

The meeting of the Assembly Committee on Taxation was called to order by Chairman May at 4:00 pm, in the Assembly Lounge with the following members present.

PRESENT: Mr. May  
Mr. Coulter  
Mr. Bergevin  
Mr. Brady  
Mrs. Cafferata  
Mr. Craddock  
Mr. Marvel  
Mr. Rusk  
Mr. Stewart  
Mrs. Westall

ABSENT: Mr. Price

ALSO PRESENT: Mr. David Henry  
Mr. Ray Knisley  
Mr. Pat Pine  
Mr. Marvin  
Mr. Phil Carr  
Senator Ashworth  
Joe Matthews

Chairman May explained that he was distributing some up-dates on bills, prepared by the Research Division that have been introduced as of this date that will either or modify the fees, charge, license or surcharge or any other means that will modify a tax; there are two packages. On the taxes for instances to date, there have been a total of 32 bills introduced in the Senate and 21 in the Assembly plus some resolutions, attached as Exhibit I, on modifications of fees and licenses. In the Senate there have been 22 bills introduced and 10 in the Assembly (attached as Exhibit II). He feels that information will be beneficial to the committee members so they may be aware as these bills come before us.

He then called attention to a third hand-out (identified as Exhibit III attached) which is a memo from Jim Wood, Chairman of the Nevada Legislative Action Committee relative to the tax package and asking for committee consideration and possible introduction of a new trailer bill to provide that the sales tax be charged on the "differential" between the values of the trade-in and the new product. Chairman May asked for comments or a motion in regard to that request and a motion was made by Mr. Rusk to have that subject requested and introduced and referred back to the Committee. Motion seconded by Mr. Bergevin and carried unanimously.

Chairman May then explained to those present that our primary purpose of meeting today was to discuss SB 411 passed this morning by a substantial majority. We have the recommendations from the Task Force concerning some amendments (attached as Exhibit IV and Exhibit V) and asked a member of the Task Force to go over the amendments.

Mr. David Henry went over the two page date sheet (Exhibit IV) containing the proposed amendments as suggested by members of the Task Force. Discussion and/or questions brought out during the discussion is as follows:

Mr. Bergevin pointed out that on page 2 on line 23, to be consistent with A.B. 369, that figure of \$1.05 should be changed to \$1.10; that will be changed.

Sub-section 3, sub-paragraph (3) insert the word "new" on the 4th line between the words "and" and "mobile".

Mr. Henry then went over the computation shown on Exhibit V with brief questions from the committee members on various areas of the computations.

Mr. Pat Pine with Clark County made some brief comments on the proposed amendments stating that he had been quickly running some figures based on the figures presented and finds that the implication is that those areas in the state where the value of property is growing faster than other areas the 5% projected will be a suppressing factor plus it also puts a suppressing factor on the other high value growth areas. In some of those areas where you have a rapidly-increasing assessed value, you would still have a factor in the bill that would keep a lid on it.

Mr. Rusk asked how difficult it would be to extend this example out to the fifth year when the physical reassessment takes place, he pointed out that it might be the case that in the 5th year when the physical reassessment takes place the increase might be more than 5%. Mr. Henry agreed to run the figures through the 5th year.

Mr. Marvin Leavitt from the City of Las Vegas pointed out several areas of detail on the analysis and answered some general questions from members of the committee.

There being no further testimony to be heard on the amendments, a motion was made by Mr. Marvel, seconded by Mrs. Cafferata to adopt the amendment as proposed to Senate Bill #411.

During discussion on the motion Mr. Rusk reminded the members that they had discussed (on page 2, line 3) of the memo proposing the amendments changing the wording to "not to exceed 105%".

Additionally, on page 2, subsection (3), line 4 add the word "new" between "and" and "mobile".

With those changes, the vote was taken on the motion to adopt the amendments and was carried unanimously with Mr. Price being absent from the vote.

Mr. Rusk reiterated his request for projection of the figures from Mr. Henry to the fifth year and to project not only the 19% but also a 10% and 30% to give an example of what the other extremes would do.

