

Chairman May called the meeting to order at 3:00 p.m. with the following members and guests present:

MEMBERS PRESENT: Chairman May
Mr. Bergevin
Mr. Brady
Mrs. Cafferata
Mr. Craddock
Mr. Marvel
Mr. Price (arrived late)
Mr. Rusk
Mr. Stewart
Mrs. Westall

MEMBERS ABSENT: Mr. Coulter (Excused)

Please see attached guest list for guests present.

A.B. 258 -- Provides for submission to voters of amendments to Sales and Use Tax Law.

Mr. Nick Horn, Assembly District #15, testified in support of this bill. He explained that the draft did not come out as he had requested in that it included many more areas for exemption than he anticipated. His request had been for an exemption on prosthesis such as canes, braces and artificial legs. He would have no objection if the committee wanted to enact legislation which includes the additional areas, but he wanted to go on record as not having proposed the present bill. He submitted a fiscal note (attached as EXHIBIT I). The preliminary impact on this bill is approximately \$100,000 the first year of the biennium -- it was not his intent to propose tax relief of that magnitude. That estimate was based on the way the bill is drafted which includes glasses, hearing aids, etc.

During discussion, it was pointed out that purchase of a pair of artificial legs would amount to approximately \$6,000 to \$10,000 and during one individual's lifetime, you would require probably 10 pairs of legs. Using that formula, you would be spending \$60,000 over the years and you would receive \$1,800 in tax relief, or \$3,000 at the 5% rate. He estimates there would not be more than \$100,000 spent in Nevada on crutches, canes, braces and artificial legs in any given year and that would be about \$3,500 in tax relief that we are talking about as opposed to \$100,000 if we include hearing aids and eye glasses.

He said he understands Senator Faiss has introduced a bill similar to this that does include all appliances and that the eye glass and hearing aid people favor a bill that is all encompassing. When he received co-sponsorship on his bill in the Assembly, it was under the assumption that it would be limited to the canes, braces, etc.

In discussion, it was brought out that there may be some question on the amount of the fiscal impact if the bill was left as presently drafted and, in the circumstances, a sub-committee consisting of Assemblymen Price, Cafferata and Westall was appointed by Chairman May.

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A.B. 44 -- Changes dates for equalizing, reporting, collecting and certifying property taxes.

Chairman May asked that Mr. Nickson, Director of the Department of Taxation, present to the committee his recommendation on this measure. Mr. Nickson distributed copies of Exhibit II, attached, titled "Synopsis of Changes Proposed" and went over his recommended changes. There was brief discussion on various sections of the recommendations but no action was taken as far as rejecting or approving any particular items.

Testifying next was Mr. Pat Pine, Clark County, who submitted written comments and suggested some technical amendments to the bill (shown as EXHIBIT III attached). He explained that the County had no objection to this bill, but they would appreciate consideration by the committee of the proposed amendments. Mr. May stated that he feels the alternative amendments present some conflict with the bill. Mr. Pine explained that his proposals were written before the committee's earlier discussion on S.B. 27, therefore, some of his comments and the written comments they received may be amended depending upon the committee's feelings about using S.B. 27, which is already in effect.

He briefly reviewed his suggested amendments which he explained were technical problems concerned with timing, etc.

After a brief discussion, it was determined that this bill, with the proposed amendments, should be given further review and Chairman May then appointed a sub-committee composed of Messrs. Pine, Nickson and Assemblymen Price, Bergevin, and himself. A report will be brought back to the committee as a whole.

Mr. May advised the members that he had received conflict notices from Mr. Daykin on S.B. 27 and S.B. 114 and stated he would contact Mr. Daykin to determine what they consist of.

Mr. May then announced the joint hearings of the Assembly and Senate Taxation Committees beginning April 6, 1981 and at that time they expect to have the final amendments to S.B. 69, A.B. 369, and S.B. 411. He reminded the members of the scheduled hearings as to taking testimony from the large counties, small counties, school districts, assessors, etc. Some amendments have been submitted to the printer's office and will be available within the next several days.

