

SENATORS PRESENT:

CHAIRMAN GLASER
VICE CHAIRMAN LAMB
SENATOR DON ASHWORTH
SENATOR KOSINSKI
SENATOR SLOAN
SENATOR DODGE

ASSEMBLYMEN PRESENT:

CHAIRMAN PRICE
VICE CHAIRMAN CRADDOCK
ASSEMBLYMAN CHANEY
ASSEMBLYMAN COULTER
ASSEMBLYMAN MANN
ASSEMBLYMAN BERGEVIN
ASSEMBLYMAN MARVEL
ASSEMBLYMAN RUSK
ASSEMBLYMAN TANNER
ASSEMBLYMAN WEISE

SENATORS ABSENT:

SENATOR RAGGIO

ASSEMBLYMEN ABSENT:

ASSEMBLYMAN DINI

STAFF PRESENT:

ED SCHORR, FISCAL ANALYST

DAN MILES, FISCAL ANALYST

Senator Glaser called the meeting to order at 7:00 a.m. in the Assembly Lounge. Because of the proposed length of the meeting and the format to be used, it was decided that no formal minutes other than motions and recommendations would be kept. However, tapes would be made of the meeting as a permanent record.

Senator Glaser called for a selection of a Chairman for the meeting. Mr. Price nominated Senator Glaser as Chairman and Mr. Tanner seconded the motion. The motion carried unanimously with both Senate and Assembly Committees.

Chairman Glaser then called for adoption of joint rules to govern the committee meeting. Senator Don Ashworth moved for adoption and Mr. Bergevin seconded the motion. The motion carried unanimously with both committees. (Exhibit A)

Chairman Glaser then offered every member present the opportunity to state his philosophy or any information they may wish to discuss.

Mr. Rusk moved that the Joint Senate and Assembly Committees recommend that a \$34,000,000 surplus be maintained. Senator Lamb seconded the motion. The motion passed unanimously with both Committees.

A general discussion was held regarding the difference in philosophies between the two committee relative to across the board relief and homeowner relief. The Senate presented a counter proposal to the Assembly Taxation Committee which is attached to these minutes as Exhibit B. Also attached is a copy of a chart which the Senate proposed which is Exhibit B-1.

Information was offered regarding the tax relief pass-through to renters. This is attached to these minutes as Exhibit C.

The next item of discussion revolved around the spending caps for local governments. The committees resolved the issue of 2/3 vote versus simple majority and settled upon simple majority vote of the people to override the spending cap.

Under spending caps, one of the issues discussed related to the Regional Streets and Highways funding for their projections. Mr. Miles pointed out that their funds have not been included in either the base for expenditures computations or the expenditure formula. A discussion ensued where it was pointed out that this is user fees, that large amounts have built up in these funds and they would be limited in how much repair and maintenance they would be able to do if they were capped and that this was a very specific tax used for a specific thing.

Senator Dodge moved that Regional Streets and Highway Funds be left outside the capping provisions. Senator Lamb seconded the motion. The motion passed unanimously with both Committees.

Senator Lamb questioned whether Sanitation Districts should also be excluded. Senator Kosinski pointed out the subcommittee had discussed them and had decided that this was enterprise fund and thus would be excluded. However, if they did have ad valorem money in that account they would automatically come under the spending cap.

Hospitals and their relation to the cap were also discussed. It was pointed out by Senator Kosinski that if the hospital was not receiving any ad valorem monies it would not be included under the cap. However, in the case of Lincoln County Hospital which is receiving ad valorem, they will be under the cap.

A discussion was held regarding Southern Memorial Hospital and the effects of a cap on it. They do receive some gaming taxes and thus would be under the cap. Commissioner Broadbent indicated that if some provision was not made, Southern Memorial may very well have to close its doors. Mr. Broadbent pointed out that Southern Memorial is rather unique and can not be easily compared to Washoe Medical. They have four proprietary hospitals all in competition in Clark County and Southern Memorial ends up getting a lot of indigent, nonpaying clients. He urged the committee to look at this situation as a separate problem.

It was also pointed out that some of this type of interpretation could be handled by the Tax Department with their authority.

The next point of discussion was whether the Fair & Recreation Boards were outside or under the cap. It was pointed out by Mr. Price that they had specifically requested an amendment that would place Fair & Recreation Boards outside the cap. Senator Kosinski stated they were originally excluded until they were made aware that that some Fair & Recreation Boards were receiving

gaming taxes. It was felt by the subcommittee handling this that this could eventually be used to satisfy a lot of other services.

Senator Kosinski explained that the subcommittee on caps had discussed the differences between the two bills in their capping mechanisms. They became concerned that what had happened in California could also happen here. The cap began to look like one of those "collenders" that women use to drain the noodles with all sorts of holes in it. They tried to dig out all of these "loopholes" and they felt that the Fair & Recreation Board funds were one of these. It was felt that perhaps they could begin to start picking up some of the burden of the county which they had not originally been intended to handle. So they decided to exclude them if they were being run entirely on room tax and revenues that they pick up through their own operation, services and products.

It was pointed out that if there were fears of circumvention of the use of funds, couldn't appropriate language be written to handle this. It was suggested that perhaps language should be included to allow them to continue doing what they are presently doing as far as funds are concerned, but to prevent them from expanding it. It was decided to seek more information on this matter before any final decision was made.

Metro was then discussed. It was pointed out that they would be under the cap of the county and city.

The situation in Sparks tax increment district was discussed. Senator Kosinski stated that they had not discussed this but that he was inclined to think that it was a special district. It was decided to look into this further but that it probably should not be capped.

Mr. Mann presented an amendment which dealt with adjustments of caps and base. This is attached to these minutes as Exhibit D.

Senator Dodge pointed out that this ought to be a 2-way street and suggested that the amendment be amended to reflect this. Mr. Mann was instructed to do so.

Senator Glaser asked Mr. Roy Nickson, State Taxation Department, to explain the proposed amendment to NRS 354.599. This is attached to these minutes as Exhibit E.

Mr. Bergevin moved for adoption of the proposed amendment to NRS 354.599. Mr. Mann seconded the motion. The motion carried unanimously with both Committees.

Mr. Nickson explained the ramifications of this to be only if the legislature mandated an increase or decrease in revenues or an increase or decrease in expenditures should a local government submit a revised budget by July 15. The current statute now authorizes them to do it only on increases mandated by the legislature for revenues or expenditures. As an example, if two

(Committee Minutes)

1050

new judges are established in Clark County, this would authorize them to revise their budget, they would consider it in the base as an additional expenditures mandated by the legislature, not as a result of an action by Clark County.

