

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 3:00 p.m. with Chairman May presiding. He announced that the purpose of the meeting was for general deliberations towards conclusions to be enacted in the final "tax package." He explained that Andy Gross had prepared a map showing sales, income and property tax rates in the fifty states, as well as a list of taxes in other states that are not found in Nevada. He gave the floor to Mr. Gross.

Mr. Gross, with the Research Division of the Legislative Counsel Bureau, described the figures on the map referred to above (EXHIBIT I attached) stating the figures in yellow are the sales tax percentages. He explained that what he did in each case for sales tax was to look at the maximum possible sales tax that you could have if you added the authorized local sales taxes to the statewide sales tax. In most cases, the major urban areas use the maximum sales tax that they are authorized in other states so most of the people in the state would be paying the maximum sales tax. The figures in blue on the exhibit, in most cases two figures, a low and a high; are the state income tax and represents the range of income tax in any particular state. For instance, in Oregon the state personal income tax ranges from 4% to 10%. The figure in parentheses in blue, wherever it is not a flat fee or where there is some sort of progression to the tax, tells you at what income level you hit the maximum. In Oregon you hit the maximum of 10% at \$5,000 income. By contrast, there is a tremendous variety in state income tax patterns. In Iowa, for instance, their income tax ranges from 1/2% to 13% of income and you don't get to the top of the range until you get to \$76,000. Some of them are flat rates and it doesn't matter what your income is. Several states say, "Figure your federal income tax first and then a flat percentage of what you owe the feds is what you owe the state." In Rhode Island whatever your federal tax commitment is, 19% of that is what you owe to the state. The third numbers in orange are a little more difficult to pull together and get easy comparability from state to state. (Sales tax and income tax figures are up-to-date 1981 information from Commerce Clearing House.) It is very difficult to get up-to-date information at any one time on property tax rates all around the country. It is not just fifty states; it is all of the localities that make for these differences in property tax. The Census Bureau in the 1977 census took the last six months of 1976 and they looked at all local government entities

that had 50,000 or more people. If they had a certain number of sales of property within that six month period, they took those sales and figured out what the effective tax rate was on all of that property sold. Where I knew, or where it is widely known, that changes have been made, for instance as in California, Idaho, or Massachusetts, where you have had property tax cutting initiatives since 1977, I made those adjustments on the map. There might be a couple more but there wasn't an opportunity to verify them. At any rate, these are the second half of the 1976 property rates, with the exceptions shown. Looking at some of the eastern states, you see that Massachusetts passed Prop 2 1/2, making 2 1/2% of actual value the new cap in Massachusetts. Ours would be a 3.71% cap which works out to \$1.29. New Jersey ranges from 2.64 to 6.54 of actual value for an effective tax rate.

Mrs. Westall asked if ours is the percent of the market value without the 35%.

Mr. Gross replied in the affirmative, explaining that you are going to have variations as to how well states appraise the property, but you make the assumption that appraisals are something approximating market value. That is why the Census Bureau study used sales for a six month period so that they would have what the property was actually selling for and then looked at what that property paid in taxes; that is a pretty good comparability. What you don't have in this is the fact that the same house in Reno may cost half that in Little Rock, Arkansas.

Chairman May stated he feels strongly that part of the problem that we may have found ourselves in is that Nevada has never been aggressive in telling its citizens how fortunate they are with regard to the tax in other states.

Mr. Gross, then referring to EXHIBIT II attached, stated that the Nevada Taxpayer's Association and the Department of Economic Development, circulates this list showing taxes that we do not have in Nevada that are common in other states. It ranges from the more common to the less common, but in particular, shows that we have no personal or corporate income tax in terms of the things that take the biggest bite out of people's income. The figures in parentheses show how many states have those types of taxes; for instance, personal income taxes in 45 states, etc.

A.J.R. 21 Proposes to amend Nevada constitution to prohibit state income tax.

See attached EXHIBIT III, a copy of a letter from Frank Daykin submitted by Mr. Stewart.

Mr. Marvel moved a DO PASS, seconded by Mrs. Westall. However, prior to a vote, the committee requested Mr. Daykin appear to respond to certain questions on constitutional prohibitions and a recess was taken.

The meeting resumed with Mr. Coulter in the Chair.

Mr. Daykin stated that the question has been asked, "How broad is an income tax?" He explained that since taxation is the rule, and an exemption is an exception, this would probably be construed moderately so as not to be broadened by construction. But in order to be sure that you could impose, for example, license fees based on gross revenue or the like, you had probably better be specific about it while you have the amendment in front of you. I am assuming that the requestor's original intent was to prohibit the personal or corporate income tax upon net income, probably without entering the area of gaming fees or the like.