Chairman May advised the committee that there has been an additional proposed amendment which will be explained by Mr. Phil Carr, Director of Finance for the City of North Las Vegas. Mr. Carr distributed copies of Exhibit VI attached and went over the proposals with the committee explaining that, without these amendments, his City will have some problems with this bill.

Brief discussion followed the presentation by Mr. Carr and there being no further testimony to be heard, Mr. Rusk moved that no further consideration be given the proposals and no action be taken; motion seconded by Mr. Marvel and carried. Voting aye: Messrs. Brady, Marvel, Rusk, and Mrs. Westall. Voting nay: Mr. May. Absent/not voting were: Messrs. Bergevin, Price, Stewart and Coulter. Abstaining from the vote was Mr. Craddock.

Mr. May declared that there was no action taken on the motion due to an insufficient majority of the committee being present, however, he suggested he might propose this as a floor amendment.

Chairman May then asked Senator Keith Ashworth, who was present in the audience, what the action was in the Senate on A.B. 369 and was advised that the Senate Taxation Committee considered the bill and passed it out with an amendment to put in a clause strengthening the renter rebate that, if a tenant has to take a landlord to court, he is entitled to court costs and attorney fees.

He met with Mr. Daykin and was promised that we would have the amendment early tomorrow; it is his committee's intention to adopt the amendment and try to get enough support from the floor to get a two-thirds majority to suspend the rules and consider it as an emergency measure and vote on the bill tomorrow.

Mr. Rusk asked, on that amendment, that if the plaintiff is successful the court costs are paid by the landlord, but if the plaintiff is denied then the landlord would not have to pay the court costs?

Senator Ashworth said he felt that would be the conclusion but that was not specifically addressed in the amendment. Mr. Rusk emphasized that he wanted it understood that the landlord would not be obligated to pay the court costs regardless of the outcome of the court case.

Mr. Brady expressed the opinion that the renter rebate situation is getting a little out of control and that we keep adding to it each session. He feels the renter has the convenience of not worrying about paying property taxes etc, and does not expect a rebate; he feels we should take that into consideration.

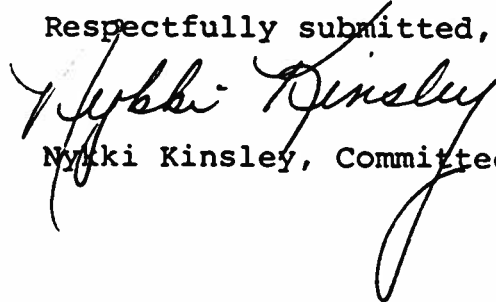
Chairman May then introduced Mr. Joe Matthews, author of Question 6 and asked if he had any comments he would like to make. Mr. Matthews reminded the members of the committee of what had taken place during the last session when landlords increased their rents in the same amount that the rebate would be which was not a rebate but simply a leveling off. He trusted the committee was going to take care of that situation but he explained that you cannot have a rent rebate program unless you have rent control and he doesn't

believe anyone is interested in the rent control proposition. Mr. Marvel explained that what they are considering is not rent rebate but is a pass-through.

Chairman May stated that for clarification of the minutes, he would accept a motion expressing wishes of the committee. Mr. Rusk then moved to amend and do pass S.B. 411, as amended; motion seconded by Mr. Marvel and carried by a vote of 8 voting aye and three absent.

There being no further business, the meeting was adjourned.

Respectfully submitted,



Nykki Kinsley, Committee Secretary

ASSEMBLY

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

Date.....April 23, 1981.....Time.....pm Adj.....Room.....Assembly Lounge.....

