

The meeting was called to order at 2:10 P. M. on Tuesday, May 1, 1979, in Room 213, with Senator Norman Glaser in the Chair.

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

Mr. Ed Schorr, Fiscal Analyst

ABSENT: Senator Floyd Lamb

GUESTS: Mr. Robert Warren, Executive Secretary, Nevada Mining Association
Mr. Clyde T. Scott, Department of Taxation
Mr. Ed Greer, Business Manager, Clark County School District

The first order of business was consideration of A. B. 641.

A. B. 641 - Authorizes county assessors to appraise operating mines in certain circumstances.

Mr. Robert Warren, Executive Secretary of the Nevada Mining Association testified on this bill. His group supports the bill. He said there are times when the state is not able to respond within the time element and it places a burden upon the county assessors to get their tax rolls closed and their tax bills out. He said his association is in possession of a study which was done for the tax commission which indicates that if the county assessors were to have all of the mining assessments, it would be a savings to the state. He said his group may bring this back to the legislature in the 1981 session.

Senator Dodge asked Mr. Warren to explain this statement, and Mr. Warren said that a portion of the study mentioned above indicated that the present law which provides for assessment of mines by the state may be unnecessarily burdening the state with extra costs for a procedure that could be handled at the county level.

Senator Dodge replied that the philosophy behind the present procedure is that of centralization so that there would be a single agency doing the work instead of 17 different methods operating.

Senator Glaser asked if it had been much of a problem of the state not doing the appraisals. Mr. Roy Nickson, Nevada Tax Commission, replied that as far as he knew, it had not been one.

The Chair called for further testimony on this bill.



A. B. 641 - (con't.)

There being no more testimony on A. B. 641, the Chair declared the hearing closed on this bill.

S. B. 525 - Increases types of buildings for which allowance against property tax is granted for systems of heating or cooling using renewable sources of energy.

The Chair opened remarks on S.B. 525 by saying that the word "residential" on line 4 in section 1 is being bracketed out to allow any building to heat or cool by the methods described. Senator Glaser asked Mr. Ed Schorr, fiscal analyst, if there was not a fiscal note for this bill and Mr. Schorr replied that it was not yet ready, as the bill had just recently been introduced.

The Chair asked if there was anyone present to testify on S. B. 525. There being no witnesses, the Chair called for any further discussion from the committee.

After a brief discussion on the language which is bracketed out of this bill, the Chair announced that the bill would be held until a fiscal note is available.

A. B. 641 - Authorizes county assessors to appraise operating mines in certain circumstances.
(Exhibit "A")

The Chair asked the committee if it wished to take action on A. B. 641.

Senator Dodge moved to indefinitely postpone Assembly Bill 641.

Senator Ashworth seconded the motion.

The Chair called for any further discussion.

The motion carried.

S. B. 490 - Exempts inventory of dealer in aircraft and equipment from property tax. (Exhibit "B")

Senator Raggio said that he had previously advised the committee that when he received this bill from the legislative counsel, it was accompanied by a letter indicating that the counsel felt the

S. B. 490 - (con't.)

bill would be unconstitutional, and the only justification for it is that there are similar provisions in the law exempting other types of dealers for certain commodities.

There ensued a brief discussion on the constitutionality of the similar provisions referred to above. Mr. Ed Schorr, fiscal analyst, said the figures involved in this bill are small except for Washoe and Clark Counties.

The Chair called for any further discussion.

Senator Kosinski moved to indefinitely postpone Senate Bill 490.

Senator Ashworth seconded the motion.

The Chair called for any further discussion.

The motion carried, with Senator Raggio dissenting.

The next matter of business was resolution of the tax package.

The Chair asked that the committee consider its action of the previous Saturday, April 28, 1979, in a joint hearing with the Assembly Taxation Committee, and said there were some areas on which they are still working.

The Chair noted that A. B. 616 had been passed on the floor of the Senate that morning, May 1, 1979, which incorporated removal of the sales tax on food. S. B. 204 will be coming to the Senate for it to concur in some amendments which are basically the following: incorporate property tax relief straight across the board; a renter relief pass through provision which Daryl Tanner's committee is still working on; caps for the state, county, and cities, which Senator Kosinski's committee is still working on, and some sort of a cap on schools, which the Chair indicated would be discussed shortly; simple majority on relief provision; trigger and de-trigger provisions; a minimum General Fund Balance of \$34,000,000 both years of the biennium with final amount of tax relief determined by money committees as excess of revenues over expenditures. Senator Glaser said the above were generally the understanding with the Assembly committee on Saturday (April 28, 1979).

Senator Ashworth asked if the \$1.50 school tax preference was addressed, and Senator Dodge replied that that was agreed upon on April 28, 1979. He said that the two committees agreed to return that priority to the schools, and amend the language. There followed a discussion on school caps between Senators Dodge and Raggio.

Resolution of the tax package--(con't.)