Chairman May next intorudced Mr. Joe Matthews, author of Proposition 6. Mr. Matthews stated he had sent a position paper to Chiarman May this morning which contains some information for their review. He added that he has found across the state that when people talk about gas taxes, they say, "Maybe, if we need them we'll go for them." On sales tax, they seem to be reasonable; on property taxes, they seem to be adamant. They wouldn't like the property tax to go up whether they could get the other revenues or not. He felt what might take a little explanation is a rather scathing attack on the Legislature by Mel Steninger, the Editor of the Elko Free Press, which does not express his feelings in this matter.

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He feels he has been treated extremely well by this committee. He has heard concerns expressed around the state that the Legislature has now gone past 60 days and the Legislators have still not addressed the tax problem; there is still quite a bit of hostility coming into play. He understands there are more editorials along this same vein to come and he simply wanted to alert the members of the committee that they can expect them and take appropriate action now or at that time.

Mr. Matthews added you very often hear, written by the press, that someone is only going to bring relief to the elderly, the retired citizens and the poor folks. He assured the committee that with the interest in property taxes now, if they wanted to hear from the businessmen, we could fill this room one hundred times as this subject is so tremendously affecting them. He suggested that it would be a good idea to listen to some of the businessmen who have been interested in bringing in businesses from outside the state and have lost the freeport advantage that they had at one time. They are taking this matter much more seriously than they did back in 1978 before they had these rises. He volunteered to send a list of the names of these individuals to the committee.

Mrs. Westall asked Mr. Matthews if we reduce the property tax on the freeport property, what would really be the benefit that we would receive. There isn't much in the way of the labor that is involved except in building the buildings and there isn't much income except the taxes. Mr. Matthews responded by saying Nevada always had a big advantage. California knew about it and screamed about it for years about all the warehouses that were coming over here because we had a freeport law; but we lost that advantage. In addressing the question by Mrs. Westall on why we should want their warehouses in Nevada if we are not going to get any benefit, Mr. Matthews replied that 50 years ago this state was dying -- the ranches were dying, the mining was not active, but in spite of that the then Legislature made it the great state that it is with gaming, freeport, etc. They built a great state but he can see problems coming in again and it is up to the Legislators to recognize the problems and make an attempt to solve them. He stated that warehouse operators are one of the largest employers in the state, but in order to have a successful business, you must have the employees and with the housing market what it is and has been, it is almost impossible for people to be able to afford to live here. Mrs. Westall pointed out that in her opinion, the land could be better utilized into something that is going to hire more people rather than waste it on warehousing. Mr. Craddock concurred with some of the comments made by Mrs. Westall, stating she had brought up a good point. He felt it might be interesting to get the average income of some of the warehousing facilities that are operating around the state today. If the income is low, it would perhaps appear that it was a distinct disadvantage of having them.

Mr. Rusk suggested that any member that has any question about the benefit of warehousing should arrange a tour through some of the facilities in Sparks where they would see thousands and thousands of people employed there.

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That concluded the testimony by Mr. Matthews and the inquiries made to him.

A.B. 188 -- Increases veterans' exemption for property tax.

Mr. Rusk advised the committee we had another bill similar to this introduced by Dr. Robinson that called for an exemption in the amount of \$2,000 or \$2,750 and we held considerable discussion on it. He doesn't see any particular need to pursue this bill inasmuch as the comprehensive tax package addresses the tax problem not only to veterans but everyone across the board.

There were people in the audience that wanted to comment on the bill: Mr. Pat Pine, Clark County, who distributed EXHIBIT IV, attached, showing the fiscal impact of this measure; and Mr. Homer Rodriguez, Assessor of Carson County, also had a handout, EXHIBIT V, attached, showing the fiscal impact of the bill.

Mr. Hale Bennett, with the Registration Division of the Department of Motor Vehicles, pointed out to the committee that if they take action to pass this, they should include the privilege tax. At this point it includes property tax only, and if we are going to process it, we should include privilege tax because the same records are kept for both of them.