Senator Lamb suggested an amendment which would allow food sold out of a vending machine that is also sold in a grocery store be exempt from taxes. A discussion followed with most members of both committees stating that they would be against this for various reasons.

Senator Don Ashworth moved to leave the language as it was in AB 616 regarding this and Mr. Tanner seconded the motion. The motion passed both committees with Senator Lamb opposed.

At this time the meeting was recessed until after the Senate's general session. During the recess a subcommittee consisting of three members from each committee was appointed to further discuss the philosophy differences regarding across the board and homeowner allowances. This subcommittee consisted of Senators Lamb, Don Ashworth and Dodge and Assemblymen Mann, Bergevin and Weise.

After calling the meeting back to order the committee discussed the school caps. Senator Dodge presented some further information on the impact on capping either the 80¢ or 50¢. These figures are attached to these minutes as Exhibits F and G. Senator Dodge pointed out that contrary to popular belief, capping the 50¢ had less impact then capping the 80¢ as proposed by the Senate version.

The subcommittee which had been meeting reported back to the committee that they were unable to resolve their differences. It was suggested that perhaps the committee should be adjourned until another time so that information that had been presented at this time could be assimilated. The Assembly Taxation Committee was not in agreement with this proposal and stated that they would wish to stay in the meeting until the difference was resolved no matter how long it took. It was pointed out that because of the "loggerhead" that had developed, Senator Sloan had been told that nothing would happen and he had left. This left the Senate Committee down to 5 members and those present stated that they would be unwilling to act without a full committee.

Senator Glaser asked for some other alternatives to be developed for tax relief. He directed the staff members present to prepare some other alternatives.

Some of the other methods of tax relief discussed at this time were reducing the assessment rate, the homestead exemption, etc. It was decided that the two bills which had been presented, AB 616 and SB 204 were by far the best methods offered. At this time Senator Glaser reappointed the subcommittee and requested that meet again to resolve the differences. He asked that they meet and report back to the whole committee by 8:00 this evening.

Senator Glaser recessed the rest of the committee until 8:00 p.m. this evening.

The subcommittee reported back that they had reached an agreement. The agreement consisted of amending AB 616 to repeal the food tax on food for human consumption and expedite it. It should set the dates for elections and correct any technical difficulty that may exist on those dates. SB 204 will be amended to provide for property tax relief straight across the board and incorporate a rent relief pass-through feature as presented by Assemblyman Tanner's subcommittee. The caps as worked on by Senator Kosinski's subcommittee and the "trigger and de-trigger" will be incorporated. The property tax relief will be funded at a level commensurate with final actions of the money committees of both houses maintaining a minimum of \$34,000,000 balance in each of the fiscal years. Finally, it will take a simple majority for override of spending caps.

Mr. Mann moved that the Assembly Taxation Committee accept this agreement and Mr. Tanner seconded the motion. The motion passed unanimously with Mr. Dini, Mr. Chaney and Mr. Craddock absent at this time.

Senator Lamb moved that the Senate Taxation Committee accept the agreement and Senator Dodge seconded the motion. The motion carried with Senator Kosinski voting against it and Senators Sloan and Raggio absent at this time.

As there as further business to discuss at this time, Senator Glaser adjourned the meeting.

Respectfully submitted,

Sandra Gagnier
Sandra Gagnier,
Assembly Attache .

Also attached to these minutes for the committees' information is Exhibit H - Senate Finance General Fund Balance as April 26, 1979
Exhibit I - NRS 354.576, a definition of "Taxes"
Exhibit J - First Revision of the subcommittee report on Local Government Expenditure Limitations.

AGENDA
JOINT ASSEMBLY-SENATE
TAXATION COMMITTEES
7:00 A. M. APRIL 28, 1979
ASSEMBLY LOUNGE

GUIDELINES AND BASIC RULES

1. Selection of Chairman
2. Joint Rules of Committee of Conference
(Mason Manual) shall apply.
3. Every member shall be given an opportunity
to speak or respond in turn.
4. Committees may recess and caucus separately.

AGENDA

1. Level of Funding Package
2. Senate Proposal on New Across-the-Board
Level of Tax Relief

JOINT RULES

[Current through the date of adjournment of the 1977 legislative session
(May 9, 1977)]

COMMITTEES OF CONFERENCE

To Be Appointed by One House at Request of the Other.

In every case of an amendment of a bill, or joint or concurrent resolution, agreed to in one house, dissented from in the other, and not receded from by the one making the amendment, each house shall appoint a committee to confer with a like committee to be appointed by the other; and the committee so appointed shall meet publicly at a convenient hour to be agreed upon by their respective chairmen and announced publicly, and shall confer upon the differences between the two houses as indicated by the amendments made in one and rejected in the other and report as early as convenient the result of their conference [including a narrative summary of the actions of the committee of conference,] to their respective houses. The report [and narrative summary] shall be made available to all members of both houses. The whole subject matter embraced in the bill or resolution shall be considered by the committee, and it may recommend recession by either house, new amendments, new bills or resolutions, or other changes as it sees fit. New bills or resolutions so reported shall be treated as amendments, unless the bills or resolutions are composed entirely of original matter, in which case they shall receive the treatment required in the respective houses for original bills, or resolutions, as the case may be.

The report of a conference committee may be adopted by acclamation, and such action may be considered equivalent to the adoption of amendments embodied therein. The report is not subject to amendment. *If either house refuses to adopt the report, or if the first conference committee has so recommended, a second conference committee may be appointed. No member who served on the first committee may be appointed to the second.*

There shall be but [one committee] *two committees* of conference on any bill or resolution. A majority of the members of a committee of conference from each house [shall] *must* be members who voted for the passage of the bill or resolution.

[Statutes of Nevada 1979, 1697]

mittee. The modern American practice appears to be to communicate such a matter through an ordinary message stating that the house has refused to concur in the amendments of the other and requesting that that house recede from its amendments.

Sec. 768. Appointment of Conference Committee

1. When a house refuses to recede from its amendments, the generally accepted American procedure is for it to request a conference. The procedure in requesting a conference is for the house making the request to appoint its committee on conference and to send a message to the other house requesting a conference, naming its own conference committee and proposing the appointment of a similar committee by the other house.

2. Upon receiving a request from the other house requesting a conference, the house in which the bill originated likewise appoints a conference committee, and notifies the other house of the appointment and the names of the members of the committee.

3. It is the usual practice for each house to appoint a conference committee of three members, but if the rules

Section 767—Continued

Paragraph 4—

Cushing's Legislative Assemblies, Secs. 2240, 2241.

Section 768—

Paragraph 1—

Jefferson, Sec. XLVI; Cushing's Legislative Assemblies, Secs. 2243, 2265.