Mr. Marvel asked if that was how we would have to say it, "personal or corporate" to be covered.

Mr. Daykin replied that if you say you are prohibiting a personal or corporate income tax, I don't think you have changed anything from what you have here. We have an understanding of those terms, based on the analogy of the federal income tax, so that means something to us but I would be very wary of just consigning them to the constitution. Many years from now someone trying to read the constitution when that model is completely out of sight and wondering what on earth did they mean by that. I think it would probably be better to say that no income, inheritance, or estate tax shall ever be levied and then say, "This subsection does not prohibit," and enumerate what you wanted to keep, such as if you wanted business licenses based upon gross revenue or license fees upon gaming based upon gross revenue, whatever you think are the things you want to be sure to keep.

Mr. Price asked if we attempted to laundry list someone in, like gaming, into the constitution to continue the present practice of collecting against gross income, would the inverse be then that anyone that we thought at some later date that we wanted to impose a gross earnings against, would we have to come back into the constitution?

Mr. Daykin agreed that you would have to come into the constitution. Another approach to it is to forbid a tax upon net income, which is the way the federal income tax is collected, with all its deductions and exemptions, and so on. But then you do open the door to a tax on the gross income of most anybody and that would be sheer murder.

Mr. May returned to being Chairman of the committee. He pointed out that when this bill was first drafted, the primary introducer, Mr. Robinson, was concerned that we had detrimentally injured the Green Belt statute by the brackets on page 1.

Mr. Daykin explained that the star on the bill shows that the bill was reprinted because the bracket was misplaced. Instead of being in line 18 on page 1 as it belongs, it had gotten carried clear over on to line 2 of page 2. That was a misprint and was corrected. This proposal has nothing to do with Green Belt and was not intended to.

Chairman May announced that due to the ensuing discussion, he would rule the previous motion out of order, and at that time, Mr. Price moved to appoint a subcommittee to explore the language in the proposed resolution. Mrs. Westall seconded, motion carried unanimously. Subcommittee members to be: Price, Coulter, and Cafferata.

Chairman May advised the committee that he had talked with Mr. Daykin previously about the possibility of rewriting the Nevada statute regarding sales taxes collected on mail order sales outside Nevada by residents of Nevada. He would like to put a little more teeth into the Nevada statute and asked permission of the committee to deliver this request to Mr. Daykin as the 40th day has passed.

Mr. Marvel so moved, Mrs. Cafferata seconded the motion, and the vote was unanimous. Mr. Stewart was absent from the vote.

Chairman May announced that there are members of the education profession in the audience and as this is a general discussion meeting and we have not touched too deeply on the need, or projected needs and desires of education, he suggested we take about 20 minutes to discuss that general subject.

Mr. Joe Fisher representing the Nevada State Education Association, explained he would be discussing the revenue needs for the schools. Referring to the charts (distributed as EXHIBIT IV), he said Figure I gives the basis for making the recommendations on the other charts. Table 1 shows the actual figures they will be working with. They have tried to stick with the Governor's recommendation and to apply it as far as they can in terms of needs. If you project that recommendation through 1982 and take the cumulative percent of increase year-by-year for that period, and then take the cumulative percent of increase in the consumer price index, you will notice that there is a significant difference. They are not keeping pace. One of the things they have indicated to other committees this session is that because of the cost of other than personnel items in the budget, increases at a significantly higher rate, the percentage of money available to allocate to teacher's salaries has decreased significantly. The Governor's recommendation does not quite take into account the number of students they are increasing. We are one of the few states in the country that is showing a growth in student population; his projections are largely around 1%. We are growing at the rate of about 1.6%. Given those two kinds of conditions, he feels that there needs to be additional revenues to meet the needs of schools, which they figure to be in a fair price around \$330,000,000 of total revenue. In Table 2, they have put together a way in which they could come close to assembling that amount of money. That is with the Governor's recommendation of a 1.3% of a cent for building the Distributive School Fund. That amount plus the out-of-state sales tax, other state sources and then the Governor has recommended a General Fund appropriation of \$116,000,000 the first year and \$122,000,000 the second year. Table 2 shows the amount of money that could be assembled in that way for the Distributive School Fund. In Table 3 we see what is necessary to make up the difference to accommodate for what they feel is an underestimation in the

Governor's budget recommendation. That comes about in the fact that we feel it will take a full 1.5¢ in sales tax for schools. We have added in then a 2/10 of 1¢ of sales tax in that list. In addition, the Governor recommended 50¢ uncapped in the ad valorem tax and in order to generate the revenue that we are talking about to meet the needs without significant cuts in programs and staff, we have figured an ad valorem revenue at 62¢ uncapped. Giving a local revenue, when you add in something that is not often noted but the local school district does secure a rather constant source of income each year through tuition and interest they earn on invested money, it amounts to about \$6 million which has been added in. That gives you a total of \$85 million for the first year of the biennium and \$98 million for the second year of the biennium from local revenue sources. Looking at Table 4, you can see how putting all of those together will do that.