There was no action taken on the bill at this time.

A.J.R. 27 -- Proposes to amend Nevada constitution to permit valuation of homes according to use under certain circumstances.

Mr. Bergevin reminded the committee that there were three questions that were raised the last time this resolution was heard, they are: on line 5 as to why "assessments" is bracketed out. Mr. Daykin has supplied him with an amendment that will take care of that. The second question was on page 13 where Mr. May had a question on "primary home." Mr. Daykin maintains the present language in the resolution is sufficient and, also, when you speak about "other property," it means "other property in the vicinity." He felt there was no need for a change there. Then on line 2, section 1, page 4, he suggested we delete the word "the" and leave "except as otherwise provided in this section, the legislature shall provide by law for the rate of taxation."

Testifying next in opposition was Mr. Pat Pine, Clark County, who stated that the reason they have deferred some opinion on the measure to "split the rolls" is that they have been waiting for some determination from legislative counsel as to what may or may not be done to target relief to home owners as opposed to other types of property owners. With the understanding of some of the legal advice they are getting now, they are going to continue to hold off on the issue of whether or not the rolls should or should not be split. He submitted to the committee members a newspaper article from a California newspaper on the raging debate on splitting the roll there under Proposition 13. He was suggesting that the article makes for good reading for anyone that is considering splitting the property tax roll.

Mr. Price suggested that this would give protection to people in Nevada as it would resolve the problem of where people are living in commercial or industrial property, etc.

There being no further testimony on this resolution, a motion was introduced by Mr. Marvel, seconded by Mr. Bergevin to AMEND AND DO PASS. Motion carried by a majority vote with Mrs. Cafferata voting NAY.

The amendment was submitted by Mr. Bergevin on page 1, line 5, where "assessments" was bracketed out, we would be putting that back in, and starting on line 4, adding "except as otherwise provided in this section, the legislature shall provide by law for the rate of taxation."

Mr. Bergevin was requested to carry this bill on the floor of the Assembly.

That being the end of the agenda items, Chairman May advised the committee that he had asked Mr. Nickson, Department of Taxation, to provide this committee with some information on the retail merchants within the State of Nevada. He explained that at the present time, the retail merchants are very unhappy about the proposed increase in sales tax and the fact that they must collect it and remit the revenue to the state. Overall, they are able to keep .3571% and their collections must be submitted along with a written report. For example, if a retail merchant has taxable sales per month in the amount of \$15,000, and his total tax is 3.5, he makes \$7.12 profit. If we increase the sales tax to 5 1/2% and if the collections stay the same at the present rate, he would get \$11.20. He suggested it might be a good idea to increase the amount the retail merchant makes for performing that service.

Testifying on this subject was Carol Villardo who stated that one of the problems we have at this point is that some of the largest stores are going away from credit cards and going to Mastercharge and Visa. The expense of processing the paperwork, the fact that it takes an accountant to prepare the forms, and the increased prices are contributing factors. Normally, you used to figure that 3% would cover those costs if you run a charge operation; today the figures are closer to 7 and 8% to administer the charge. Retail merchants must collect the sales tax for the State and it costs them to collect that sales tax in the paperwork. While they will get a larger amount because of the higher tax, there is no way that is going to offset what the current expenses are for administering and that's their concern.

In response to a question by Mrs. Westall, Chairman May explained that retail merchants collect three different taxes and complete three different reports. He and Senator Ashworth had suggested they let the retail merchants collect the three taxes, add them up and remit the State's percentage, keeping a very small percentage of that total, but only fill out one report. This would help in cutting down the paperwork primarily and, additionally, allow them to keep a little more money for their services.

* See Exhibit VI

(Committee Minutes)

Chairman May pointed out that we will be getting into this subject again later when dealing with this particular subject matter.