Bills or Resolutions  
to be considered

Subject

Counsel  
requested\*

DISCUSSION ON TAX PACKAGE

SUMMARIES OF TAX BILLS

1981 Legislative Session  
April 23, 1981

- S.B. 9--Relating to property taxes; removing the statutory provisions which allows counties to tax certain real estate of the State of Nevada under certain conditions.
- S.B. 15--Relating to the elderly; increasing homeowner's allowance against property taxes and renter's refund for the elderly.
- S.B. 16--Relating to property tax, allowing a credit for tax paid in another state on a mobile home or a slide-in camper.
- S.B. 17--Relating to the city-county relief tax; providing for the return of money to the town of origin.
- S.B. 66--Relating to state financial administration; increasing the tax on motor vehicle fuel and on special fuels; requiring a separate budget for the department of transportation and the department of motor vehicles.
- S.B. 68--Relating to governmental finance; fixing statutory limits on revenue of local governments derived from certain ad valorem taxes and on expenditures by school districts.
- S.B. 69--Relating to property taxation; revising the factors which may be used in determining the full cash value of real property.
- S.B. 70--Relating to the property tax; reducing the ratio of assessment to full cash value according to the percentage of inflation.
- S.B. 80--Relating to the department of motor vehicles; providing for increases in fees for service of process and licenses; providing for charging fees for publications.

*Exhibit I*

- S.B. 115--Relating to the vehicle privilege tax; eliminating the distribution of the vehicle privilege tax to school districts.
- S.B. 117--Relating to governmental finance; removing statutory limits on certain expenditures proposed in the state budget for the state distributive school fund; redefining the base from which permissible expenditures by local governments are calculated and permitting certain adjustments of that base; making certain revision to the method of calculating the permissible level of expenditures by local government and of revenues from certain tax levies; altering the procedure for obtaining approval of certain expenditures which exceed the statutory limits; reallocating a portion of the county gaming license fees.
- S.B. 139--Relating to charges upon real property; providing a system of deferrals for property taxes and special assessments to certain homeowners; authorizing issuance of bonds by the state to reimburse local governments for amounts deferred; requiring payment to the state whenever deferred liens are liquidated; requiring homeowners to pay interest on the amounts deferred; making other revisions to the Senior Citizens' Property Tax Assistance Act; providing penalties.
- S.B. 154--Relating to taxes on fuel; providing for increases and changes in the measure of these taxes.
- \*S.B. 200--Relating to motor vehicle fuel taxes; imposing tax on the wholesale price of fuel for motor vehicles.
- S.B. 218--Relating to taxation; limiting the use of taxes ad valorem; increasing the rate of the local school support tax and the city-county relief tax; imposing an annual county gaming license fee.
- \*S.B. 222--An act imposing a tax in certain counties for the establishment and maintenance of a public transit system in those counties.
- S.B. 244--Relating to property taxes; increasing certain allowances available to senior citizens for the payment of property taxes.

- S.B. 275--Relating to property tax; requiring each county assessor to reduce the full cash value of real property by a certain percentage.
- S.B. 292--Relating to local government; requiring the department of taxation to contract for an annual audit of each local government.
- S.B. 300--Relating to fuel taxes; changing the measure of taxes to a percentage of the amount of the sale.
- S.B. 303--Relating to the property tax; providing an allowance for owners of residential property who occupy their homes.
- S.B. 321--Relating to the motor vehicle fund; altering the formula for allocating the vehicle privilege tax from that fund to the county school districts by removing the requirement to attribute, for purposes of the allocation, the property tax levy for school debt service to county government.
- S.B. 328--Relating to the financial support of schools; requiring that a portion of the vehicle privilege tax allocated to school districts be used for school construction; altering the formula for allocating that tax from the motor vehicle fund to the school districts.
- S.B. 360--Relating to motor vehicle fuel taxes; exempting a mixture of petroleum and ethanol from those taxes under limited conditions; requiring the reporting of sales of the mixture.
- \*S.B. 373--Relating to county motor vehicle fuel tax; extending the tax to diesel fuel and liquefied petroleum gas and replacing the amount per gallon with a percentage of sale price as the measure of the tax..
- S.B. 374--Relating to motor vehicles; increasing registration fees and certain taxes on fuel.