Senator Ashworth asked the Chair for permission to explain to the committee what was done with A. B. 616 so it would have a clear understanding of the matter. Senator Ashworth said that what was done with A. B. 616 was they drove everything out of the bill except for the sales and use tax.

The Chair asked for any more questions on A. B. 616. Senator Glaser then asked Mr. Ed Schorr, fiscal analyst, to explain the options available in imposing a cap on education. Mr. Schorr distributed a sheet illustrating the options. (Exhibit "C") He said a decision would have to be made before the bill can be put together. Mr. Schorr then went on to explain the information he had distributed and answered questions from the committee. There was discussion on the alternatives of the various caps, and the various mechanics involved.

Mr. Schorr said the reason these figures are important is because whatever is done, whatever across the board relief is finally decided upon, has to be recalculated and also the trigger and dettrigger have to be calculated and the calculations cannot be made before the committee makes a determination on the cap question.

Senator Dodge said he would be more comfortable working with a cap on whatever was going to be levied as local option, and gave figures in support of his statement. He said that in the second year of the biennium the schools get in a tighter bind because they don't get as much money in the Distributive School Fund. He said he would rather go with a method by which the committee works with whatever they levy locally, and cap that, rather than try to split it out, and perhaps ask the money committees to put more money into the Distributive School Fund the second year, if there is a bind. Senator Dodge said he felt it was a cleaner way to do it.

Senator Glaser added that it was cleaner, also, in relation to the trigger and dettrigger. Mr. Schorr addressed Senator Glaser and advised that with the trigger and dettrigger, he is not certain, but if it were let to float up and down, the timing on the levy might be a problem. There was further discussion along these lines, and on the formulas used.

Senator Dodge said there might be some school people present who could offer observations on how to keep the proposal as clean as possible.

Mr. Ed Greer, Business Manager of the Clark County School District, said that when there is a supplement, it should be considered as a straight supplement, depending upon what a county district would have earned on the property tax in question. He said a concern is that if the rate is reduced depending upon the effect of the cap, the second year of the biennium that rate would have to go up, so the taxpayer will get a greater tax cut the first year than he

Resolution of the tax package--(con't.)

will the second year. He would recommend a leveling action to avoid that situation. He thinks it could be done by establishing a reserve in the state budget for that purpose, and leveling the rate for the two years.

There was further discussion and clarification of this problem, and references were made to all the previous discussions and testimony on this matter. Senator Glaser said there is a committee working on the school cap under the direction of Senator Dodge, and he asked Senator Dodge to get together with his committee and Mr. Schorr on it.

Senator Glaser then moved on to S. B. 204, and said Mr. Tanner, of the Assembly committee, is working on the renter pass through. He said Senator Kosinski is working on caps and asked him if he wished to discuss the matter. Senator Kosinski replied that he did not wish to do so at this time.

Senator Ashworth said that through Senator Sloan he had obtained a copy of the California proposal on the renter pass through, and he had given a copy of it to Mr. Tanner, who is meeting with Mr. Daykin, legislative counsel, so he felt that shortly there would be a draft available on this subject.

Senator Glaser said there was one other matter that was discussed with the Assembly that is not in either bill. It is the returning to the counties and cities the county gaming tax and the real estate transfer tax. Senator Glaser said he understood that one or both of these bills are in Assembly Ways and Means, and might be killed. The Senate bill has one of these bills in its possession, and Senator Glaser asked the members of the committee if they wanted to process these bills, to give the counties and cities relief to offset the loss of sales tax on food.

Senator Kosinski said he sees no point in doing so if the Ways and Means is going to kill them in the Assembly anyhow.

Senator Sloan said to put them in S. B. 204 and that it does work a hardship on the cities and counties to lose the sales tax on food. Senator Ashworth concurred. Senator Glaser said if it is the wish of the committee, he will talk with Mr. Price (of the Assembly Taxation Committee) and tell him that it was the committee's understanding last Saturday (April 28, 1979) that this would go as part of the overall package. There was general discussion on this matter.

Senator Ashworth moved that the committee advise the Assembly of its understanding that such relief, returning to the counties and cities the county gaming tax and the real estate transfer tax, to offset the loss of sales tax on food, would be included in S. B. 204.

Resolution of the tax package--(con't.)

Senator Sloan seconded the motion.

The Chair said it had been moved and seconded that the committee advise the Assembly that it was the understanding on Saturday, April 28, 1979, at the joint hearing, that the above-described relief would be included in S. B. 204.

Senator Kosinski said it was safe to say that there was not any understanding on the date heretofore mentioned.

The motion was not put to a vote.

After some discussion, Senator Glaser said he would advise the Assembly in accord with the recommendation voiced above.

The Chair asked if there was any other discusson on S. B. 204, and any further questions on S. B. 204.

Senator Raggio asked what the issues are in regard to caps. Senator Kosinski replied that some of them are the issues contained in a letter from Mr. Roy Nickson, Nevada Tax Commission, and he enumerated them: the tax increment; an amendment to NRS 354.599, the regional streets and highways; hospitals; fair and recreation boards. Senator Raggio asked if metro was still an issue and Senator Kosinski said he thought that issue was solved by individual caps. There was a brief discussion on this subject.