Submitted and attached is EXHIBIT VII titled, "Background paper 81-10 Comparison of Major State Taxes Sales, Income and Property" prepared by the Research Division of the Legislative Counsel Bureau. There was no testimony or comment and is submitted as a permanent part of the record of this meeting.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Pybbi Kinsley
Nykki, Kinsley,
Committee Secretary

ASSEMBLY

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

Date Mon. Mar. 30, 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.

- A.B. 44- Changes dates for equalizing, reporting, collecting
and certifying property taxes.
- A.B.188- Increases veterans's exemption for property tax.
- A.B.258- Provides for submission to voters of amendments
to Sales and Use Tax Law.
- A.J.R.27- Proposes to amend Nevada constitution to permit
valuation of homes accoring to use under certain
circumstances.

*Please do not ask for counsel unless necessary.

F I S C A L N O T E

BDR 32-1010
 A.B. _____
 S.B. _____

T A T E A G E N C Y E S T I M A T E S

Date Prepared 3-12-81

Agency Submitting Taxation

<u>Revenue and/or Expense Items</u>	<u>Fiscal Year 1980-81</u>	<u>Fiscal Year 1981-82</u>	<u>6 mo. Fiscal Year 1982-83</u>	<u>1 yr. Continuing</u>
2% Sales Tax	<u>-0-</u>	<u>-0-</u>	<u>(131,113)</u>	<u>(288,443)</u>
1% LSST	<u>-0-</u>	<u>-0-</u>	<u>(55,557)</u>	<u>(144,224)</u>
1/2% CCRT	<u>-0-</u>	<u>-0-</u>	<u>(32,778)</u>	<u>(72,112)</u>
Total	<u>0</u>	<u>0</u>	<u>(229,448)</u>	<u>(504,784)</u>

Explanation (Use Continuation Sheets If Required)

Estimate based on FY 80-81 sales with estimated 10% price increase per year to FY 82-83.

Hearing aids - 14,400 @ \$400 ÷ average 6 yr. life = \$960,000 sales.

Glasses - 264,000 @ \$100 ÷ average 3 year life = \$8,800,000 sales.

Braces, canes, crutches are estimated @ \$1,075,770 taxable sales annually.

Local Government Impact YES NO
 (Attach Explanation)

Signature Ray E. Nickerson
 Title Executive Director

• DEPARTMENT OF ADMINISTRATION COMMENTS

Date _____

*pop ~~864,000~~ 800,000
 1/3 - 2 84,000 wear glasses
 1.80% wear hearing aids*

Signature _____
 Title _____

• LOCAL GOVERNMENT FISCAL IMPACT
 (Legislative Counsel Bureau Use Only)

Date _____

SYNOPSIS OF CHANGES PROPOSED

BY AB 44

1. NRS 361.333 - Ratio Study:

Provides for Department to "deliver" the ratio study to County Assessors and Boards of County Commissioners prior to May 1st of each year rather than "certify." The ratio study is subject to appeal and revision by the Nevada Tax Commission at a regular meeting during the month of May. This permits a review of the study by the local governments prior to Tax Commission action.

Provides that only the Assessors and Boards of County Commissioners from the counties in which the ratio study has been conducted must meet with the Tax Commission rather than all Assessors and all Boards of County Commissioners.

2. NRS 361.340 - County Boards of Equalization:

Removes the emergency measure instituted by SB 27 that permitted appointment of two Boards of Equalization and returns to only one board. Committee may desire to retain the permissive language in SB 27 for establishment of two boards. This worked well in Washoe County this year with the more experienced board handling all commercial and industrial properties and the second board hearing only appeals from residential properties.

Recommends statutory requirement that appeals be filed by January ¹⁵10th. This is currently done by State Board of Equalization Regulation. Legislative Counsel recommends that the appeal deadline be set by statute.

Returns date for County Boards to complete hearings and decisions by January 31st of each year. Also requires publication of data, times and places of County Board meetings in a newspaper at least 10 days prior to first meeting. This is now required by State Board of Equalization Regulation.

