

MEMBERS PRESENT: Chairman May
 Vice Chairman Coulter
 Mr. Bergevin
 Mr. Brady
 Mrs. Cafferata
 Mr. Craddock
 Mr. Marvel
 Mr. Price
 Mr. Rusk
 Mr. Stewart
 Mrs. Westall

MEMBERS ABSENT: None

The meeting was called to order at 3:30 p.m. Vice Chairman Coulter was in the Chair. He announced that Mrs. Westall and Messrs. Brady, May, Rusk and Stewart had been called to a meeting of the Assembly Committee on Legislative Functions and would be present upon adjournment.

A.B. 20 Provides for submission at next general election of question proposing refund of sales and use tax paid on certain mobile homes.

Assemblywoman Karen Hayes, Clark County, District #13, and Donald A. Rhodes, Deputy Research Director, L.C.B., testified in support of this measure. Mrs. Hayes stated that this bill was a result of an interim study on the problems of owner's and renters of mobile homes. (Bulletin 81-8*, August 1980) *Bulletin 81-9

Mr. Rhodes distributed to the committee, an analysis of A.B. 20, attached as Exhibit I. Contained in this analysis is a proposed amendment (pages 2 and 3).

At this time, Messrs. Brady, May, Rusk, Stewart, and Mrs. Westall joined the meeting. Mr. May assumed the Chair.

Mrs. Shannon Zivic, President of the Mobile Home Owner's League of the Silver State, testified that this measure would affect very few people and therefore, the loss of revenue would be minimal. She felt, however, that in the future, this would be of great benefit to mobile home owners.

A. Wayne Tetrault, Administrator, Manufactured Housing Division, Department of Commerce, submitted two proposed amendments, attached as Exhibit II. He stated that these were technical amendments which would conform the definition of mobile homes to the current definition used by the federal government. (Chapter 361, Property Tax Laws)

Mr. Bergevin asked if Mr. Tetrault would supply the committee with a breakdown of materials used and labor required on the construction of a mobile home. Mr. Tetrault responded that he would.

Mr. Jim Lien, Business Manager, Metropolitan Police Department, and former Deputy Director, Department of Taxation, suggested that the committee thoroughly review the new appraisal system being initiated in July of 1982 before taking action on this measure. In discussions with the Division of Assessment and Standards, Mr. Lien stated it was their feeling that this system will not be equal to the selling price of mobile homes.

The bill, in its present form, addresses very few people; only one in Clark County would qualify at this time.

A further problem, and one that is not addressed in this measure, is that if a mobile home is resold through a dealer, another sales tax is required. Consequently, the sales tax is passed on.

Mr. May explained that inasmuch as mobile home taxation is a subject of great concern to a great number of people, a subcommittee would be assigned to review this area. He therefore requested that action be deferred pending further study of the formula devised by the Department of Taxation.

No action was taken at this time.

A.B. 59 Establishes standards for determining whether alcohol is used and taxed as beverage or as fuel.

Assemblyman Alan Glover, Carson City, District #40, and Richard R. Garrod, representing Garrod Trust, a California organization, were present in behalf of this bill.

Mr. Glover explained that this measure would bring the NRS into conformity with the requirements of the Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury.

Mr. Garrod stated that at the present time, there is no law regulating the sale or manufacture of denatured alcohol for fuel. He felt the adoption of the federal regulations would clarify procedures and encourage production of alcohol fuel in Nevada.

Following a brief discussion, Mr. Marvel moved that A.B. 59 be reported out of committee with a "do pass" recommendation.

Mrs. Westall stated she would like to do some research on this matter before taking final action and requested that the matter be placed on the agenda for the next regular meeting of the committee.

Mr. Marvel withdrew his motion. Mr. May stated that the measure would be so postponed.

No action was taken at this time.

A.C.R. 1 Urges Douglas County officials to assess property in light of moratorium in Tahoe Basin.

Assemblymen Louis Bergevin, Douglas County, District #39 and David Nicholas, Washoe County, District #23, testified in support of this measure. Mr. Bergevin informed the committee that this bill was a result of the special session of the legislature which passed a revised Tahoe Regional Planning Act and which has subsequently been approved by the Congress and is now in place.

One of the provisions of the law is that a moratorium be placed on any major building projects that would have a substantial effect on the environment of the Lake Tahoe Basin until such time as an environmental threshold carrying capacity can be determined. The problem with this is that the assessor did not take this moratorium into consideration when reappraising property assessments. Therefore, property owners are paying sewer assessments, water assessments, etc. but are prohibited from building.