Mr. Marvel asked what they have heard on the federal impact money and was advised that they think they will lose them all; that is the most recent word. Mr. Sanders has talked with Senator Laxalt more specifically about what it looks like in terms of MX development and preparing him for some up-front money that we would need for schools if that does come about. There may be some, although those would be for specific needs, it may be another approach for us in Nevada that is not available.

Mr. Marvel then asked if that would be one-shot money, and was advised that generally, in other places, it has been issued as up-front money to meet developmental costs for schools that would be needed.

Chairman May reminded the members of the check list that has been drafted (attached as EXHIBIT V) and asked for further recommendations or additions by members of the committee and/or audience. Comments made are as follows:

Mrs. Cafferata: Contracts already signed for purchase of equipment but not yet taken delivery concerned about additional sales tax increase between order and delivery date.

Mr. Rusk: Continually keep in mind that when this tax package is completed that it includes somehow a cap as to how much a reassessment can increase in a given year. Perhaps for starters put down "not to increase more than 2% a year" which was what Prop 6 requested and we can talk about something in the area of about 5% for succeeding years.

Mrs. Westall: Look at other taxes in addition to the major ones.

Mr. Craddock: The effect that the tax package will have on financing for regional transportation, regional streets, mass transit, flood control.

Mr. Price: Grand Jury recommendation from Washoe County, review those. Department of Agriculture on effects of tax package on 4H agricultural extensions.

Mr. Marvel: Tie the (ratio/reissue) study into #4 or else do away with it.

Mr. Bergevin: The basic premise of the tax bill is a tax shift and to properly write the capping procedure for expenditures and whatnot.

Dr. Claude Perkins, Superintendent, Clark County School District, pointed out a few things to the committee regarding taxation. We need to talk about the needs of education in the State of Nevada. Several concepts we are concerned about: 1) Would like as best we can to have a certain amount of funds earmarked as local support. With the shift in the revenue sources, it provides a source of instability on the part of the Clark County School District and a number of other school districts in the state. 2) We are confronted with the problem of growth. Our debt service accounts are very important in terms of accommodating the needs of the children in a school district that is growing. In the past we have been allowed, based upon the assessed valuation, we have had kind of a gentlemen's agreement with the city and county governments that we would maintain a certain tax base and we would not go beyond that to take care of rehabilitation projects and building new schools, etc. We have been able to sell our bonds on the premise that it would not necessarily increase the tax rate. I understand that what is being considered at the present time that we will not be able to sell bonds on the basis that it will not. Anything beyond the amount of taxes that will be approved by this committee and approved by the Senate would in fact cause an increase in local property tax, which would make it a little bit more difficult for us to sell or pass bond elections.

Mr. Marvel noted that the tax commission always made sure that debt service was taken care of first and the rest of the entities had to fight for what was left.

Chairman May asked Mr. Joe Mathews to address the committee on the subject of taxes in general.

Mr. Rusk suggested adding to the check list (EXHIBIT V) Mr. Matthews' Initiative Petition. He feels it would help both tax committees to not forget why we are here and what we are trying to do. There is a lot of tax shift talk going on and yet tax reduction is the underlying thought of Prop 6. At the same time, he sees the responsibility on the part of the Legislature, himself included, wanting to make sure there is enough revenue to continue services in this state. This Initiative Petition is something he would like to see included on the list to be able to look at it as a model for what we want to accomplish when we get through with our property tax reform. The Initiative Petition is attached as EXHIBIT VI.

Mr. Joe Mathews explained that this proposal differs from Prop 6 to the extent that it eliminates what appears to be two flaws. The first flaw was understandable; we had no idea that many properties had not been assessed for anywhere up to 15 years. In this proposal, we would roll everyone that was not assessed in 1975-76 up to the 75-76 level. The second part of the complaints