3. NRS 361.355 and 361.360 - Appeals to State Board of Equalization:

Authorizes appellants to "file" an appeal no later than the 4th Monday of February. Law now permits personal appearance before Board on 4th Monday of February.

4. NRS 361.365 - Delivery of Transcripts:

Provides that appellants submitting a transcript of County Board deliberations must submit the transcript with the filing of an appeal.

5. NRS 361.380 - Meetings of State Board of Equalization:

Changes meeting date from 1st Monday in February to 1st Monday in March. Allows time for scheduling of appearances before state board to permit better utilization of board members' time. Changes conclusion of decisions having substantial impact on revenues from March 4th to April 10th. Final budgets of local governments are not now due until May 1st. Thus, there is still ample time for calculations of assessed values and tax rates to reflect State Board actions.

6. NRS 361.390 - County Assessors' Filing of Tax Rolls:

Changes date for filing of corrected tax roll from 1st Monday to 2nd Monday in February. Provides the Assessor with an additional week to calculate changes made by County Boards of Equalization. Requires segregated roll to be submitted to State Board on 4th Monday of February rather than March 25. Under statutory scheme, the state board should have the segregated roll available for review in their deliberations on equalization.

7. NRS 361.405 - Certification of State Board Actions:

Changes date for certification from March 15 to April 15 to reflect changes in State Board meeting dates.

8. NRS 361.465 - Extension and Delivery of Tax Roll:

Changes date for auditor extension of roll from June 1 to June 15th. Tax Commission now required to set tax rates on May 25th. June 1st is no longer realistic time frame from certification of tax rate and levy by County Commissioners until auditor has extended roll.

9. NRS 361.483 - Payment of Taxes:

Changes date for payment of taxes in full from 1st Monday to 3rd Monday in July. This conforms to date when first installments of taxes are due.

10. NRS 361.795 - Tax Allowance:

Changes date for auditor to extend roll from June 1 to June 15 as in 361.465.

11. NRS 362.130 - Certification of Net Proceeds of Mines:

Changes date of certification from not later than May 15 to not later than June 1st. Tax Commission must meet on May 25th to set tax rates and this will permit the Commission to also certify Net Proceeds at the May 25th meeting.

12. Changes to NRS 354:

Takes sections from NRS 361 and places them in local government chapter.

13. Repealers:

Repeals 361.735 and 361.745, 361.750, 361.755 and 361.760 as they are now in Chapter 354.

COMMENTS AND SUGGESTED AMENDMENTS
TO AB 44
PRESENTED BY CLARK COUNTY
(PATRICK PINE, ASSISTANT COMPTROLLER)
ASSEMBLY TAXATION COMMITTEE
MARCH 30, 1981

We have examined AB 44 and find no major problems, but do see that several amendments might correct minor flaws in the proposal as it relates to other legislation.

Suggested amendments include:

- (a) On page 2, line 7, a requirement that the department of taxation give at least 10 days' notice to a board of county commissioners that a meeting on a ratio study is to be conducted would be helpful.
- (b) On page 2, lines 8 and 10 should be further amended to require a representative of each board of county commissioners to meet with the tax commission.
- (c) On page 2, lines 19 and 26, the board of county commissioners should be provided with a certain number of days, perhaps 10, in which to approve or disapprove the recommended changes in valuation.
- (d) On page 2 of printed bill, line 39, the first word should be "have" instead of "has".
- (e) On page 3, lines 10 through 45, should be deleted or revised to conform to the language in SB 27 which has already passed. Furthermore, except for the language on page 3, line 46 through page 4, line 2, which proposes to require publication of the meetings of the board of equalization, the entire section relating to NRS 361.340 has already been amended in SB 27.
- (f) On page 4, line 47, the date of the "4th Monday in February" should be changed to "March 5" in order to conform to SB 27. The same change should be made on page 5, line 12.