- S.B. 411--Relating to governmental finance; fixing statutory limits on revenue of local governments derived from regulatory fees and from all other sources; removing statutory limits on expenditures of local governments; limiting the amount and uses of money held by local governments in certain funds and accounts; requiring the department of taxation to contract for an annual audit of each local government; revising the method of reappraising certain property for the purposes of property taxation; changing the date the lien for property taxes attaches and the fiscal year for which those taxes are due; providing in skeleton form a limitation on the use of taxes ad valorem; increasing the rate of the local school support tax and the city-county relief tax; providing in skeleton form for the distribution of the increase in the city-county relief tax.
- S.B. 486--Limiting the rate of certain taxes or fees which cities or counties may impose on them.
- S.B. 499--Provides an exemption for certain widowers from the property tax or the vehicle privilege tax; imposing a limitation on the exemption of widows and widowers by household income; making an exception to that limitation in the case of certain widows.
- S.B. 517--Limiting the inclusion of insurance proceeds as income in determining the assistance to be given to elderly taxpayers.
- S.B. 527--Relating to gaming; specifying additional employees who must obtain work permits and providing for summary suspension of those permits; establishing a procedure for recording a lien for a deficiency determination; granting a privilege to licensees for communications to the board related to the termination of an employee; making various other changes to the laws regulating gaming; providing penalties.
- S.B. 584--Relating to the taxation of agricultural and open-space real property; discharging the seller from personal liability for deferred taxes.

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Assembly Bills

- A.B. 44--Relating to property taxation; changing dates for equalizing, reporting, evaluating, reviewing, appealing and certifying taxes; and providing other matters properly relating thereto.
- A.B. 46--Relating to property tax; changing the procedure for increasing assessments on present rolls; standardizing the method for correcting the rolls; and providing other matters properly relating thereto.
- \*A.B. 47--Makes airplanes subject to personal property tax.
- A.B. 79--Relating to taxation; reducing the tax rate levied by local governments; limiting the use of the property tax; providing for the allocation of additional tax proceeds to local governments; amending certain city charters; providing for an election concerning the Sales and Use Tax Act and contingently amending other statutes; making appropriations; and providing other matters properly relating thereto.
- A.B. 95--Expands the use of the residential construction tax in counties under 25,000 from schools only to other county buildings.
- A.B. 97--Relating to the property tax; increasing assistance to the elderly; and providing other matters properly relating thereto.
- A.B. 100--Relating to the property tax; assigning duties to the appraiser's certification board; making certain changes in procedures for assessing property and for equalization; and providing other matters properly relating thereto.

- A.B. 128--Relating to taxation; limiting the use of taxes ad valorem; increasing the rate of the local school support tax and the city-county relief tax; imposing an annual county gaming license fee; and providing other matters properly relating thereto.
- A.B. 135--Relating to governmental finance; changing the methods of calculating permissible expenditures by local governments and the assessed value of certain property; and providing other matters properly relating thereto.
- A.B. 184--Relating to charges upon real property; providing a system of deferrals for property taxes and special assessments to certain homeowners; requiring payment to the state whenever deferred liens are liquidated; requiring homeowners to pay interest on the amounts deferred; making other revisions to the Senior Citizen's Property Tax Assistance Act; providing penalties; and providing other matters properly relating thereto.
- A.B. 193--Relating to property tax; providing for consideration of legal impediments to development of real property in setting its full cash value for assessment purposes; and providing other matters properly relating thereto.
- A.B. 247--Increase liquor taxes by 10 percent and money used for prevention of alcohol abuse.
- \*A.B. 235--Imposes a 2 percent room tax statewide.
- \*A.B. 338--Allows a half-cent sales tax to support public mass transit.
- A.B. 348--Relating to governmental finance; fixing statutory limits on revenue of local governments derived from regulatory fees and from all other sources; removing statutory limits on expenditures of local governments; limiting the amount and uses of money held by local governments in certain funds and accounts; requiring the department of taxation to contract for an annual audit

of each local government; revising the method of reappraising certain property for the purposes of property taxation; changing the date the lien for property taxes attaches and the fiscal year for which those taxes are due; providing in skeleton form a limitation on the use of taxes ad valorem; increasing the rate of the local school support tax and the city-county relief tax; providing in skeleton form for the distribution of the increase in the city-county relief tax; and providing other matters properly relating thereto.