with 6, largely was that many people complained that you were going to wind up with many houses side by side paying different taxes and businesses paying different taxes because of the provision that the tax would change if the property was sold or newly constructed. While we want to roll up to 1975-76, we want to go further than that. As it turned out, 6 was chosen by the people as a better bill. However, in Clark and Washoe County there has been an awful lot of second thoughts simply because the legislative package was supposed to reduce property taxes to amount about equal to 6. In both those counties, taxes have gone up some 250% and in many cases 300%. This has had the effect of not only driving some people on fixed incomes practically out of their homes, but it has discouraged many businesses from coming into Nevada. The next provision added here, to get rid of that side-by-side business, was the tax, as would be set in 1975, would not be affected by a sale or new construction. Any increase since 1975-76 would be rolled back to 1975-76 valuations and that would put everyone equal. From then on, they would increase 2% per year. He has looked at the Governor's bill and studied it; he has seen bills here that have merit. He questions tying property tax to any other tax; in other words, the property tax won't go through if the gas tax doesn't go through or if the sales tax doesn't go through. Both of the taxes have merit within themselves but he doesn't think they are answering the problems of the property owners in the State of Nevada, which right now is a serious one. There is a suggestion made that we tax business properties on a different basis; and any tax that business gets is passed on to the consumer. The next one they talk about is the casinos, that they ought to be paying more tax than they do. He has always felt that we are unique in this state; we have an advantage with the casinos now and shouldn't ask them to pay any more than anyone else because they are already paying 40% of all the revenues in the state as it is.

Mr. Craddock made the following comments: We all know government costs money and we are all anxious to eliminate taxes that exist and we are anxious to eliminate the possibility of future taxes. It seems to me that we have to come down to very basic fundamental agreement as to how to best finance government and then if we can establish that, if we can decide how fast we want government to grow, we say some realistic figure, 80% of the consumer price index, 50% of the consumer price index, 60 or some other concept but to say that taxing can only increase by 2% per year is absolutely erroneous. It is unrealistic. It is not even a conceivable way to look at government financing in the future, in my honest opinion. I feel quite strongly about that. I feel that if the cost of materials to supply the nation's needs go up 20% per year for us to talk about increasing the expenditures of government 2% is absurd.

Mr. Matthews replied that he feels Mr. Craddock is partly right but there are vast numbers of people who are on fixed incomes. Mike O'Callaghan put it pretty well when he talked of the typical case of the couple who bought a home in 1965 for \$15,000 or \$18,000, have never been on welfare, been taxpayers and are now on a fixed income and their home is now being assessed at \$65,000 or \$70,000,

remembering all the time that this is a little bit different than anything else. Your business may increase but the value of that home doesn't increase your income one nickel. That should be partly considered when you think this thing out. The home has no income.

Mr. Craddock further remarked: If I can make one more comment, Mr. Matthews, I have all the compassion in the world for the senior citizens. I'm getting to be one much faster than I like to recognize sometimes but the cost of services are in part associated with value of property and it seems to me that if we depart from the longstanding practice of predicating the cost of the fire department on the cost or value of the property that is being protected, we are getting some distance from substantial government that can be explained to the people. If we have a separate problem as relates to the senior citizens, it seems to me that to solve that problem we should get involved maybe in some kind of a welfare program or some kind of an assistance program but I find the conflicting interest position in making a welfare agency out of the utility companies or the tax collector.

Mr. Matthews responded, its not just all welfare. If you study the history of this state, it became a great state because of gaming. I was on the centennial commission as historian and I can give you some interesting facts. This was going to be a "no tax" state and it made this state. When you are talking about the required funds, you have against that, what I am looking for here and have been, is some sort of compromise; maybe 2% is too low. People said, "Well, you haven't been taxed for five years." How do you justify a 60% increase per year. There has to be some compromise along the line. I'm simply here to watch what the Legislature does; if they come up with what we consider to be a just and equitable tax, I would fold up my tent and go home. But right now I assure you that because of these enormous increases the people are mad and now they are asking what they are getting for their money. A man in southwest Reno whose taxes went up 250% wants to know where is the 2 1/2 times the service he is getting out of this. Did you double the police or the fire department?

Mr. Marvel asked if the tax went up that much or just the assessed valuation and was advised that the tax went up.

Mr. Rusk explained that this happened twice already in Washoe County and he's just talking about the third year; it's gone from \$600 to \$1800 in many cases.

Mr. Price asked if he was generally favorable towards the idea that some of us have had about a constitutional amendment that would allow homes to be treated in the manner he was talking about? For example, you could easily let homes increase only 2% per year if you were able to break them away from all other businesses. Have you generally been favorable to that idea?

He was advised by Mr. Matthews that he is sympathetic to homes, and for people in all incomes, but he also has never been convinced that you can separate the taxation of business properties any differently. He feels they should be uniform. You hear talk of big business, the casinos, Sierra Pacific and Pacific Railroad; the fact is that 80% of all business in Nevada are small businesses. They have real problems and taxes are very meaningful to them too.