- (g) On page 5, line 37, it is suggested that the first meeting of the state board of equalization be held on the first Monday in March rather than the first Monday in February. However, SB 27 did not address the schedule in the same manner. Further, AB 44 recommends that the state board should complete work on substantive appeals by April 10, while SB 27, as passed, sets the deadline as March 10. Clarification is needed.
- (h) On page 6, line 16, it appears that each assessor would have to submit a segregated roll to the state board of equalization by the 4th Monday in February rather than by March 25. Considering that all other activities are proposed for some later date while this activity seems to be proposed for faster completion, there seems to be some conflict in the direction of change proposed by AB 44.
- (i) It appears that the amendment proposed on page 7, line 24, would impact the cash flow projections of local governments by delaying the first quarter tax payment date two weeks. If such an amendment is enacted, it would seem reasonable to consider further amendments to NRS 361.483 to increase the interest penalties for delinquent taxpayers. On page 7, line 39, through page 8, line 10, a new schedule of interest penalties should be provided. When the maximum penalty for a delinquent taxpayer is only 7% for failure to pay four quarters of payments (or 10% for mobile homeowners), there is an enormous incentive to be delinquent in payments since the prime interest rate is more than twice the rate imposed on delinquent taxpayers.
- (j) On page 9, line 47, the first payment of monies from the county treasurer to the state is suggested for the 3rd Monday in July. Since tax payments are now proposed to be paid by July 15 rather than July 1, the county treasurer should be allowed until August 1 to make the first payment to the state.

ANALYSIS OF ESTIMATED
FISCAL IMPACT ON CLARK COUNTY
OF AB 188
(PRESENTED BY PATRICK PINE, ASSISTANT COMPTROLLER)
ASSEMBLY TAXATION COMMITTEE
MARCH 30, 1981

The Clark County Assessor's Office reports that there are currently 10,359 veterans qualifying for the \$1,000 exemption. That would indicate that the additional potential exempt valuation under AB 188 would be calculated as follows:

AB 188 Proposal	10,359 x \$5,000 =	\$51,795,000
Less Current Law	10,359 x \$1,000 =	<u>10,359,000</u>
Potential Additional Valuation Subject to Exemption		= \$41,436,000

It is further estimated that approximately 60 percent of the eligible veterans are utilizing the exemption. If that level of utilization continued under AB 188, the estimated additional valuation exempt from taxation in Clark County is \$24,861,600. At the current tax rates, Clark County would have reduced property tax receipts of approximately \$281,000, while all local entities in Clark County would have reduced property tax receipts of approximately \$925,000.

It is not known whether the higher level of exemption proposed in AB 188 would have an influence on the level of utilization by veterans and a correspondingly greater fiscal impact.

Assembly Bill-188

Sponsored by Assemblyman Rusk

SUMMARY - Increases veteran's exemption for property tax
NRS 361.090

Section 1.

Subsection 2. For the purpose of this section the first [\$1000]
\$5000 assessed valuation of property in which such a person has
any interest shall be deemed the property of that person.

DURING THE FISCAL YEAR OF 1980-81, CARSON CITY HAS A TOTAL OF
1702 VETERANS ON THE TAX ROLL.

PRESENT EXEMPTIONS AT \$1000

	Total valuation
798 - Mobile Home and Property Owners	798,000
904 - Motor Vehicles	<u>904,000</u>
	1,702,000

PROPOSED EXEMPTIONS AT \$5000

798 - Mobile Home and Property Owners	3,990,000
904 - Motor Vehicles	<u>904,000</u>
	4,894,000

This bill will cost Carson City \$3,192.000 of assessed valuation.