A.B. 369--Relating to taxation; increasing the rate of the local school support tax and the city-county relief tax; requiring monthly collection of sales and related taxes; fixing the rate of property tax for the operation of public schools; and providing other matters properly relating thereto.

A.B. 430--Relating to governmental finance; providing a special schedule for the adoption of budgets and the collection of property taxes in the year 1981; and providing other matters properly relating thereto.

A.B. 471--Relating to community redevelopment; providing an alternative method for the payment of bonded indebtedness.

A.B. 473--Relating to public utilities; creating the office of advocate for customers of public utilities within the office of the attorney general; defining his powers and duties; imposing an annual assessment upon public utilities for the support of his office; creating the fund for the consumer's advocate and transferring money to that fund; creating a legislative committee to review the performance of his office; providing for independent counsel for the public service commission.

- A.B. 492--Relating to taxation; creating a separate tax on prepared food for human consumption; providing for an election concerning the Sales and Use Tax Act and contingently amending other statutes.
- A.B. 522--Relating to the sales and use tax; clarifying application of use tax provisions to mail-order sales.

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#### Assembly Resolutions

- A.J.R. 1--Proposing to amend the Nevada constitution to permit the separate classification of residential property for the purpose of taxation.
- A.J.R. 27--Proposing an amendment to article 10 of the constitution of the State of Nevada, permitting the legislature to provide for the valuation of residential property according to its use under certain circumstances.
- A.J.R. 38--Amending the Nevada constitution to authorize the taxation of estates only to the extent of the credit allowable for the tax against the federal estate tax and only for the purpose of refunding the tax collected, less the costs of collection, to the successors of the decedent.

#### Senate Resolutions

- S.J.R. 3--Proposing to amend article 10 of the constitution of the State of Nevada, relating to taxation, by adding a new section which exempts food for human consumption from sales and use tax.
- S.J.R. 4--Proposing an amendment to section 1 of article 10 of the constitution of the State of Nevada, relating to property taxation, to permit the legislature to provide separately for the assessment or valuation of different classes of real property.

S.J.R. 6--Proposing to amend the Nevada constitution to permit the separate classification of residential property for the purpose of taxation.

S.J.R. 16--Requesting the United States Air Force to consider the need for fire protection and emergency medical care incident to the MX missile project and provide money for fire protection.

S.J.R. 21--Proposing to amend the Nevada constitution to permit the separate classification of residential property for the purpose of taxation and to provide for the taxation of minerals by value.

S.J.R. 27--Proposes constitutional amendment to broaden taxation of oil and gas.

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STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CAPITOL COMPLEX  
CARSON CITY, NEVADA 89710



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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

April 23, 1981

MEMORANDUM

TO: Assemblyman Paul May  
FROM: Donald A. Rhodes, Chief Deputy Research Director  
SUBJECT: Update on Bills Concerning Fees and Taxes

Enclosed is the update you requested on the lists showing bills creating, increasing or modifying fees and taxes.

We think we got all of the bills but in any rush job certain things might be overlooked. The bills which have passed are marked with a yellow highlighter.

DAR:jlc:4.1.Tax  
Encl.

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*By Philip II.*

BILLS IN THE 1981 SESSION INCREASING OR CREATING  
FEES, LICENSES, OR SURCHARGES

Senate Bills

- S.B. 8--Would raise the population classification for the residential construction fee for schools (up to \$1,000) to include Carson City.
- S.B. 37--This bill would combine all the slot machines from various locations owned by one licensee and base the license fee on the total, not the number at each location. This would increase the fee paid.
- S.B. 80--Increases drivers license fees from \$5 to \$11 as well as some other minor charges.
- S.B. 82--Add a \$100 to \$150 fee for recording of continuing education for nurses.
- S.B. 86--Adds fees for disposal of radioactive and hazardous waste.
- S.B. 144--Allows health division to charge for services such as health inspections.
- S.B. 193--Increases fees for real estate licenses, in most cases doubling them.
- S.B. 231--Doubles physical therapist license fee to \$100.
- S.B. 240--Doubles annual license fees for chiropractors to \$200.
- S.B. 242--Allows inclusion of tip income for NIC which would raise employer premiums.
- S.B. 262--Raises registration fee for motor vehicles, from \$5 to \$12 for a passenger car.