Mr. Bergevin requested an amendment which would include Carson and Washoe Counties as well, as they are also experiencing the same problem.

Mr. Rusk moved that A.C.R. 1 be reported out of committee with an "amend and do pass" recommendation.

Seconded by Mr. Marvel.
Motion carried unanimously.

A.J.R. 1 Permits separate classification of residential property for taxation.

Mr. May informed the committee that this measure was to be a matter for review by a subcommittee and, therefore, no testimony or action would be taken at this time.

Mr. May presented the following for committee introduction:

BDR 32-520 Changes certain provisions on appraisers, of assessments and equalization in property tax law.
(AB100)

Mr. Craddock moved for committee introduction.
Seconded by Mr. Coulter.
Motion carried unanimously.

BDR 43-522 Removes power of department of motor vehicles to
(AB 99) designate certain county assessors as its agents.

Mr. Coulter moved for committee introduction and re-referral to the Assembly Committee on Transportation.

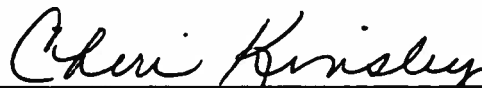
Seconded by Mr. Craddock.

Motion carried unanimously.

Mr. May distributed the list of subcommittees and members assigned to each. See attached Exhibit III.

There being no further business, the meeting was adjourned.

Respectfully submitted,



Cheri Kinsley, Acting Secretary
Assembly Taxation Committee

ASSEMBLY

AGENDA FOR COMMITTEE ON..... TAXATION.....

Date...TUES...FEB 3, 1981...Time... 3:00 PM...Room... 240.....

Bills or Resolutions
to be considered

Subject

Counsel
requested*

ALL MEETINGS OF THE ASSEMBLY TAXATION COMMITTEE WILL BEGIN PROMPTLY
AT 3:00 PM. PLEASE ARRANGE YOUR SCHEDULE ACCORDINGLY.

- A.B. 20 - Provides for submission of next general election of question proposing refund of sales and use tax paid on certain mobile homes. (BDR32-17)

- A.B. 59 - Establishes standards for determining whether alcohol is used and taxed as beverage or as fuel. (BDR 32-456)

- A.J.R. 1 - Permits separate classification of residential property for taxation. (BDR C-607)

- A.C.R. 1 - Urges Douglas County officials to assess property in light of moratorium in Tahoe Basin. (BDR 342)

*Please do not ask for counsel unless necessary.

ANALYSIS OF A.B.20

Under existing law, if a mobile home is classified as real property, it is valued by the assessor according to NRS 361.227 as all other real property.

NRS 361.325(1)(b), which resulted from the enactment of a sub-committee recommendation which studied mobile home taxation during the 1973-74 interim, requires the Nevada tax commission to classify mobile homes treated as personal property on the basis of those factors which most closely determine their service lives and fix and establish their valuation for assessment purposes. The Nevada tax commission has used the same basic mobile home depreciation schedule and classification system since the early 1970's. This system is based is on a 20 year service life with 20 percent "good" at the end of that life.

At its December 2, 1980, meeting the commission determined that the system and schedule should be modified beginning July 1, 1982. The new system, which is based on a revised California method of valuation, provides for valuation of mobile homes based on the following factors (a) cost per square foot, (b) quality, (c) condition, (d) accessories.

This bill, which would become effective on January 1, 1983, provides that:

1. The purchaser of a mobile home, which is installed as real property, is entitled for a refund of the sales tax paid on the mobile home; and
2. The purchaser may obtain the refund by filing a claim for it with the assessor within 1 year after the tax is paid. The claim must contain proof of the amount of the tax paid and proof of the installation of the mobile home in a manner necessary to constitute it as real property pursuant to the provisions of NRS 361.224.

The bill requires an affirmative vote of the people at the general election on November 2, 1982, to amend the sales and use tax act which was enacted by the 47th session of the legislature and approved by the governor in 1955.

Other States' Activities

A survey by the research division found that New Jersey, Washington, Colorado, Wisconsin and California provide for partial exemption of mobile homes from sales taxes.

California's System

California's exemptions are provided by Assembly Bill 2915 (Chapter 1149 of the 1979-80 regular session).

