax or state aid	*Average of 1975-76, 1976-77, 1977-78 assessment years *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

COMPARISON OF EFFECT ON TAXPAYERS

MAXIMUM RATE ON A $60,000 HOME:

CURRENT	QUESTION 6	ASSEMBLY PROPOSAL		SENATE PROPOSAL	
$60,000	$60,000	$60,000		$60,000	
X 35%	X 1%	X 35%		X 35%	
$21,000	$ 600 + Debt	$21,000		$21,000	
X .05		X .0364		X .0346	
$ 1,050/Year		$ 764	27.2%	$ 727	30.7%

	QUESTION 6	ASSEMBLY PROPOSAL	SENATE PROPOSAL
EFFECTIVE DATE	7/1/1981	7/1/1979	7/1/1979
UNIQUE FEATURES	Reduces assessments on real property to 1% of market value. 1% limitation to be exceeded to pay off current debt. Assessments frozen 1975-76 plus 2%. Restrictions on increases of other taxes.	Reduces the rate to $3.64. Additional relief triggered 80-81. No sales tax on food. Family of 4 save $83/Yr. Removes tax on household personal property. "Cap" to restrain growth.	Reduction in rate to $4.64 plus allowance of $1.18. Additional relief triggered 80-81. 4.9% rebate to renters. No sales tax on food. Family of 4 save $83/Yr. Removes tax on household personal property. "Cap" to restrain growth.

ANNUAL SAVINGS* - PROPERTY TAX AND SALES TAX ON FOOD

	QUESTION 6	ASSEMBLY PROPOSAL	SENATE PROPOSAL
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".

EXHIBIT A

COMPARISON OF EFFECT ON MAJOR HOTEL CASINO

$5.00/Hundred, $150 Million Facility in Reno:

	CURRENT	QUESTION 6[1]	ASSEMBLY	SENATE
	$150,000,000	$150,000,000	$150,000,000	$150,000,000
	X 35%	X 1%	X 35%	X 35%
	$ 52,500,000	$ 1,500,000	$ 52,500,000	$ 52,500,000
	X .05	347,000 (debt[2])	X .0364[3]	X .0464
	$ 2,625,000	$ 1,847,000	$ 1,911,000	$ 2,436,000
ANNUAL SAVINGS		$ 778,000	$ 714,000	$ 189,000

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

	CURRENT	QUESTION 6[1]	ASSEMBLY	SENATE
	$150,000,000	$150,000,000	$150,000,000	$150,000,000
	X 35%	X 1%	X 35%	X 35%
	$ 52,500,000	$ 1,500,000	$ 52,500,000	$ 52,500,000
	X .049985	456,000 (debt[2])	X .036385	X .046385
	$ 2,624,212	$ 1,956,000	$ 1,910,212	$ 2,435,212
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.

EXHIBIT A

HOMEOWNERS
ESTIMATED TAX RATES

EXHIBIT A

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
	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 + d

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.

April 11, 1979

EXHIBIT B

MEMORANDUM

TO: Chairman Norman Glaser and
Chairman Robert Price - Taxation Committees

FROM: Edward Greer, Associate Superintendent-Business & Finance
Clark County School District

SUBJECT: IMPLICIT PRICE DEFLATOR FACTORS

Mr. Ken Patrick of the Bureau of Economic Analysis in the Department of Commerce, Washington D. C. was contacted to obtain factors relating to "Implicit Price Deflator Indices". He stated that there were many deflator indices and has provided the following:

Implicit Price Deflator Index	1973 Fourth Quarter Factor	1978 Fourth Quarter Factor	Percent Increase	Five Year Average
Gross Natl. Product	109.05	156.56	43.57%	8.71%
Personal Consumption	108.8	154.0	41.54%	8.31%
Food	118.6	168.2	41.82%	8.16%
Gas & Oil	118.5	189.7	60.08%	12.02%
Fuel Oil & Coal	133.7	262.6	96.41%	19.28%
Clothing & Shoes	105.1	126.6	20.46%	4.09%
Total Fixed Inv.	108.6	170.8	57.27%	11.45%
Fed. Government Purch.	110.7	158.5	43.18%	8.64%
State & Local Government Purchasing	110.0	165.1	50.09%	10.02%
Consumer Price Index	137.6*	202.0*	46.80%	9.36%

* November CPI Factors

Contrary to Mr. Newton's testimony before the Assembly Taxation Committee none of the above factors are equivalent to an 80% C.P.I. Factor. In fact the most relevant indicator in relation to school districts of the above factors would be the State and local government purchasing factor; it is higher than full C.P.I.