Mr. Craddock made the following statement: If we talk in terms of lowering the expenditure of local governmental entities by the tune of 20% of the consumer price index, in other words use 80% of the consumer price index rather than the entire consumer price index, this may be a realistic figure and 50% may be a realistic figure and in the event that the consumer price index should take a downward turn we may still like to be some percentage under the consumer price index. This is the type of thing I am sure we can all work on. My interest is certainly not to raise the taxes for anyone but my interest is the long range effect of what we do have on the people of the State of Nevada. Exactly how we get these things across, of course, is a matter of decision by some kind of deliberative body. We can deliberate on these things forever and until we get down to some basics on the thing it seems to me that we are in trouble. If we predicate our thoughts on something that the people can understand we will be way ahead. We have run into the situation with the Initiative Petition, Mr. Matthews, there is not hardly anything we can do except raise the rates to pay for the personnel involved. The amount of money just simply is not there in the utility industry to provide the kind of public advocacy group that we are after. We are talking about an advocacy group.

Mrs. Westall asked how we got on the advocate in taxation and Mr. Craddock explained that we are talking about in that instance an Initiative Petition, and if the advocacy group is expanded to the point that the Initiative Petition requires, we will be in some real trouble on that one too.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Cheri Kinsley
Cheri Kinsley,
Acting Committee Secretary

ASSEMBLY

AGENDA FOR COMMITTEE ON.....Taxation.....

Date Tues. Mar. 17, 1981 Time 3:00 pm Room 240

Bills or Resolutions
to be considered

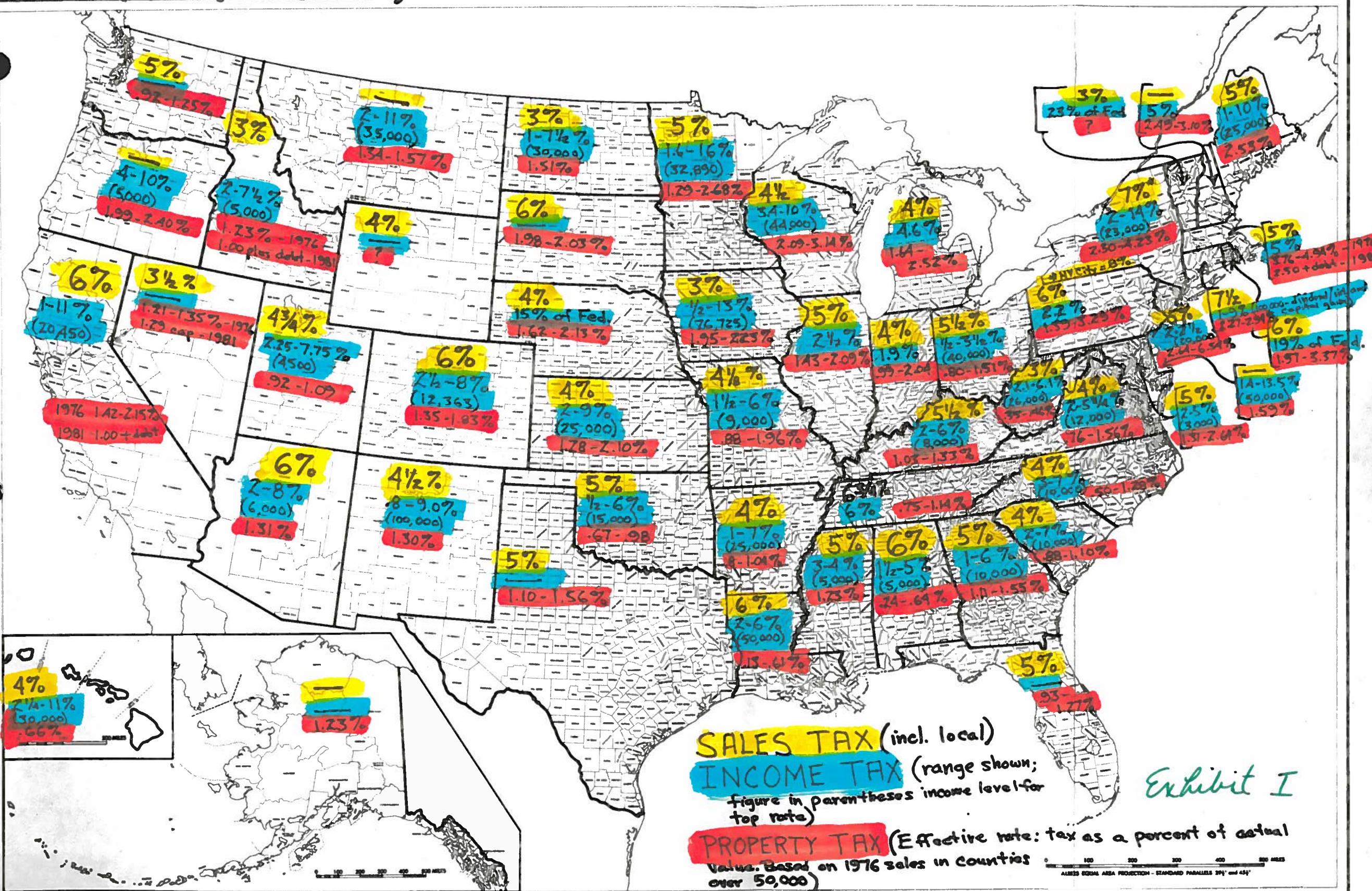
Subject

Counsel
requested*

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

Work session - general deliberations towards con-
clusions to be enacted in final "tax package".