- S.B. 320--Includes value of markers in gross revenue for state taxes.
- S.B. 364--Raises document recording fee from \$3 to \$4.
- S.B. 366--Raises all fees associated with licensing as a cosmetologist, in most cases doubling them.
- S.B. 371--Adds \$5 to the marriage license fee to support shelters for victims of domestic violence.
- S.B. 462--Raises bank examination fees by 67 percent.
- S.B. 477--Raises motor carrier license fees by about 33 percent.
- S.B. 502--Relating to the licensing and control of gaming; prohibiting local license fees based on gross receipts; limiting the qualifications for certain local licenses where persons hold unrestricted gaming licenses from the state; removing local jurisdiction over certain publicly traded corporations.
- \*S.B. 545--Prescribing a fee for the operation of any vehicle of excess weight on the highways.
- S.B. 546--Increasing the fee for inspection for air pollution.
- S.B. 554--Amending provisions relating to fees and licensing of persons engaged in the business of insurance.
- S.B. 588--Increasing the additional fee for registration of a motor vehicle which is accounted for in the highway patrol special fund.

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Assembly Bills

- A.B. 10--Raises beef promotion tax from 10¢ to \$1 per head.
- A.B. 16--Raises water engineer's fees four to ten times current ones.
- A.B. 47--Makes airplanes subject to personal property tax.

- A.B. 62--Allows county commissioner to set various fees now set by statute.
- A.B. 220--Raises fishing and hunting licenses 20 to 50 percent.
- A.B.344--Increases dental license fees 50 percent.
- A.B. 441--Creating a commission to promote the production of motion pictures in Nevada.
- A.B. 442--Providing a salary for serving ex officio as members of a board of law library trustees and for their availability to sit on the supreme court.
- A.B. 456--Extending the tax exemption for a disabled veteran to his surviving spouse.
- A.B. 503--Establishing a fee for each cubic foot of radioactive waste and its packaging which is disposed of in state-owned disposal areas.

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# ACTION REPORT

FROM THE DEPARTMENT OF ECONOMIC DEVELOPMENT / BOX 3499 / RENO, NV 89505 / 702-786-3030

April 22, 1981

TO: Washoe County Legislative Delegation and Taxation  
Committee Members

FR: Jim Wood, Chairman, Nevada Legislative Action Committee

RE: Tax Package

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As your deliberations near conclusion, the Chamber would ask that you consider an additional feature for the final tax package. This request stems from our concern with the impact of an increased sales tax on the business of merchants whose products carry very large price tags, and who generally give credit for traded-in merchandise.

Our suggestion would be that the sales tax be charged on the "differential" between the values of the trade-in and the new product. The obvious examples of such cases are automobile and heavy equipment sales. When a used car is traded as part consideration against the purchase of a new car, the purchaser should receive some credit for the sales tax he previously paid on the used car. He should pay sales tax on the value of the "differential" or added value of his new purchase. Then when the newly purchased vehicle is resold, the sales tax is collected on the sales price. The advantages of this approach are twofold. First, it will provide a more equitable taxing method by eliminating the multiple "tax upon tax" method currently being applied. Second, it will lessen the severe impact which we expect will result from a substantial increase in sales tax on the sales of large dollar value items. We have a very real concern that we in Nevada will lose our long-enjoyed advantage over neighboring states in sales transactions involving such items as automobiles, boats, mobile homes, buses, and heavy equipment as a result of the proposed increase in the sales tax rate.

The concept of credit on the trade-in is now employed in over 30 other states in the country, to the great satisfaction of both customers and merchants. We would appreciate your consideration of making it a part of the tax package which is enacted this session.