Paragraph 2—

Jefferson, Sec. XLVI; Cushing's Legislative Assemblies, Sec. 2243.

Paragraph 3—

Jefferson, Sec. XLVI; Cushing's Legislative Assemblies, Sec. 2267.

do not otherwise regulate the matter, either house can fix the size of its committee on conference.

4. According to the earlier practice, the same member could not be appointed to more than one conference or free conference committee on the same subject. This practice is still rigidly adhered to in some legislatures but in Congress and some of the states this rule has been relaxed or abolished.

5. If no special provisions exist in the rules for the appointment of conference committees, they are appointed pursuant to the provisions applicable to other committees.

6. Where there was a division in the house with reference to a bill, it is the established practice to appoint a majority of the committee from the prevailing side in the controversy, but to also appoint a representative from the minority. In committees of three, two will represent the majority and one, the minority, if any.

7. The bill, concerning with the dispute exists as to amendments, should be referred to the conference committee of the house in whose possession the bill remains.

Sec. 769. Conference Committees

1. Conference committees are usually small committees consisting of the same number of persons from each house. When the conference is concerning amendments to a bill,

Section 769—Continued

Paragraph 4—

Jefferson, Sec. XLVI.

Paragraph 5—

Cushing's Legislative Assemblies, Sec. 2267.

Paragraph 6—

Jefferson, Sec. XLVI; Cushing's Legislative Assemblies, Sec. 2267.

Paragraph 7—

Cushing's Legislative Assemblies, Sec. 2269.

the practice is to appoint the author or sponsor of the measure, or the persons nominated by him, to the committee, and when the committee is expected to proceed from conference to free conference, the author or sponsor usually reserves the free conference committee for his membership.

2. A committee on conference from each of the two houses meeting together is not a joint committee but a joint meeting of two committees. The quorum of a committee on conference is a majority of the members of each committee. In voting in a conference committee, the committee of each house votes separately. The committee on conference from each house submits its report to the house from which it was appointed, and the report, upon being received, may be treated like other reports, except that the report of a conference committee is usually given a higher precedence, and that under no condition may the house alter or amend the report of the committee, but must adopt or refuse to adopt the report in the form submitted.

3. As the two houses have equal authority, it is not proper for either to appoint the time and place for a conference. The custom is for no specific provision to be made by either house but for the committees to meet at a time arranged among themselves at the usual or a convenient place for the meeting of conference committees.

Section 769—

Paragraph 1—

Jefferson, Sec. XLVI; Cushing's Legislative Assemblies, Sec. 2267.

Paragraph 2—

Jefferson, Sec. XLVI; Hughes, Sec. 754; Reed, Secs. 63, 240-243; Cushing's Legislative Assemblies, Sec. 2267; N. Y. Manual, p. 430.

Paragraph 3—

Cushing's Legislative Assemblies, Sec. 2267.

Sec. 770. Reports of Conference Committees

1. When the conference committee has agreed on its report, an identical report is made to each house by the committee from that house. The reports are signed by the members or a majority of the members of each committee, the committee of either house signing first on the report which is made to their house.

2. A report of a conference committee is objectionable in form if the committee has not confined itself to differences of opinion between the houses, but objection to form must be made at the time the report is introduced, and if not made at that time is not in order at a later period.

3. Reports of conference committees are highly privileged, and may be made at any time except when the journal is being read or a vote is being taken.

4. The report of a committee on conference may be taken up immediately, or consideration may be delayed and it may be referred to a select committee or considered in committee of the whole.

5. When the report of the committee on conference is adopted by either house, a message to that effect is sent to the other. When both houses have adopted the report they have both approved the bill in its final form and it is ordered to enrollment.

Section 770—

Paragraph 1—
Jefferson, Sec. XLVI; Cushing's Legislative Assemblies, Sec. 2269; Reed, Sec. 244.

Paragraph 2—
Cushing's Legislative Assemblies, Sec. 2270.

Paragraph 3—
Jefferson, Sec. XLVI; Reed, Sec. 246; Cushing's Legislative Assemblies, Sec. 2270.

Paragraph 4—
Cushing's Legislative Assemblies, Sec. 2270.

Paragraph 5—
Cushing's Legislative Assemblies, Secs. 2244, 2247.

6. When the conference committees are unable to agree that the amendments in dispute be concurred in by the house of origin, or that they be receded from or not insisted upon by the house making them, or for any reason no agreement has been effected by the committee, that fact should be reported to the houses, the committee discharged, and committees on free conference appointed. Also when, for any reason, either house refuses to adopt the report of the committee, the committees should be discharged and new committees on conference or free conference appointed.

7. During conference procedure it is in order for one house to reconsider a vote previously taken on the measure.

8. It is unparliamentary, but within the power of a house, to indefinitely postpone the consideration of a report of the committee on conference.

9. When amendments to a bill are adopted by the second house and returned to the house of origin and there concurred in, the clerk in that house should immediately insert or have the amendments inserted in the bill; and when conference committee amendments are adopted, these amendments are inserted in the bill in the same manner as though they had been adopted by either house in the usual manner.

Section 770—Continued

Paragraph 6—

Jefferson, Sec. XLVI; Cushing's Legislative Assemblies, Sec. 2244.

Paragraph 7—

Jefferson, Sec. XLVI; Cushing's Legislative Assemblies, Sec. 2273.

Paragraph 8—

Cushing's Legislative Assemblies, Sec. 2274.

Paragraph 9—

Cushing's Legislative Assemblies, Secs. 2275, 2283.



Sec. 771. Vote on Report of Conference Committee

1. The final passage of a bill upon which the vote is required to be taken by "ayes" and "noes" is the vote by which each house adopts it after final reading, and not the vote by which the house in which it originated may subsequently concur in amendments made by the other house. The constitutional provision requiring an "aye" and "no" vote on final passage of bills does not apply to concurrence in amendments of the other house.

2. When more than a majority vote is required for the passage of certain types of bills, an amendment by the other house, not involving any question requiring more than a majority vote, requires only the majority vote for concurrence.

Sec. 772. Free Conference

1. When a conference committee is unable to reach an agreement, or either house refuses to approve the recommendation of its committee, the only course of procedure is to order the bill to free conference at which the committee on conference has authority to propose any amendments within the scope of the issue between the houses.

Section 771—

Paragraph 1—

Ewing v. McGehee (1925), 169 Ark. 448, 275 S.W. 766; State v. Crowe (1917), 130 Ark. 272, 197 S.W. 4, L. R. A. 1918 A. 567; Brown v. Road Commissioners (1917), 173 N. C. 598, 92 S.E. 502; Wilson v. Young County H. and F. Co. (1924), 262 S.W. 873. It is held in State v. Boyer (1917), 84 Ore. 513, 165 Pac. 587 that the same vote is required to concur in amendments as to pass the bill.