The Chair asked if there were any other questions on caps.

There being no further questions, the Chair announced that the discussion on the tax package was concluded.

The Chair announced that there would be one more meeting of the committee this week, on Thursday, May 3, 1979, and that he intends to bring all bills left up for either indefinite postponement or a pass out.

Senator Raggio asked about his resolution concerning the social security retirement matter and Senator Glaser replied that it is in the Senate Finance Committee.

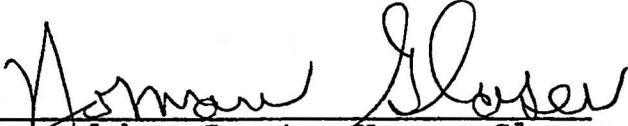
-more-

The Chair asked if there were any other matters to come before the committee.

There was a discussion of the methods used in reaching accord with the Assembly Taxation Committee in the joint hearing on Saturday, April 28, 1979.

There being no further business, the meeting adjourned at 3:25 P. M.

Respectfully submitted by:
Carolyn L. Freeland, Secretary


Approved by: Senator Norman Glaser,
Chairman



A. B. 641

ASSEMBLY BILL NO. 641—COMMITTEE ON TAXATION

MARCH 23, 1979

Referred to Committee on Government Affairs

SUMMARY—Authorizes county assessors to appraise operating mines in certain circumstances. (BDR 32-1564)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.



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

AN ACT relating to the taxation of net proceeds of mines; authorizing county assessors to appraise the property related to mines when necessary to include the appraisal in the current tax rolls; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 362.100 is hereby amended to read as follows:
- 2 362.100 1. The department shall:
- 3 **[1.]** (a) Investigate and determine the net proceeds of all operating
- 4 mines and assess them as provided in NRS 362.100 to 362.240, inclusive.
- 5 **[2.]** (b) Appraise and assess all reduction, smelting and milling
- 6 works, plants and facilities, whether or not associated with a mine, and
- 7 all supplies, machinery, equipment, apparatus, facilities, buildings, struc-
- 8 tures and other improvements used in connection with any mining, reduc-
- 9 tion, smelting or milling operation as provided in chapter 361 of NRS.
- 10 2. *If a county assessor does not receive an appraisal required by*
- 11 *paragraph (b) of subsection 1 in sufficient time to insure its inclusion in*
- 12 *the current tax roll, the assessor or his deputy shall make the appraisal*
- 13 *and include it in the tax roll for the current year.*

S. B. 490

SENATE BILL NO. 490—SENATOR RAGGIO
(by request)

APRIL 18, 1979

Referred to Committee on Taxation

SUMMARY—Exempts inventory of dealer in aircraft and equipment from property tax. (BDR 32-1774)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.



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

AN ACT relating to the property tax; exempting from the tax any aircraft and aircraft equipment held by a dealer for sale; and providing other matters properly relating thereto.

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

- 1 SECTION 1. Chapter 361 of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 *Notwithstanding the provisions of this chapter or any other law, no*
4 *aircraft or aircraft equipment dealer is required to pay any property tax,*
5 *either as a tax on inventory or individual pieces of aircraft or aircraft*
6 *equipment, on any piece of aircraft or aircraft equipment of which such*
7 *a dealer takes possession and which he holds for sale in the ordinary*
8 *course of business.*

Ⓢ

EXHIBIT "C"

ASSUME

- * \$100,000,000 Base Assessed Value
- * CPI Increase and Enrollment Increase total 10%
- * \$100,000,000 Assessed Value increases 20% to \$120,000,000.

- * \$100,000,000 X 110% X 80¢ per \$100 = \$880,000 permissible revenue
- * \$120,000,000 X 80¢ per \$100 = \$960,000 produced with full 80¢ levy

	<u>State Replacement</u>	<u>Local Generated Revenue</u>	<u>Total School Revenue</u>
<u>ORIGINAL CAP ON 80¢ LEVY - ALL PROCEEDS TO SCHOOLS</u>			
Revenue	-0-	\$880,000	\$880,000
Rate	-0-	73.3¢	73.3¢
<u>CAP ON 80¢ LEVY - 30¢ STATE/50¢ LOCAL</u>			
Revenue	\$330,000	\$550,000	\$880,000
Rate	-0-	45.8¢	45.8¢
<u>CAP ON 50¢ LEVY - STATE p/u AMOUNT PRODUCED BY 30¢</u>			
Revenue	\$360,000	\$550,000	\$910,000
Rate	-0-	45.8¢	45.8¢
<u>CAP ON 50¢ LEVY - LOCAL TO p/u GROWTH OF 30¢ ABOVE CAP</u>			
Revenue	\$330,000	\$580,000	\$910,000
Rate	-0-	48.3¢	48.3¢