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*Richard III*

SUGGESTED AMENDMENTS  
(Conference Committee)

SENATE BILL 411  
Fifth Reprint

Page 2, line 43

Insert after the word "property":

, a new possessory interest property

Page 3, line 10

Add new subsections (c) and (d):

(c) The apportionment of moneys to cities as provided in NRS 403.450 (1) should not exceed an amount greater than 10 percent of the total amount of taxes ad valorem and supplementary city-county relief taxes collected for general road purposes within the county, exclusive of funds for the payment of the principal and interest of bonds for road and street purposes. If a county has transferred these moneys to a city in the fiscal year ended June 30, 1981, such money must not be decreased without approval of the interim legislative committee on local government finance.

(d) Intergovernmental or intragovernmental transfers, grants-in-aid or levies for taxes ad valorem effected for the 1980-81 fiscal year between two or more local governments whereby one decreased its request for a levy of taxes ad valorem in exchange for the making of such transfer, grant-in-aid or levy of taxes ad valorem by the other, may not be diminished in amount during the biennium 1981-83 without notice to the other local government and the approval of the interim legislative committee on local government finance.

line 11, subsection 3

Delete and insert the following:

Subsection 3.

1. For each fiscal year beginning on or after July 1, 1982, the increase in revenue of the local government from taxes ad valorem, except those levied for debt service, must not exceed 105 percent of the same revenue generated from the property on the preceding fiscal year's assessment rolls.

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*Exhibit IV*

2. The projected revenue and tax rate are calculated as follows:

(a) Taxes ad valorem received from the preceding fiscal year are increased by 105 percent which product represents the maximum revenue which may be produced from all property on the preceding year's assessment rolls.

(b) The preceding fiscal year's assessment rolls must be adjusted to current taxable value in accordance with department of taxation regulations to establish the valuation base upon which to calculate a projected tax rate for the ensuing year.

(c) The projected tax rate is calculated as follows: The amount as determined in paragraph (a) is divided by the adjusted taxable value as determined in paragraph (b).

3. To the revenue base established under subsection 2 must be added the ad valorem revenue to be generated by multiplying the taxable value of new real property, new possessory interest property and mobile homes by the rate established under subsection 2. new

Page 4, line 46

Insert after the word "hospitals":

, county airports, airport authorities

Page 5, line 22

Insert after "a local government" the words:

or any person who may be required to pay

Page 13, line 1

Delete 12 and insert 15.

1774  
Exhibit II

COMPUTATION OF ALLOWED REVENUE AND PROJECTED RATE AND PROJECTED RATE FROM AD VALOREM TAX COMPUTED BY MULTIPLYING CURRENT YEAR REVENUE BY 1.05 AND ADDING TAX REVENUE TO BE GENERATED FROM PROPERTY NEWLY ADDED TO THE ROLLS

ASSUMPTIONS:

Assessed valuation on previously assessed property grows by 19% each year.

New construction is equal to 8% each year.

With a 5% cap on increase in taxes on property previously assessed (WITH NEW PROPERTY ADDED)

	Year 1	Year 2	Year 3	Year 4	Change Year 1 to Year 4
Revenue from ad valorem taxes on previously assessed property. . . . .	\$ 15,000	\$ 15,750	\$ 17,602	\$ 19,645	31% Increase
Assessed valuation on previously assessed property . . . . .	1,000,000	1,190,000	1,511,300	1,919,351	92% Increase
Rate . . . . .	1.50	1.32	1.16	1.02	32% decrease
New construction assuming 8% annual increase . . . . .	0	80,000	101,600	129,032	
Prior year's assessed value. . . . .		1,000,000	1,270,000	1,612,900	
Increase in current assessed valuation from property previously assessed (19%)		190,000	241,300	306,451	
		<u>\$1,190,000</u>	<u>\$1,511,300</u>	<u>\$1,919,351</u>	
New construction (assuming 8% annual increase) . . . . .		<u>80,000</u>	<u>101,600</u>	<u>129,032</u>	
		<u>\$1,270,000</u>	<u>\$1,612,900</u>	<u>\$2,048,383</u>	
Tax rate . . . . .		<u>x1.32</u>	<u>x1.16</u>	<u>x1.02</u>	
Total revenue from ad valorem taxes. . . . .	<u>\$ 15,000</u>	<u>\$ 16,764</u>	<u>\$ 18,710</u>	<u>\$ 20,894</u>	39% Increase

PROPOSED AMENDMENT TO SB 411

This proposed amendment to Section 3, Subsection 3 of SB 411 which begins on line eleven, page 3 would simply allow those entities who currently have high levies for debt service to perhaps some day in the future gain equal footing with those entities who currently have low levies for debt service. Yet without increasing total tax rates.