Paragraph 2—

Wagstaff v. Central Highway Commission (1917), 174 N. C. 377, 93 S.E. 908; State v. Boyer (1917), 84 Ore. 513, 165 Pac. 587.

Section 772—

Paragraph 1—

Cushing's Legislative Assemblies, Sec. 2245.



2. When the free conference committee is unable to agree or either house refuses to adopt its recommendations, the bill may be ordered to a second committee on free conference.

3. Procedure in a committee on free conference is the same as a committee on conference, except that such a committee has authority to propose amendments in addition to recommending that one house concur in the amendments of the other, or that the house proposing the amendments recede from its amendments. A committee on conference has authority to recommend concerning all matters of dispute on a particular bill between the two houses.

4. Conference procedure between the houses is usually controlled by joint rules.

Sec. 773. Journal Records of Conference Procedure

1. In general, the rules relating to journal records and vote applicable to the passage of legislation applies to conference procedure. Where the "enrolled bill rule" is not in effect the journal must show the essential steps

Section 772—Continued

Paragraph 2—

Cushing's Legislative Assemblies, Secs. 2246, 2247.

Paragraph 3—

Cushing's Legislative Assemblies, Secs. 2245, 2269.

Section 773—

Paragraph 1—

Mech. Bldg. and Loan Assoc. v. Coffman (1913), 110 Ark. 269, 162 S.W. 1090; Johnson v. Great Falls (1909), 38 Mont. 369, 99 Pac. 1059; Ewing v. McGhee (1925), 169 Ark. 448, 275 S.W. 766; State v. Martin (1909), 160 Ala. 181, 48 So. 846; Robertson v. State (1901), 130 Ala. 164, 30 So. 494; Jefferson County v. Crow (1904), 14 Ala. 126, 37 So. 469; State v. Laiche (1901), 105 La. 84, 29 So. 700; County Commissions v. Baker (1922), 141 Md. 623, 119 Atl. 461; People v. Chenango (1853), 8 N. Y. 317; State v. Boyer (1917), 84 Ore. 513, 165 Pac. 587; Dakota School District v. Chapman (1907), 152 Fed. 887.

SENATE COUNTER PROPOSAL

The Senate Committee on Taxation respectfully suggests that in order to expedite the business of the Legislature, and to bring the difference on tax matters to a speedy conclusion; the following action be adopted:

1. School Spending "Cap" on the optional 80¢ school levy.
2. Spending "Cap" on other local entities as agreed to by the Joint Subcommittees.
3. Mandate renter pass-through within permissible constitutional limits. This is to be drafted to give maximum possible assurance that the renter realize tax savings.
4. Provision for removal of the Sales Tax on Food as proposed in A.B. 616, (Addendum #1).
5. Return the Real Estate Transfer Tax and the County Gaming Tax to cities and counties. Amend A.B. 268 as suggested by the Joint Subcommittees, (Addendum #2).
6. Maintain an ending general fund balance of \$34 million, each fiscal year, (Addendum #3).
7. Include the "trigger", similar to S.B. 204.
8. Full Committees to meet jointly to explore the level and application of the ad valorem rate.

FOOD TAX RELIEF

	<u>1979-80</u>	<u>1980-81</u>
Food Tax - State 2¢	\$13,500,000	\$16,000,000
Food Tax - Schools 1¢	<u>6,900,000</u>	<u>8,000,000</u>
State Cost	<u>\$20,500,000</u>	<u>\$24,000,000</u>
Food Tax - City/County 1/2¢	<u>3,400,000</u>	<u>4,000,000</u>
Total Tax Relief	<u>\$23,900,000</u>	<u>\$28,000,000</u>

Unresolved Question: Final date for registration on the election.
Regular registration ends 5th Saturday before June 5th. Food
Tax registration ends 3rd Saturday before June 5th.

ASSEMBLY VERSION

SENATE VERSION

19 Section 56.2. 1. There are exempted from the taxes imposed
 20 by this act the gross receipts from sales and the storage, use or
 21 other consumption of food for human consumption.
 22 2. "Food for human consumption" does not include:
 23 (a) Alcoholic beverages.
 24 (b) Pet foods.
 25 (c) Tonics and vitamins.
 26 (d) Prepared food intended for immediate consumption.

45 Section 56.2. 1. There are exempted from the taxes
 46 imposed by this act the gross receipts from sales and the
 47 storage, use or other consumption of food for human con-
 48 sumption.
 1 2. "Food for human consumption" does not include:
 2 (a) Alcoholic beverages.
 3 (b) Pet foods.
 4 (c) Tonics and vitamins.
 5 (d) Prepared food intended for immediate consumption.
 6 3. As used in subsection 2, "prepared food intended for
 7 immediate consumption" means:
 8 (a) Food or beverages furnished, prepared or served by an
 9 eating establishment or grocery store for immediate consump-
 10 tion at or near its premises or sold in the regular course of its
 11 business on a "take out," "to go" or catered basis for immediate
 12 consumption either on or off its premises. For purposes of this
 13 paragraph, "eating establishment" includes a catering business,
 14 restaurant, cafe, cafeteria, lunch counter, snack bar, soda foun-
 15 tain, drive-in, dining car, tavern, place serving sandwiches,
 16 hamburgers, fish and chips, fried chicken or pizza, refreshment
 17 stand, food and drink concession and other similar facilities.
 18 (b) Food or beverages intended for immediate consumption
 19 sold from a vending machine or by a vendor from a vehicle or
 20 other mobile facility.

19 Sec. 156. 1. The section numbers and leadlines contained in the
 20 respective sections added to chapter 372 of NRS by sections 43 to 154,
 21 inclusive, of this act are for convenient reference only and are not part
 22 of this law.
 23 2. It is the intent of the legislature that the exemption of food for
 24 human consumption from the sales and use, tax and local school support
 25 tax, if it becomes effective, be strictly construed and be applied only to
 26 those foods and beverages commonly purchased for preparation and
 27 consumption at home. As of the effective date of this section, such foods
 28 and beverages are those eligible for purchase with food coupons issued
 29 by the Department of Agriculture and sold in food stores or departments
 30 where sales of eligible foods and beverages constitute more than half of
 31 total sales. The exemption is not intended to include sales by or from
 32 catering services or vending machines.