EXHIBIT C

AN AFFIRMATIVE ACTION
EQUAL OPPORTUNITY
EMPLOYER

CLARK COUNTY SCHOOL DISTRICT

2832 EAST FLAMINGO ROAD LAS VEGAS, NEVADA 89121 TELEPHONE (702) 736-5011

TO: Chairman Norman Glaser and Chairman Robert Price, Legislative Taxation Committees

FROM: Edward A. Greer

DATE: April 17, 1979

SUBJECT: Budget Projections--Clark County School District

In the joint meeting of the Senate and Assembly Taxation Committees on April 11, 1979, there was discussion pertaining to the projected impact of legislative caps on school district budgets. I stated to the Committee Members that the budget figures obtained by working with tentative budgets and including the Governor's projected 8 percent increase in state aid for 1979-80 and a 6.3 percent increase in 1980-81 did not correctly reflect actual impact.

The only way to accurately determine impact is to use total budget figures including ending fund balances and relate these figures to cost per weighted enrollment. In response to direction from the Committees, figures are submitted relating to the Clark County School District. Calculation sheets are also attached.

The total cost per student is shown for each budget year from 1976-77 through 1980-81. By using these figures, the percentage growth from year to year is not affected by enrollment growth and thus can relate to cost of living or any other growth indicator. These growth percentages reveal some interesting facts concerning Clark County School District budgets. The 1977-78 total budget increased 11.3 percent from the previous year and the 1978-79 budget increased by 12.5 percent, for a total increase of 23.8 percent for the current biennium. The 1979-80 total budget, including the Governor's proposed 8 percent increase in state aid would increase by 10.1 percent from the previous year and the 1980-81 budget would further increase by 6.4 percent. This total increase of 16.5 percent for the biennium is considerably less than the total increase of the budget during the current biennium (23.8 percent).

The 80 percent CPI cap proposed by AB616 would permit the total budget for Clark County School District to increase by 6.7 percent for 1979-80. The 1980-81 budget would further increase by 5.3 percent. This would amount to a total increase of 12.0 percent for the biennium.

The senate proposed cap on the 80¢ property tax would produce a total budget for the District which would increase by 7.9 percent for 1979-80. The 1980-81 budget would further increase by 5.4 percent. This would amount to a total increase of 13.3 percent for the biennium.

With the country facing double-digit inflation, it is apparent that the uncapped budgets which include the Governor's proposed 8 percent and 6.3 percent increase in state aid for the 1979-81 biennium do not keep up with inflation. Both the assembly and senate caps produce budgets which fall well below inflation increases.

During the joint meeting on April 11, 1979, the legislators were presented information regarding Implicit Price Deflator Factors. A copy of this information is attached. The data attests to the fact that Implicit Price Deflator Factors in no way relate to 80 percent of Consumer Price Index (CPI). In fact, the primary factor that is most relevant to school districts is that of the state and local government purchasing factor. The five-year average for this index was 10.02 percent as compared to the five-year average for CPI of 9.36 percent.

The proposed cap on the 80¢ property tax is the only one under consideration that allows the Nevada Plan to respond to individual district needs. The elements of the plan, for instance, recognize transportation costs and changing population patterns as well as other structural changes. These elements of the plan redistribute monies within the total amount allowed for the fund. A spending cap would not permit this redistribution.