SALES, INCOME, AND PROPERTY TAXES BY STATE



4%
 2 1/4 - 11%
 (30,000)
 66%

1.23%

0 100 200 300 400 500 MILES
 ALBERS EQUAL AREA PROJECTION - STANDARD PARALLELS 39° and 45°

Prepared by: Research Division 3/15/81

TAXES USED IN OTHER STATES BUT NOT IN NEVADA

(NUMBERS IN PARENTHESES SHOW HOW MANY STATES HAVE THE TAX)

1. PERSONAL INCOME (43)
2. CORPORATE INCOME (40)
3. CORPORATE INCOME FRANCHISE (16)
4. BANK EXCISE (25)
5. BUSINESS FRANCHISE (28)
6. SPECIAL INTANGIBLES (11)
7. SEVERANCE (30)
8. ADMISSIONS (30)
9. STOCK TRANSFER (3)
10. INHERITANCE (29)
11. ESTATE (49)
12. GIFT (13)

APG/JLD: 4.1

EXHIBIT II

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627

KEITH ASHWORTH, *Senator, Chairman*
Arthur J. Palmer, *Director, Secretary*

INTERIM FINANCE COMMITTEE (702) 885-5640

DONALD R. MELLO, *Assemblyman, Chairman*
Ronald W. Sparks, *Senate Fiscal Analyst*
William A. Bible, *Assembly Fiscal Analyst*

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

March 3, 1981

Assemblyman Jansen F. Stewart
Assembly Chamber

Dear Jan:

This is in brief response to your questions on behalf of the Committee on Taxation concerning A.J. 21, which would prohibit an income tax.

1. This proposed amendment of section 1 of article 10 would not affect the tax on net proceeds of mines. The latter is positively required by the same section, and the section must be read as a whole, not to conflict with itself. Lending support to this view is the general principle of statutory construction that taxation is the rule and exemption the exception.

2. The question of the license fees based upon gross or net revenue is more difficult. It seems to present two issues:

(a) Would the constitutional prohibition apply to local governments? I believe that it would, for in this state no local government has independent constitutional status: all derive such powers of licensing, regulation and taxation as they have, from the legislature.

(b) Would the prohibition ban license fees, state and local, which are based on gross or net income? The cases from other jurisdictions are so divided that no positive answer is possible. It appears that the safest course, if it is desired not to affect license fees based upon income, is to exclude them expressly from the proposed amendment.

Very truly yours,

A handwritten signature in cursive script that reads "Frank".