COUNTY GAMING TAX DISTRIBUTION

EXISTING LAW

AB 268

RECOMMENDATION

In County - Not Within
Incorporated City or
Unincorporated Town

County	75%	100%	100%
State	<u>25%</u>	<u>-0-</u>	<u>-0-</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

In County - Within Boundaries
of Incorporated City or Un-
incorporated Town

County	25%	50%	25%
City (or Town)	50%	50%	75%
State	<u>25%</u>	<u>-0-</u>	<u>-0-</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Real Estate Transfer Distribution

County	25%	100%	25% + Pop.*
City	-0-	-0-	pop.*
State	<u>75%</u>	<u>-0-</u>	<u>-0-</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

* Distributed according to population between county and city or cities.

A.B. 268
Estimated Net Loss After Distributions

<u>Entity</u>	<u>A.B. 268¹</u> <u>As Written</u>	<u>Proposed²</u> <u>Distributions</u>
Carson City	\$ (100,595)	\$ (100,595)
Churchill County	(22,581)	(38,383)
Fallon	(23,531)	(7,730)
Clark County	2,336,249	733,335
Boulder City	(63,407)	(33,033)
Henderson	(202,564)	(83,076)
Las Vegas	(1,602,699)	(408,502)
North Las Vegas	(454,385)	(195,530)
Douglas County	307,325	307,325
Elko County	35,490	(45,495)
Carlin	(16,602)	(2,470)
Elko	(78,991)	(28,977)
Wells	(13,767)	3,072
Esmeralda County	4,346	4,346
Eureka County	(5,053)	(5,053)
Humboldt County	(1,268)	(31,307)
Winnemucca	(41,257)	(11,218)
Lander County	(1,567)	(1,567)
Lincoln County	(6,796)	(9,462)
Caliente	(4,450)	(1,784)
Lyon County	(12,665)	(23,297)
Yerington	(16,336)	(5,704)
Mineral County	(26,758)	(26,758)
Nye County	8,828	3,446
Gabbs	(3,581)	1,801
Pershing County	(545)	(6,887)
Lovelock	(11,201)	(4,859)
Storey County	20,568	20,568
Washoe County	1,062,632	(156,885)
Reno	(857,555)	83,774
Sparks	(286,413)	(8,226)
White Pine County	(1,633)	(12,153)
Ely	(9,006)	1,516
Totals	\$ (89,768)	\$ (89,768)

1. As computed by Nevada League of Cities representatives.
2. Estimated only. County share includes unincorporated towns.

Note: Net loss would be after deducting losses for exempting sales tax on food and property tax on livestock, inventories and household property.

Exhibit 6

Addendum #3

1067

SENATE FINANCE
General Fund Balance
April 26, 1979

S.B. 204

	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>
General Fund Balance 7/1/78	\$74,805,265		
Estimated Income	\$299,178,167	\$339,317,516	\$387,884,522
Less Park User Fees	(83,350)	(169,800)	(173,900)
Less Mental Health Institute SAMI and Medicare		(225,000)	(230,000)
Less Real Estate License Fees		(235,000)	
Add Estimated Reversions	36,500,000	3,000,000	3,000,000
Total Estimated Income	<u>\$335,594,817</u>	<u>\$341,687,716</u>	<u>\$390,480,622</u>
Legislative Appropriations	(\$241,376,950)		
Estimated Cost 1979 Legislature	(2,000,000)		
Governor's Recommended Appropriations	(134,991,820)	(\$246,095,703)*	(\$263,096,657)*
Total Expenditures Before Tax Relief	<u>(\$378,368,770)</u>	<u>(\$246,095,703)</u>	<u>(\$263,096,657)</u>
Impact of S.B. 204	(\$ 119,760)	(\$ 88,400,000)	(\$107,200,000)
Senate Finance Changes to Appropriation:			
Bills	(\$ 3,746,072)	(\$ 8,312,230)	(\$ 5,189,978)
Budgets	12,791,971	3,162,185	3,058,687
Estimated Fund Balance	<u>\$ 40,957,451</u>	<u>\$ 42,999,419</u>	<u>\$ 61,052,093</u>
Other Fiscal Issues:			
Error in Adult Diploma Program		(\$ 1,026,640)	(\$ 1,104,730)
Increased Special Ed. Units		(500,000)	(500,000)
Estimated Cost 1981 Legislature			(3,000,000)
Return County Gaming		(2,700,000)	(2,900,000)
Return Real Estate Transfer		(2,500,000)	(2,750,000)
		<u>(\$ 6,726,640)</u>	<u>(\$ 10,254,730)</u>
Balance:	\$ 40,957,451	\$ 36,272,779	\$ 44,070,723

* Adjusted for tax relief.

Note: Budget Division revenue and reversion projections are approximately \$6.3 million lower than the Fiscal Analysis Division and under their projection the fund balance would be that much less.

Exhibit B

SENATE FINANCE
General Fund Balance
April 26, 1979

A.B. 616

100

	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>
General Fund Balance 7/1/78	\$74,805,265		
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Balance:	\$ 40,957,451	\$ 25,842,779	\$ 25,519,723

* Adjusted for tax relief.

Note: Budget Division revenue and reversion projections are approximately \$6.3 million lower than the Fiscal Analysis Division and under their projection the fund balance would be that much less.

SENATE TENTATIVE COMPROMISE

	<u>1979-80</u>		<u>1980-81</u>	
	<u>Assembly</u>	<u>Senate</u>	<u>Assembly</u>	<u>Senate</u>
HOMEOWNER:				
Current AB 616 & SB 204	<u>\$1.36</u>	<u>\$1.54</u>	<u>\$1.36</u>	<u>\$1.64</u>
Increase SB 204 to Equal AB 616		.18		.12
Rent Rebate given across-the-board		.39		.43
	<u>\$1.36</u>	<u>\$2.11</u>	<u>\$1.36</u>	<u>\$2.19</u>
ALL PROPERTY OWNERS:				
	<u>1979-80</u>		<u>1980-81</u>	
	<u>Assembly</u>	<u>Senate</u>	<u>Assembly</u>	<u>Senate</u>
Current AB 616 & SB 204	<u>\$1.36</u>	<u>\$.36</u>	<u>\$1.36</u>	<u>\$.36</u>
Increase SB 204 to Equal AB 616		.18		.12
Rent rebate given across-the-board		.39		.43
	<u>\$1.36</u>	<u>\$.93</u>	<u>\$1.36</u>	<u>\$.91</u>

1069

Exh. B.1 + B-1

Exhibit C

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627
DONALD R. MELLO, *Assemblyman, Chairman*
Arthur J. Palmer, *Director, Secretary*
INTERIM FINANCE COMMITTEE (702) 885-5640
FLOYD R. LAMB, *Senator, Chairman*
Ronald W. Sparks, *Senate Fiscal Analyst*
William A. Bible, *Assembly Fiscal Analyst*

ARTHUR J. PALMER, *Director*
(702) 885-5627

FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5627
JOHN R. CROSSLEY, *Legislative Auditor* (702) 885-5620
ANDREW P. GROSE, *Research Director* (702) 885-5637

April 27, 1979

Senator Norman D. Glaser
Senate Chamber

Dear Norman:

In order to avoid the possibility of misunderstanding, this is to summarize my opinion of the extent to which a reduction in property taxes upon rental property may be made a benefit to the tenant.