Capping the 80¢ property tax, or the remaining 50¢ property tax if 30¢ is removed, gets at the direct cause of concern of the taxpayer of Nevada. A cap on this tax, whether by a CPI, state and local government purchasing factor, or by Cost of Education Index would have a drastic effect on the actual increase to the property owner. For instance, it is estimated that property tax revenue in the City of Las Vegas is increasing by approximately 5 percent a year because of new construction. Thus, in this case, the first 5 percent increase in this revenue that would be allowed to a school district would be provided by new construction.

EAG:lj

EXHIBIT C

CLARK COUNTY SCHOOL DISTRICT
BUDGET PROJECTIONS

Budget Year	Budget Total	Weighted Enrollment	Total Cost Per Student	Percent Increase From Previous Year	Dollar Loss from Governor's Budge
1976-77	$102,368,218	80,646	$1,269	--	NA
1977-78	115,914,050	82,120	1,412	11.3%	NA
1978-79	133,434,907	84,000	1,589	12.5%	NA
1979-80 (including Governor's 8%)	148,534,568	84,878[1]	1,750	10.1%	NA
1980-81 (including Governor's 6.3%)	159,629,469	85,712[1]	1,862	6.4%	NA
1979-80 AB616 Cap	143,845,583[2]	84,878[1]	1,695	6.7%	$4,688,985
1980-81 AB616 Cap	152,887,980[2]	85,712[1]	1,784	5.3%	6,741,489
1979-80 Senate Cap on 80¢	145,314,089	84,878[1]	1,712	7.9%	3,220,479
1980-81 Senate Cap on 80¢	154,697,650	85,712[1]	1,805	5.4%	4,931,819

[1] The weighted enrollments for 1979-80 and 1980-81 are those projected for the District's operating budgets.

[2] The AB616 capped budget figures include an ending fund balance of $1,800,000 because that is the balance included in the projected 1979-80 and 1980-81 budgets.

Edward A. Greer
4/16/79

CLARK COUNTY SCHOOL DISTRICT
CALCULATION SHEET
LEGISLATIVE CAPS

AB616 EXPENDITURE CAP

1. Budget Expenditures for 1978-79 as filed July 1, 1978 (including contingency reserve and NRS conversion accounts but not ending fund balance)--$130,781,057.

2. Enrollment Factor

$$1979\text{-}80 = \frac{84,878}{84,000} = 1.01045$$

$$1980\text{-}81 = \frac{85,712}{84,000} = 1.02038$$

NOTE: The above weighted enrollment figures of 84,878 and 85,712 are the biennium minimum projections upon which the Clark County School District's operating budgets are built and upon which initial staffing requirements are determined. After actual enrollment is determined, if it is above the minimum the additional funds are transferred from the deferred appropriation account to pay for the additional staff, textbooks, supplies, and equipment.

3. Consumer Price Index (CPI)

1979-80

November 1978 CPI	=	202.0
November 1973 CPI	=	137.6
Difference	=	64.4

$$\frac{64.4}{137.6} = 46.8\% \qquad \text{5-year average} = \frac{46.8}{5} = 9.36\%$$

80% CPI average = 0.8 x .0936 = 0.0748

80% CPI factor = [illegible]

Clark County School District
Calculation Sheet
Legislative Caps
Page 2

3. Consumer Price Index (CPI)--continued

1980-81

November 1979 CPI = 218.0 (estimated)
November 1974 CPI = 154.3
Difference = 63.7

$\frac{63.7}{154.3} = 41.28\%$ 5-year average = $\frac{41.28}{5} = 8.26\%$

80% CPI average = 0.8 x .0826 = 0.0661 x number of years (2) = 0.1322

80% CPI factor = 1.1322

4. Budget Cap Calculations (AB616)

1979-80
$130,781,057 x 1.01045 x 1.0749 = $142,045,583

1980-81
$130,781,057 x 1.02038 x 1.1322 - $151,087,980

NOTE: An ending fund balance is permitted outside the cap in AB616. The Clark County School District's operating budgets for 1979-80 and 1980-81 contain ending fund balances of $1,800,000. In order to make proper comparisons of these budget totals, the cap budgets for these two years should also include $1,800,000 as ending fund balances. The cap budgets are then as follows:

1979-80--$142,045,583 + $1,800,000 = $143,845,583
1980-81--$151,087,980 + $1,800,000 = $152,887,980

SENATE CAP ON 80¢ PROPERTY TAX

1. Assessed Valuation

1975-76 = $1,802,285,995
1976-77 1,981,645,919
1977-78 2,463,414,881
Average = $6,247,346,795 ÷ 3 = $2,082,448,932

Base Tax Revenue = 0.008 x $2,082,448,932 = $16,659,591

Clark County School District
Calculation Sheet
Legislative Caps
Page 3

1. Assessed Valuation--continued

Assessed Valuation

1979-80 = $2,927,310,713
1980-81 = $3,366,407,320 (estimated)

2. Weighted Enrollment

1975-76 = 78,810
1976-77 = 80,646
1977-78 = 82,120
Average = 241,576 ÷ 3 = 80,525

3. Consumer Price Index (CPI)--November 1976 = 173.8

4. Capped 80¢ Revenue

1979-80

$$\text{Enrollment Factor} = \frac{\text{Weighted Enrollment, 1978-79}}{\text{Weighted Enrollment, 3-year average}} = \frac{84{,}000}{80{,}528} = 1.0431$$

$$\text{CPI Factor} = \frac{\text{November 1978 CPI}}{\text{November 1976 CPI}} = \frac{202.0}{173.8} = 1.1623$$

Capped Revenue = $16,659,591 x 1.0431 x 1.1623 = $20,198,007

80¢ Tax Revenue = $2,927,310,713 x 0.008 = $23,418,486

Loss = $23,418,486 - 20,198,007 = $3,220,479

4. Capped 80¢ Revenue--continued

1980-81

$$\text{Enrollment Factor} = \frac{\text{Weighted Enrollment, 1979-80}}{\text{Weighted Enrollment, 3-year average}} = \frac{84,778}{80,528} = 1.0528$$

$$\text{CPI Factor} = \frac{\text{November 1979 CPI}}{\text{November 1976 CPI}} = \frac{218.0 \text{ (est.)}}{173.8} = 1.2543$$

Capped Revenue = \$16,659,591 x 1.0528 x 1.2543 = \$21,999,440

80¢ Tax Revenue = \$3,366,407,320 x 0.008 = \$26,931,259

Loss = \$26,931,259 - 21,999,440 = \$4,931,819

Edward A. Greer
4/16/79

EXHIBIT C
April 11, 1979

MEMORANDUM

TO: Chairman Norman Glaser and
Chairman Robert Price - Taxation Committees

FROM: Edward Greer, Associate Superintendent-Business & Finance
Clark County School District

SUBJECT: IMPLICIT PRICE DEFLATOR FACTORS

Mr. Ken Patrick of the Bureau of Economic Analysis in the Department of Commerce, Washington D. C. was contacted to obtain factors relating to "Implicit Price Deflator Indices". He stated that there were many deflator indices and has provided the following:

Implicit Price Deflator Index	1973 Fourth Quarter Factor	1978 Fourth Quarter Factor	Percent Increase	Five Year Average
Gross Natl. Product	109.05	156.56	43.57%	8.71%
Personal Consumption	108.8	154.0	41.54%	8.31%
Food	118.6	168.2	41.82%	8.16%
Gas & Oil	118.5	189.7	60.08%	12.02%
Fuel Oil & Coal	133.7	262.6	96.41%	19.28%
Clothing & Shoes	105.1	126.6	20.46%	4.09%
Total Fixed Inv.	108.6	170.8	57.27%	11.45%
Fed. Government Purch.	110.7	158.5	43.18%	8.64%
State & Local Government Purchasing	110.0	165.1	50.09%	10.02%
Consumer Price Index	137.6*	202.0*	46.80%	9.36%

* November CPI Factors

Contrary to Mr. Newton's testimony before the Assembly Taxation Committee none of the above factors are equivalent to an 80% C.P.I. Factor. In fact the most relevant indicator in relation to school districts of the above factors would be the State and local government purchasing factor; it is higher than full C.P.I.