For example let's consider the Cities of Las Vegas, and North Las Vegas: The 1980/1981 tax levies for these tow entities are identical ie; \$1.4143 segregated as follows:

	Las Vegas	North Las Vegas
Operations		
Debt Service		
	1.3286	.8915
	.0857	.5228
	<u>1.4143</u>	<u>1.4143</u>

Task force estimates of the total levy for these two entities for 1981/82 assuming the tax package is passed is as follows:

	Las Vegas	North Las Vegas
Operations		
Debt Service		
	.3831	.3819
	.1315	.4237
	<u>.5146</u>	<u>.5938</u>

Assume that the City of North Las Vegas could somehow retire enough bonds to enable it to reduce by 50% its tax rate needed for debt service. Further assuming that this proposed amendment is adopted the total tax rate for the City of North Las Vegas would be as follows:

	North Las Vegas
Operations	
Debt Service	
	.3819
	.2119
	<u>.5938</u>

Note that the total tax levy has not increased but yet the levy for operations is nearly equal to the corresponding levy of the City of Las Vegas.

Finally, this bill without the proposed amendment may cause an increase in debt by local government inasmuch as the levy for its retirement is outside of revenue limitations. The bill may even encourage citeis and counties to incur debt for purposes not ordinarily financed through the issuance of debt instruments. The proposed amendment might neutralize this tendancy.

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*[Signature]* VI

Amend Sec. 3 (3) of SB 411 to read as follows:

3. For each fiscal year beginning on or after July 1, 1982, the revenue of the local government from taxes ad valorem, except those levied for debt service, must not exceed by more than 6 percent the same revenue for the preceding fiscal year, except that taxes ad valorem levied for debt service in the preceding fiscal year not required in the current fiscal year is exempt from the limitation of this section.



STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CAPITOL COMPLEX  
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627

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(702) 885-5627

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

April 23, 1981

MEMORANDUM

TO: Assemblyman Patty Cafferata  
FROM: Dan Miles, Deputy Fiscal Analyst *DM*  
SUBJECT: Split Rolls--Other States

Nearly every state has a property classification system of some sort for property tax purposes which benefits certain types of property. This type of classification is usually accomplished through limitations on appraisal or assessment practices for specific classes of property rather than specific assessment ratios. Agricultural land, for example, is frequently appraised at what it can produce rather than its market value.

We did, however, find fifteen states with more than one assessment ratio for different types of property. These include states like Arizona that assesses residences at 10%, commercial at 25%, agriculture at 16%, utilities at 44% and other property at 52%. Another example is South Carolina that assesses agriculture and residences at 4% and commercial and other property at 10.5%. The states that use varying assessment ratios are Alabama, Arizona, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Montana, New Jersey, Oregon, Pennsylvania, Rhode Island, South Carolina and Tennessee.

We also found that 26 states currently use some sort of general homestead exemption for owner/occupied residences. The homestead exemption usually exempts a fixed amount of each home from taxation similar to the way the widow's exemptions operates in Nevada, but sometimes may be a percentage of the value. Examples of these exemptions are: \$12,000 of full value in Hawaii, \$7,000 in California and \$10,000, or 20% of the appraised value, in Idaho. Those states that have the general homestead exemption are Alabama, Alaska, California, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Montana, Nebraska, New Jersey, Ohio, Oklahoma, Oregon, South Dakota, Texas and Wyoming.

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April 23, 1981  
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This information was taken from Commerce Clearing House's State Tax Guide which briefly describes each state's property tax laws and therefore, in some instances, required interpretation since property tax laws, rates and assessment practices vary widely in the fifty states.

DM/ca