Department of Taxation

Capitol Complex

CARSON CITY, NEVADA 89710

Telephone (702) 885-4892

In-State Toll Free 800-992-0900



ROBERT LIST, Governor

ROY E. NICKSON, Executive Director

April 6, 1981

MEMO

TO: Chairman and Members of Senate and
Assembly Taxation Committees

FROM: Roy E. Nickson, Director *REN*
Department of Taxation

SUBJECT: IMPACT ON RETAIL SALES BY
INCREASING SALES TAX RATE

1. I have made some inquiries on the experience that other states have had in increasing sales tax rates. A recap is furnished for your information:
 - a) National Association of Tax Administrators:
No study ever conducted. However, Director of NATA believes that in times of double digit inflation, any sales tax increase would have minimal or no effect on retail sales.
 - b) Massachusetts: Raised tax from 3 percent to 5 percent. No impact, could not even be measured. Has not discouraged new business from starting operations.
 - c) Indiana: Raised tax from 2 percent to 4 percent, accompanied by 20 percent reduction in Property Tax. Citizens "delighted." A "Very Popular" law. Believes retail sales actually increased. They did provide renters a credit on their state income tax to compensate them for sales tax increase.
 - d) Connecticut: Increased from 5 percent to 7 1/2 percent - highest in the nation. Loss of retail sales minimal - perhaps .8 of 1 percent. Now considering raising tax to 8 percent. Since residents are within 50 miles of five (5) other states with lower sales tax rates, there had been some concern - particularly from border communities. However, Director of Department of Revenue is convinced that impact is "negligible."

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Exhibit VI

Memo to Chairman and Members of Senate
and Assembly Taxation Committees
From Roy E. Nickson
April 6, 1981
Page 2

- e) District of Columbia: Increased from 5 percent to 6 percent on August 1, 1980. Has experienced about a 5 percent reduction in anticipated retail sales. However, with Virginia at a 4 percent rate and Maryland at a 5 percent rate, this was expected. Again, proximity of shopping centers in the Virginia and Maryland suburbs blamed for lost retail sales.

All in all an encouraging analysis. Due to distance involved from Nevada population centers, I doubt that Idaho, Utah and Arizona lower tax rates would have any affect on our retail sales. Some Northern Nevadans could go to Oregon (no sales tax) for major purchases. We know that some citizens do this now for automobiles and retain Oregon license plates in Nevada.

REN/jbd

cc: Governor List

Background Paper 81-10

COMPARISON OF MAJOR STATE TAXES
SALES, INCOME & PROPERTY



RESEARCH DIVISION
LEGISLATIVE COUNSEL BUREAU

Nevada Legislature
Legislative Building
Carson City, Nevada 89710

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Exhibit VII

COMPARISON OF MAJOR STATE TAXES

SALES, INCOME AND PROPERTY

I

INTRODUCTION

The following chart is a state-by-state comparison of three major taxes. The comparison requires some explanation. No two states have exactly the same tax administered in exactly the same way. Comparisons of all 50 states along any dimension require some generalizing and some loss of detail.

The sales tax figures shown are a combination of a statewide rate and the highest possible local government rate for general purposes as of January 1981. There are a few local areas, such as those supporting California's Bay Area Rapid Transit, that are authorized additional sales tax beyond the statewide maximum shown.

The income tax figures in the table are the state rate and, where there is a range in the rate, the income figure at which the top rate goes into effect as of January 1981. There has been no attempt to account for the many nuances in exemptions and determination of taxable income. For the most part, state income taxes follow the federal income tax in determination of taxable income. Several states allow local governments to levy an income tax. Most do not so this was not added in to the figures in the table.

For the most part, the property tax is not a state tax but a local one. The method for deriving the figures in the table makes the recipient of the tax irrelevant. The figures are from the 1977 Census of Governments. The rates are the effective percentage of actual value of property sold in the last 6 months of 1976. Assessment ratios are also irrelevant to the figures shown since effective rates are not related to assessments. There have certainly been some changes in the property tax in several states since 1977. Where those were known, as in California, the 1981 figures are shown too. There were two states, Vermont and Wyoming, that had too few sales in the survey period to produce figures.