In general, the partial exemption afforded mobilehome transactions on and after July 1, 1980, is applicable to sales of new mobilehomes whether or not they are placed on permanent foundation systems. However, to qualify for the partial tax exemption the new mobilehomes must be sold for installation for occupancy as a residence and thereafter be subject to local property taxation. * * *

The tax will be measured by 75 percent of the selling price to the retailer if the mobilehome is sold by the retailer for installation for occupancy as a residence. The retailer is defined as the consumer for sales and use tax purposes, and the sale from the retailer to the purchaser is exempt from taxation. * * * The tax is an additional cost of selling the mobilehome and may appropriately be considered in reaching an agreed upon selling price with the customer. * * *

Subsequent sales of used mobilehomes that qualified for the special sales and use tax treatment on the initial retail sale are exempt from sales and use tax whether they are sold by a private party, a dealer, or any other person.

New Jersey's System

Section 54:4C-2, "Sales tax on mobile home; sales made after March 20, 1979," provides that:

* * * Except as otherwise provided * * * (in the following subsection) * * * the sales tax on any mobile home sale made on or after March 20, 1979, shall remain in effect and be enforced as heretofore until December 31, 1980.

* * * Any sale of a mobile home assessed and taxable as real property pursuant to * * * (the preceding section) * * * shall not be subject to the sales tax, except in the case of the sale of a new or previously unused mobile home which shall be subject to the sales tax only to the extent of the taxation of the sale of tangible personal property for building construction * * *.

George Lorbeck, a spokesman for New Jersey's Division of Taxation [(609) 292-4844] advises that a 65 percent figure is used for such purposes.

Cost

The cost of A.B. 20 is estimated at \$21,953 for the first 6 months of 1982-83 and \$48,293 for 1983-84. This projection, which assumes a 10 percent purchase price (annual inflation rate) does not consider any increase in the number of mobile homes permanently attached to real property. "The present number of such homes statewide is approximately 30 per year." (See fiscal note.)

Comments and Notes

Sales tax is not paid on the sales price of "stick built" homes. Sales tax is paid, however, on the components of such a home.

Background paper 81-4 "Mobile Home Taxation" provides an overview of the history of mobile home taxation and evaluation in Nevada.

Research Division
February 2, 1981



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JAMES WADHAMS
DIRECTOR
A. WAYNE TETRAULT
ADMINISTRATOR

February 3, 1981

Suggested Amendments to
AB 20

Amend Section 3 on page 2 by deleting lines 13 through 22 and adding in place thereof, the following:

"Mobile home" means a vehicular structure without independent motive power, built on a chassis or frame, which is:

1. Designed to be used with or without a permanent foundation;
2. Capable of being drawn by a motor vehicle; and
3. Used as and suitable for year-round occupancy as a residence, when connected to utilities, by one person who maintains a household or by two or more persons who maintain a common household.

Amend Section 10 subsection 4 on page 4 by deleting lines 5 through 14 and adding in place thereof, the following:

4. As used in this section, "Mobile home" means a vehicular structure without independent motive power, built on a chassis or frame, which is:
 - a.) Designed to be used with or without a permanent foundation;
 - b.) Capable of being drawn by a motor vehicle; and
 - c.) Used as and suitable for year-round occupancy as a residence, when connected to utilities, by one person who maintains a household or by two or more persons who maintain a common household.

AWT/pg

SUB-COMMITTEES FOR TAXATION STUDIES

1. Motor Vehicle Fuel Tax (additional 2¢ that may be imposed if approved by the voters)

Mr. Rusk, Chairman
Ms. Cafferata
Mr. Stewart

2. Mobile Homes Mr. Stewart, Chairman
Mr. Bergevin
Mr. Brady
Mr. Coulter
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3. Net proceeds of mines

Mr. May, Chairman
Ms. Cafferata
Mr. Marvel

4. Tax allowance for preservation of railroad lines

Ms. Cafferata

5. Laetril and Gerovital (holding companies)

Ms. Cafferata, Chairwoman
Mr. Rusk

6. Special Fuel Tax (Motor Carrier Division)

Mr. Price, Chairman
Mr. Bergevin
Mr. Craddock

7. Gaming Slot Machine Tax and Revenue

Mrs. Westall, Chairwoman
Ms. Cafferata
Mr. Brady

8. Senior Citizens Tax question

Mr. Coulter, Chairman
Mr. Brady
Mr. Rusk

9. Insurance Premium Tax (possible increase)

Mr. Marvel, Chairman
Mr. May

10. SB 204 of the 60th Session - Review

Mr. Price, Chairman
Mr. Bergevin
Mr. Rusk