Frank W. Daykin
Legislative Counsel

FWD:kb

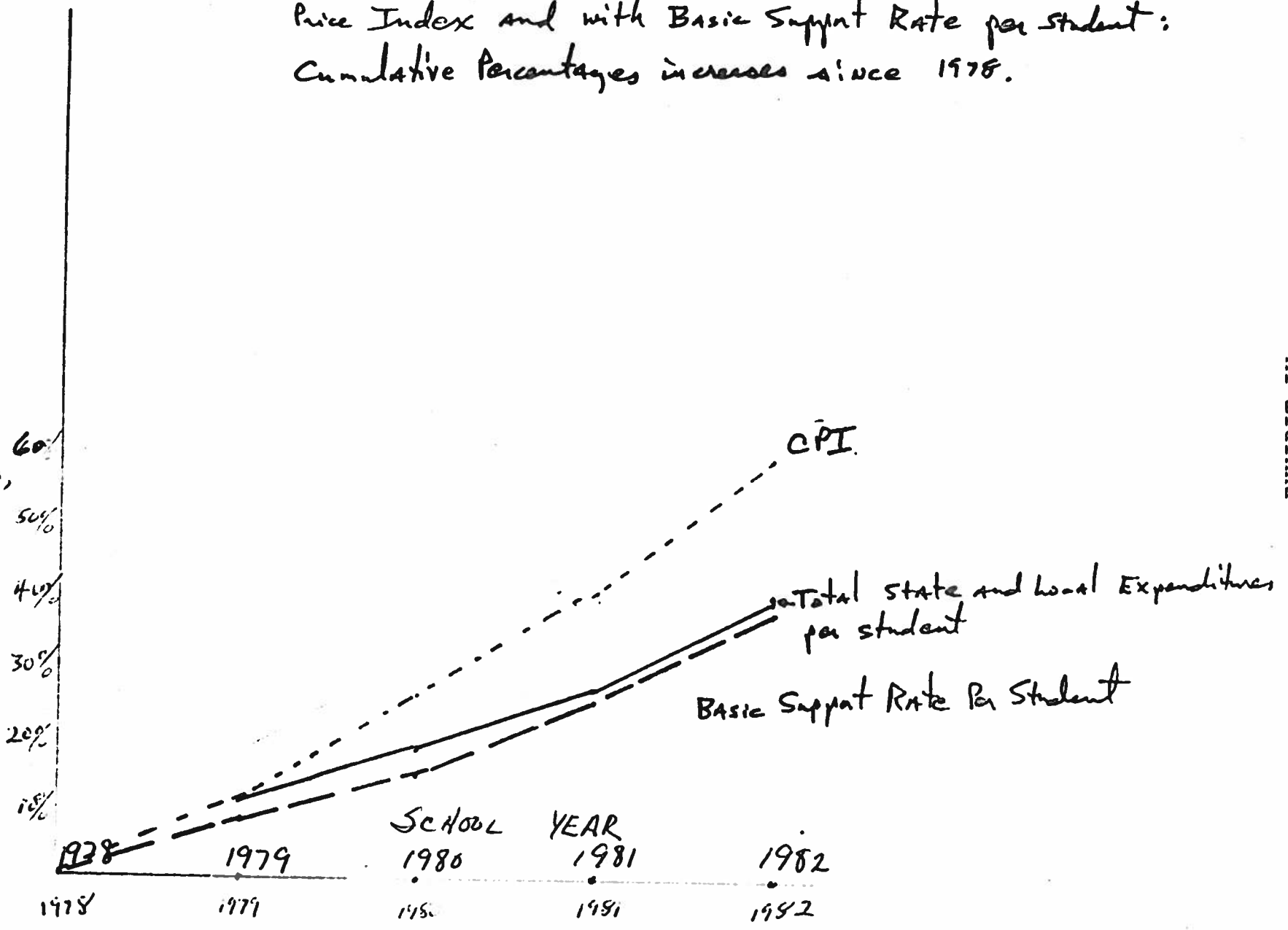
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Figure 1:

Comparison of Total Nevada State and local Expenditures Per Student with Annual Increases in Consumer Price Index and with Basic Support Rate per student: Cumulative Percentages increases since 1978.

Percent cumulative Increase from September, 1978.



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EXHIBIT IV

NSEA 3-17-81

School Year

TABLE I:

ACTUAL AND PROJECTED EXPENDITURES PER STUDENT
SCHOOL YEARS 1978 THROUGH 1982 FROM
STATE AND LOCAL REVENUES AND FEDERAL IMPACT REVENUES

School Year	1978	1979	1980	1981	1982
Expenditures per student	\$1,590	\$1,784	\$1,886	\$2,017 ¹	\$2,225 ¹
Cumulative percent increase from 1978		12 %	18.6 %	26.8 %	39.9 %
Cumulative percent increase in Consumer Price Index from September 1978		12 %	26 %	41.4 % ²	58.4 % ²

¹ Expenditures exclude projected ending fund balances of \$10.3 million for 1980, 1981, and 1982. Expenditures are assumed to be total revenues available to school districts under the Governor's tax proposals of 1.3¢ LSST and 50¢ property tax rate on factored up Ad Valorem tax bases of \$10.2 billion in 1981 and \$11.8 billion in 1982.

² Assumes 12% annual inflation rate for fiscal years 1981 and 1982.

TABLE 2:

DISTRIBUTIVE SCHOOL FUND REVENUES (MILLIONS)

	<u>FY 1981-82</u>	<u>FY 1982-83</u>
LSST at 1.3¢	\$86.776 (+12% in base)	\$94,692 (9.1%)
Out of State Sales Tax at 1.3¢ ⁽¹⁾	<u>\$8.16</u> (18% increase in base)	<u>\$8.90</u> (9.1%)
Sub Total	\$94.94	\$103.59
Other State Sources ⁽²⁾ (e.g. Land Lease, Investment, Income, Slot Tax)	<u>\$24.13</u>	<u>\$25.23</u>
Sub Total	\$119.07	\$128.82
General Fund Appropriation (Governor's Recommendation)	<u>\$116.81</u>	<u>\$122.62</u>
TOTAL DSF REVENUES	\$235.88	\$251.44