1. The legislature can clearly require that the amount of the reduction to the landlord be calculated for each rental unit and made known to the tenant.

2. If the requirement is applied to all classes of rental property (agricultural, commercial and industrial as well as residential), I believe the legislature can require the proportionate share of any reduction in property tax to be applied initially to reduce the rent. This does not assure a reduction for any particular property, because that property may be reappraised and its assessed value increased by a greater percentage than its rate of tax is reduced.

3. The legislature can not, unless it finds such an emergency as would justify the control of rents, regulate the total amount of rent to be charged. Therefore, each landlord, as soon as he is free under his particular contract with each tenant, may increase the rent to recover the reduction in property taxes, or less or more if the market allows. This may be several years, or a year, or a month.

Those of you who attended the meeting of the Senate Committee on Taxation where Assemblyman Tanner's proposal was discussed will recall that all of these points were treated in this same way, except the extension to nonresidential property. If that extension is made, Point 2 is greatly strengthened.

The latest rough draft for the joint subcommittee, giving effect to the three points mentioned, is attached.

Very truly yours,

Frank W. Daykin
Legislative Counsel

FWD:cb
Enclosure

Sec. . Chapter 118 of NRS is hereby amended by adding thereto the provisions set forth as sections and of this act.

1. The landlord must give the tenant a signed written receipt for each payment of rent which shows separately:

(a) The amount which represents property taxes paid by the landlord; and

(b) The remainder of that payment.

2. The amount which represents property taxes must be calculated by:

(a) Apportioning the total property tax paid for the year upon the mobile home park among the mobile home lots according to their respective areas.

(b) Reducing the amount so apportioned to each particular mobile home lot for the year by the appropriate fraction to correspond to the period for which rent on it is paid.

Sec. . 1. Unless exempted by subsection 3, every landlord of real property leased or otherwise rented to a tenant for a term of 1 year or more, regardless of the period for which rent is paid, shall deliver to the tenant in July of each year a statement which shows separately:

(a) The amount of the total rent for the coming year which represents property taxes paid by the landlord; and

(b) The remainder of that total rent.

flash If the total rent for the year is not fixed, it must be calculated for this purpose from the periodic rent then in force, and a new statement given when the periodic rent changes.

2. If the rented property is one of several units upon which the landlord pays taxes as a single parcel, the amount which represents property taxes must be calculated by apportioning the total property tax paid for the year upon the entire parcel among the individual rented properties according to the rents respectively charged for them for the year.

3. This section does not apply to:

- (a) Any property covered by a written agreement which requires the tenant to pay the property tax or otherwise provides for calculation and notice to the tenant of its amount.
- (b) Any property to which section or of this act applies.
- (c) Any concession within a larger commercial enterprise, or any other property not customarily used separately from adjacent units.
- (d) Any property for which the rent is a share of sales or profit.

Sec. . NRS 118A.180 is hereby amended to read as follows:

118A.180 1. Except as provided in [subsection 2,] subsections 2 and 3, this chapter applies to, regulates and determines rights, obligations and remedies under a rental agreement, wherever made, for a dwelling unit or premises located within this state.

2. This chapter does not apply to:

- (a) A rental agreement subject to the provisions of NRS 118.230 to 118.340, inclusive.
- (b) Low-rent housing programs operated by public housing authorities and established pursuant to the United States Housing Act of 1937, as amended (42 U.S.C. 1401 et seq.).
- (c) A person who owns less than seven dwelling units, except with respect to the provisions of NRS 118A.200, 118A.250, 118A.300, 118A.340, 118A.450 and 118A.460.
- (d) Residence in an institution, public or private, incidental to detention or the provisions of medical, geriatric, educational, counseling, religious or similar service.
- (e) Occupancy under a contract of sale of a dwelling unit or the property of which it is a part, if the occupant is the purchaser or a person who succeeds to the purchaser's interest.
- (f) Occupancy by a member of a fraternal or social organization in the portion of a structure operated for the benefit of the organization.

(g) Occupancy in a hotel or motel for less than 30 consecutive days unless the occupant clearly manifests an intent to remain for a longer continuous period.

(h) Occupancy by an employee of a landlord whose right to occupancy is solely conditional upon employment in or about the premises.

(i) Occupancy by an owner of a condominium unit or by a holder of a proprietary lease in a cooperative apartment.

(j) Occupancy under a rental agreement covering premises used by the occupant primarily for agricultural purposes.

3. NRS 118A.250 applies only to the rental of a dwelling unit which contains its own cooking and toilet facilities, separate from other dwelling units.

Sec. . NRS 118A.250 is hereby amended to read as follows:

118A.250 1. The landlord shall deliver to the tenant a signed written receipt for each payment of rent, and upon his request a signed written receipt for [security and] any other payments, deposits or fees, including [rent,] deposits for security, paid by the tenant and received by the landlord. The tenant may refuse to make rent payments until the landlord tenders the [requested] receipt.

2. Each receipt for the payment of rent must show separately:

(a) The amount which represents property taxes paid by the landlord; and

(b) The remainder of that payment.

3. If the dwelling unit is one of several upon which the landlord pays taxes together, the amount which represents property taxes must be calculated by:

(a) Apportioning the total property tax paid for the year upon the group of dwelling units among the individual dwelling units according to their respective areas.

(b) Reducing the amount so apportioned to each particular dwelling unit for the year by the appropriate fraction to correspond to the period for which rent on it is paid.

Sec. . 1. The statements required in July 1979 by sections)
and of this act must show, in addition to the information
required by those sections as of the date the statement is pre-
pared, the comparable information as of July 1978.

2. Each landlord of property which is subject to section ,
or of this act shall reduce the periodic rent otherwise payable
by an amount equal to any reduction from 1978 to 1979 of the amount
which represents property taxes as shown in the statements required
by those sections respectively.

3. This section does not purport to regulate the total amount of
rent payable.

Add to the section limiting expenditures by local governments
(§ 11 of A.B. 616 or §16.5 of S.B. 204):

In applying the limit imposed by this section, the governing body of the local government and the department of taxation shall adjust the base to take into account any change since the base year in the percentage of contribution by the local government to any jointly financed public agency for which a separate budget is prepared.