<u>State</u>	<u>Sales Tax</u>	<u>Income Tax</u> ¹	<u>Property Tax</u>	
Alabama	6%	1.5-5% (\$ 5,000)		.24-.64%
Alaska	-	-		1.23%
Arizona	6%	2-8% (\$ 6,000)		1.31%
Arkansas	4%	1-7% (\$ 25,000)		.80-1.04%
California	6%	1-11% (\$ 20,450)	1976 1981	1.42-2.15% 1.00% plus debt service
Colorado	6%	2.5-8% (\$ 12,363)		1.35-1.83%
Connecticut	7.5%	1-9% (\$100,000) ²		2.24-2.97%
Delaware	-	1.4-13.5% (\$ 50,000)		1.59%
Florida	5%	-		.93-1.27%
Georgia	5%	1-6% (\$ 10,000)		1.11-1.55%
Hawaii	4%	2.25-11% (\$ 30,000)		.66%
Idaho	3%	2-7.5% (\$ 5,000)	1976 1981	1.23% 1.00% plus debt service
Illinois	5%	2.5%		1.43-2.09%
Indiana	4%	1.9%		.99-2.04%
Iowa	3%	.5-13% (\$ 76,725)		1.95-2.23%

<u>State</u>	<u>Sales Tax</u>	<u>Income Tax</u>	<u>Property Tax</u>
Kansas	4%	2-9% (\$ 25,000)	1.28-2.10%
Kentucky	5.5%	2-6% (\$ 8,000)	1.03-1.33%
Louisiana	6%	2-6% (\$ 50,000)	.13-.61%
Maine	5%	1-10% (\$ 25,000)	2.53%
Maryland	5%	2-5% (\$ 5,000)	1.31-2.64%
Massachusetts	5%	5%	1976 3.76-4.94% 1981 2.50% plus debt service
Michigan	4%	4.6%	1.64-2.52%
Minnesota	5%	1.6-16%	1.29-2.68%
Mississippi	5%	3-4% (\$ 5,000)	1.23%
Missouri	4.125%	1.5-6% (\$ 9,000)	.88-1.96%
Montana	-	2-11% (\$35,000)	1.34-1.57%
Nebraska	4%	15% of Fed.	1.62-2.13%
Nevada	3.5%	-	1976 1.21-1.35% 1981 1.29 cap
New Hampshire	-	5%	2.49-3.10%
New Jersey	5%	2-2.5% (\$ 20,000)	2.64-6.54%

3.

<u>State</u>	<u>Sales Tax</u>	<u>Income Tax</u>	<u>Property Tax</u>
New Mexico	4.5%	.8-9.0% (\$100,000)	1.30%
New York	7.0% ³	2-14% (\$ 23,000)	2.30-4.23%
North Carolina	4%	3-7% (\$ 10,000)	.50-1.28%
Ohio	5.5%	.5-3.5% (\$ 40,000)	.80-1.51%
Oklahoma	5%	.5-6% (\$ 15,000)	.67-.98%
Oregon	-	4-10% (\$ 5,000)	1.99-2.40%
Pennsylvania	6%	2.2%	1.39-3.29%
Rhode Island	6%	19% of Fed.	1.97-3.37%
South Carolina	4%	2-7% (\$ 10,000)	.88-1.10%
South Dakota	6%	-	1.98-2.03%
Tennessee	6.75%	6%	.75-1.14%
Texas	5%	-	1.10-1.56%
Utah	4.75%	2.25-7.75% (\$ 4,500)	.92-1.09%
Vermont	3%	23% of Fed.	Inadequate data
Virginia	4%	2-5.75% (\$ 12,000)	.76-1.56%

4.

State

Sales Tax

Income Tax

Property Tax

Washington

5%

-

.92-1.25%

West Virginia

3%

2.1-6.1%

.35-.46%

Wisconsin

4.5%

3.4-10%
(\$ 44,000)

2.09-3.14%

Wyoming

4%

-

Inadequate data

FOOTNOTES:

¹The figures in parentheses are the income levels at which the maximum rate goes into effect.

²Connecticut does not tax ordinary income. The figures shown apply to interest and dividend income and capital gains.

³New York City is allowed an extra 1 percent but other local governments can only add to a total of 7 percent.