(1) Source: Histories and Summary Presentation.....Joint Taxation Committees March 3, 1981

(2) Source: Department of Education Nevada Plan February 1, 1981

TABLE 3:

LOCAL REVENUES (MILLIONS)

	<u>FY 1981-82</u>	<u>FY 1982-83</u>
MVPT	\$9.67	\$11.01
Federal Impact Aid	\$4.15	\$4.35
Ad Valorem Revenues at 62¢ uncapped	<u>\$52.51</u> (base = \$8.47 billion)	<u>\$62.00</u> (base = \$10.0 billion)
Sub Total Local Resources	\$66.33	\$77.36
Miscellaneous Revenues (Tuition, Interest Income, etc.)	<u>\$6.2</u>	<u>\$6.2</u>
Sub Total	\$72.53	\$83.56
2/10 LSST	<u>\$13.35</u>	<u>\$14.57</u>
TOTAL	\$85.88	\$98.13

TABLE 4

STATE AND LOCAL ⁽¹⁾ REVENUES ⁽²⁾ (MILLIONS)

	<u>FISCAL YEAR 1981</u>		<u>FISCAL YEAR 1982</u>	
STATE REVENUES including 1.3¢ LSST	\$235.88		\$251.44	
LOCAL	72.53		83.56	
	<u>-----</u>		<u>-----</u>	
	\$308.41		\$335.00	
2/10¢ additional LSST	<u>13.35</u>		<u>14.57</u>	
TOTAL	\$321.76		\$349.57	
<u>TOTAL REVENUES ⁽³⁾ REQUESTED</u>				
NSEA	\$330.00	<u>Shortfall</u>	\$382.00	<u>Shortfall</u>
DEPT.	\$327.78	\$8.24	\$367.60	\$32.43
		\$6.02		\$18.00

(1) Local includes Federal impact aid revenues

(2) Excludes ending and opening fund balances as these are not revenues

(3) Revised to include 6.2 million in miscellaneous revenues identified in Table 3

CHECK LIST FOR ASSEMBLY TAXATION COMMITTEE REGARDING
TAX PACKAGE

1. Write new statute regarding sales tax collections on mail order sales from outside Nevada by Nevada residents.
2. Statutorily provide that sales taxes are not an allowable deduction under definition of net proceeds of mines.
3. Withdrawal from the multi-interstate tax compact will provide additional dollars to Nevada.
4. Revise practice commonly used for assessing and appraising.
5. Examine the definition of net proceeds of mines and possible deletion therefrom.
6. Bring one year lag in ad valorem taxes to current status.
7. Examine existing ad valorem exemptions and possibly remove some.
8. Renters ---- rebates, require tax savings mandated ? ? ?
9. Mobile homes repeal new formula scheduled to go into effect in 1982 or ?
10. Enterprise tax zones.
11. Require utilities to pass savings on to consumers.
12. Exempt major purchases (\$5,000 - 10,000) from increases in sales tax.
13. MX - sales tax impact and ways of assuring Nevada's obtaining maximum sales tax revenue from MX - private contractor purchases.

INITIATIVE PETITION

TO THE HONORABLE SECRETARY OF STATE OF THE STATE OF NEVADA:

We, the undersigned registered voters of the State of Nevada, by virtue of and in accordance with Sections 2 and 3 of Article XIX of the Constitution of the State of Nevada and NRS 295.035 and 295.055, hereby propose by initiative petition an amendment to the Constitution of the State of Nevada by the addition of a new section to Article 10 thereof to be designated Sec. 3 which shall immediately follow Sec. 2 thereof, and request that such proposed amendment, pursuant to the provisions of subsection 4 of Sec. 2 of Article XIX of the Constitution of the State of Nevada and subsection 1 of NRS 295.035, be voted upon by the registered voters of the entire state at the general election to be held on November , 1982.

The enacting clause and the entire text of the proposed amendment read as follows:

THE PEOPLE OF THE STATE OF NEVADA DO ENACT AS FOLLOWS:

Section 1.(a) The maximum amount of any ad valorem tax on real property shall not exceed one per cent (1%) of the full cash value of such property.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2. (a) The full cash value means the amount at which real property was appraised by the county assessor or the Nevada Tax Commission for the fiscal year beginning July 1, 1975, under "full cash value." All property not already assessed up to the 1975-76 tax levels and all real property assessed thereafter that date shall be reassessed to reflect 1975-76 valuations.

(b) The "full cash value" base may reflect from year to year the inflationary rate not to exceed two per cent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

(c) All real property shall be assessed annually.

Section 3. From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4. Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5. This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6. If any section, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect.

Amendment to the Nevada State Constitution
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