Department of Taxation

Capital Plaza, 1100 E. William
CARSON CITY, NEVADA 89710
Telephone (702) 885-4892
In-State Toll Free 800-992-0900



ROBERT LIST, Governor

ROY E. NICKSON, Executive Director

Exhibit E

April 26, 1979

Honorable James H. Kosinski
Nevada State Senator
Legislature Building
Carson City, Nevada 89710

Dear Senator Kosinski:

At the request of the Local Government Advisory Committee established by NRS 354.594, the attached bill draft is forwarded for your consideration and possible inclusion in the revisions of S.B.204/A.B.616. Both of the Bills indicate that NRS 354.599 is to be repealed. The Local Government Advisory Committee believes that the purpose of NRS 354.599 remains an essential element of the Local Government Budget Act. The proposed revision would permit local government to file an amended budget before July 15th of a budget year only if the Legislature took action to either increase or decrease anticipated revenues and expenditures based on such legislative action.

Highest personal regards.

Very respectfully,

A handwritten signature in cursive script that reads "Roy E. Nickson".

Roy E. Nickson
Executive Director

REN:rms
Enclosure

cc: City Manager Henry Etchemendy

SUMMARY--Authorizes local governments to amend their budgets if revenues are decreased. (BDR 31-1925)
Fiscal Note: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

AN ACT relating to local government budgets; authorizing local governments to amend their budgets if revenues are decreased; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 354.599 is hereby amended to read as follows:

354.599 1. In any year in which the legislature by law increases or decreases the revenues of a local government, and [such increase] that increase or decrease was not included or anticipated in the local government's final budget as adopted pursuant to NRS 354.-598, the governing body of any such local government may, [prior to] before July 15 of the budget year, file an amended budget with the department of taxation increasing or decreasing its anticipated revenues and expenditures [over] from that contained in its final budget to the extent of the actual increase or decrease of revenues [made available by such] resulting from legislative action.

2. In any year in which the legislature enacts a law requiring an increase or decrease in expenditures of a local government, which expenditures were not anticipated or included in its final budget as adopted pursuant to NRS 354.598, the governing body of any such local government may, [prior to] before July 15 of the budget year, file an amended budget with the department of taxation providing for an increase or decrease in expenditures [over] from that contained in its final budget to the extent of the actual amount made necessary by the legislative action.

3. [Such] The amended budget, as approved by the department of taxation, [shall be] is the budget of [such] the local government for the current fiscal year.

Sec. 2. This act shall become effective upon passage and approval.

SB 204 CAP PROPOSAL ON 80¢ AD VALOREM
AS COMPARED TO
ALTERNATIVE CAP PROPOSAL ON 50¢ AD VALOREM
IMPACT ON SCHOOL DISTRICTS AND TAX RATE ADJUSTMENTS

SCHOOL DISTRICT	1979-80 BUDGETED AD VALOREM 80¢	SB 204 PERMISSABLE AD VALOREM 80¢	ALTERNATIVE PERMISSABLE AD VALOREM 50¢	GENERATED LOCAL REVENUE AT 50¢	TAX RATE ADJUSTMENT
Carson City	\$ 1,610,858	\$ 1,298,232	\$ 1,415,467	\$ 811,395	\$.40¢
Churchill	541,896	526,052	531,993	328,782	.49¢
Clark	23,412,334	20,198,387	21,403,617	12,623,992	.43¢
Douglas	1,832,580	1,684,601	1,740,092	1,052,875	.46¢
Elko	1,344,064	1,331,149	1,338,392	831,968	.49¢
Esmeralda	137,049	121,579	127,380	75,987	.44¢
Eureka	300,405	266,979	279,514	166,862	.44¢
HUMBOLDT	647,180	626,688	634,373	391,680	.48¢
LANDER	321,846	285,865	299,358	178,666	.44¢
LINCOLN	247,087	228,767	235,638	142,980	.46¢
LYON	789,147	708,021	738,443	442,513	.45¢
MINERAL	226,503	214,035	218,711	133,772	.47¢
NYE	1,152,504	814,109	941,007	508,818	.35¢
PERSHING	324,435	339,436	333,811	212,148	.50¢*
STOREY	109,027	107,358	107,984	67,099	.49¢
WASHOE	12,889,342	10,359,702	11,308,317	6,474,814	.40¢
WHITE PINE	375,865	390,437	384,972	244,023	.50¢*
STATEWIDE TOTALS	\$46,262,122	\$39,501,397	\$42,039,039	\$24,688,374	.43¢

*NOTE: TAX RATE ADJUSTMENT UNNECESSARY.

EXH. B. 1

6279

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

Before Cap
% increase from 1978-79

After Cap
% increase from 1978-79

	1	2	3	4	5	6	7			
	1979-80	80¢ CAP	Senate		Proposed	Assembly				
School District	Tenative Budget	Reduction	After Reduction	% Decrease	Reduction	After Reduction	% Decrease			
1978-79 Bud Get										
* 9,446,526	Carson City	\$ 10,670,459	13.0%	300,740	\$ 10,369,719	2.9%	9.8%	\$ 98,161	\$ 10,572,298	.9%
4,319,753	Churchill	5,098,687	18.0	21,003	5,077,684	.4	17.5	101,310	4,997,377	2.0
132,581,057	Clark	152,727,756	15.2	3,051,304	149,676,452	2.0	12.9	3,079,043	148,048,713	2.6
5,713,151	Douglas	7,242,637	26.8	152,973	7,089,664	2.2	24.1	967,741	6,274,896	15.4
6,851,494	Elko	7,505,386	9.5	26,316	7,479,070	.3	9.2	-0-	7,505,386	-0-
476,206	Esmeralda	495,086	4.0	16,021	479,065	3.3	.6	-0-	495,086	-0-
732,032	Eureka	812,859	11.0	34,629	778,230	4.4	6.3	-0-	812,859	-0-
3,307,728	Humboldt	3,724,403	12.6	25,813	3,698,590	.7	11.8	-0-	3,724,403	-0-
1,724,869	Lander	2,092,462	21.3	42,135	2,050,327	2.0	18.9	63,252	2,029,210	3.1
2,001,232	Lincoln	2,223,987	11.1	19,106	2,204,881	.9	10.2	173,581	2,050,406	8.5
4,275,386	Lyon	5,416,821	26.7	87,311	5,329,510	1.6	24.7	-0-	5,416,821	-0-
2,539,652	Mineral	2,724,494	7.3	27,113	2,697,381	1.0	6.2	-0-	2,724,494	-0-
3,604,233	Nye	4,357,950	20.9	225,091	4,132,059	5.5	14.6	198,867	4,159,003	4.8
1,424,186	Pershing	1,609,646	13.0	-0-	1,609,646	-0-	13.0	62,123	1,547,523	4.0
491,656	Storey	567,694	15.5	2,491	565,203	.4	15.0	11,061	556,633	2.0
52,377,479	Washoe	60,069,511	14.7	2,558,142	57,511,369	4.4	9.8	2,341,072	57,728,439	4.1
3,329,465	White Pine	3,175,161	4.6	-0-	3,175,161	-0-	4.6	-0-	3,175,161	-0-
* 235,196,305	Totals	\$270,514,999	15.0%	\$6,590,988	\$263,924,011	2.5%	12.2%	\$7,896,211	\$262,618,788	2.9%

STATEWIDE 12.2%

SENATE FINANCE
General Fund Balance
April 26, 1979

S.B. 204

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* Adjusted for tax relief.

Note: Budget Division revenue and reversion projections are approximately \$6.3 million lower than the Fiscal Analysis Division and under their projection the fund balance would be that much less.

COUNTY, CITY, DISTRICT FINANCES 354.578

354.566 "Securities" defined. "Securities" means bonds, notes, mortgages and other forms of negotiable or nonnegotiable instruments calling for the payment of money.
(Added to NRS by 1965, 729)

354.568 "Self-supporting special activity fund" defined. "Self-supporting special activity fund" means a fund established to finance the construction, operation and maintenance of a self-supporting enterprise such as, without limitation by enumeration, airports, cafeterias, school farms, summer school programs, adult education programs and housing projects.
(Added to NRS by 1965, 729)

354.570 "Special revenue fund" defined. "Special revenue fund" means a fund used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government. After the fund is established it is usually continued year after year until discontinued or revised by proper legislative authority.
(Added to NRS by 1965, 729; A 1971, 200)

354.572 "Surplus" defined. "Surplus" means the excess of assets of a fund over its liabilities.
(Added to NRS by 1965, 730)

354.574 "Tax rate" defined. "Tax rate" means the amount of tax stated in terms of a unit of the tax base.
(Added to NRS by 1965, 730)

354.576 "Taxes" defined. "Taxes" means compulsory charges levied by a governmental unit against the wealth of a person, natural or corporate, for the common benefit of all. The term does not include charges made against particular persons or property for current benefits and privileges accruing only to those paying such charges, such as licenses, permits and assessments, nor does it include water, sewer, garbage or other service or use fees furnished through municipally operated utilities.
(Added to NRS by 1965, 730; A 1967, 938)

354.578 "Tentative budget" defined. "Tentative budget" means the budget that is prepared initially, published and recorded by each local government for an ensuing fiscal year prior to its approval by the department of taxation and such other supervisory bodies as are charged by law with the examination of tentative budgets, and prior to its subsequent adoption.
(Added to NRS by 1965, 730; A 1975, 1684)

LOCAL GOVERNMENT EXPENDITURE LIMITATIONS

First Revision

1. The amount budgeted by a local government, except a school district, pursuant to NRS 354.598 for the fiscal year commencing July 1, 1978, for expenditure from its general fund, less any amount allowed as an ending balance for that fiscal year, less any contribution to the state for aid to the medically indigent, is the base from which the permissible expenditure from that fund in subsequent years must be calculated.

2. The governing body of a local government, except a school district, shall calculate the level of permissible expenditure from its general fund for a given year as follows:

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

(b) The amount calculated under paragraph (a) is multiplied by 80 percent of the average annual percentage of inflation or deflation for the 60 months preceding the month of November preceding the fiscal year for which the budget is prepared and further multiplied by the number of years from July 1, 1978, to July 1 of the year for which the budget is prepared, and this product is added to or subtracted from the amount calculated under paragraph (a).

(c) If the amount resulting from the calculations under paragraphs (a) and (b) represents a net increase over the base year, a governing body may increase its expenditure accordingly. If the amount represents a net decrease, the governing body shall decrease its expenditure accordingly. If the amount is the same as in the base year, expenditures must not be increased.

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

4. On or before December 1 of each year, the governor shall certify the percentage of increase or decrease in population for each county and city. Every other local government, except a school district, must use the percentage of increase or decrease in population for the county in which it, or the largest fraction of its population, is located. If the Nevada tax commission finds that the percentage of increase or decrease in population so determined for a general improvement district or other special district differs grossly from the actual percentage, it may determine an equitable percentage to be used. Any local government which believes that the percentage certified by the governor is not a true figure may appeal the certification to the tax commission, which may increase or decrease the percentage as the evidence before it reasonably requires. The decision of the tax commission is final.

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

6. The governing body of a local government, except a school district, may exceed the limitation imposed by subsections 1 and 2:

(a) To the extent necessary to meet situations not reasonably foreseeable in which there is a threat to life or property, or requirements for expenditure which are not subject to the control of the local government, if in either case the legislative commission approves the proposed expenditure.

(b) To the extent necessary to provide a new or expanded program of service if the governing body proposes the program and it is approved by a majority of the voters voting on the question in a general election or a special election called for that purpose. Such an approval may be made effective for not more than 2 years.

7. As used in this section, "general fund" means the aggregate of all funds supported in whole or in part by taxes or license fees, except a tax on aviation fuel. The term does not include an enterprise fund, an intragovernmental service fund, a trust or agency fund, a fund set up to account for one or more projects of capital construction or for revenues from special assessments, a debt service fund, or a fund established by a fair and recreation board whose revenues do not consist of taxes or license fees other than license taxes on lodging assigned or appropriated for its use. The restrictions imposed by this section do not apply to any money received from the federal government. The Nevada tax commission shall determine the status of any disputed fund. The director of the department of taxation shall, in cases where the designations or sources of revenue for the funds of a local government are changed, determine the manner of taking the changes into account for the purposes of this section.

8. The Nevada tax commission shall:

(a) Provide by regulation for reasonable balances to be on hand in funds at the end of a fiscal year, and for the establishment of reasonable contingency funds.

(b) Establish in each case the base from which permissible expenditures from the general fund are to be calculated for a local government established after July 1, 1978.

9. The interim finance committee may allocate funds from the contingency fund to local governments for purposes approved by the legislative commission. For purposes of this section, the legislative commission may approve a local government request if:

(a) The local government is a general or special district and not a county, city, town or school district;

(b) Services provided by the local government are in danger of deteriorating due to financial hardship caused by the imposition of the expenditure limitations of this act;

(c) The local government has no other resources available to it.