

JOINT COMMITTEES ON TAXATION
MEETING OF THE WHOLE

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
April 16, 1981

NEVADA LEGISLATURE

Sixty-First Session, 1981

SENATE DAILY JOURNAL

THE EIGHTY-EIGHTH DAY

CARSON CITY (Thursday), April 16, 1981

Senate called to order at 8:45 a.m.

President Leavitt presiding.

Roll called.

All present except Senator Lamb, who was excused.

Prayer by the Chaplain, Pastor Ron League.

Pledge of allegiance to the Flag.

Senator Gibson moved that further reading of the Journal be dispensed with, and the President and Secretary be authorized to make the necessary corrections and additions.

Motion carried.

REPORTS OF COMMITTEES

Mr. President:

Your Committee on Government Affairs, to which was referred Senate Bill No. 513, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

JAMES I. GIBSON, *Chairman*

Mr. President:

Your Committee on Commerce and Labor, to which were referred Senate Bill No. 493; Assembly Bills Nos. 206, 209, 242, 276; Assembly Joint Resolution No. 25, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

THOMAS R. C. WILSON, *Chairman*

Mr. President:

Your Committee on Commerce and Labor, to which was referred Assembly Concurrent Resolution No. 4, has had the same under consideration, and begs leave to report the same back with the recommendation: Be adopted.

THOMAS R. C. WILSON, *Chairman*

Mr. President:

Your Committee on Taxation, to which was referred Assembly Joint Resolution No. 27, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

KEITH ASHWORTH, *Chairman*

Mr. President:

Your Committee on Finance, to which was referred Senate Bill No. 515, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

JAMES I. GIBSON, *Vice Chairman*

Mr. President:

Your Committee on Commerce and Labor, to which was referred Assembly Concurrent Resolution No. 3, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and be adopted as amended.

THOMAS R. C. WILSON, *Chairman*

Mr. President:

Your Committee on Commerce and Labor, to which were referred Senate Bills Nos. 242, 243, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

THOMAS R. C. WILSON, *Chairman*

MESSAGES FROM THE ASSEMBLY

ASSEMBLY CHAMBER, Carson City, April 15, 1981

To the Honorable the Senate:

I have the honor to inform your honorable body that the Assembly on this day passed Senate Bill No. 223.

Also, I have the honor to inform your honorable body that the Assembly amended, and on this day passed, as amended, Senate Bills Nos. 175, 191, 348 and respectfully requests your honorable body to concur in said amendments.

Also, I have the honor to inform your honorable body that the Assembly on this day passed, as amended, Assembly Bills Nos. 50, 150, 183, 191, 303, 394.

Also, I have the honor to inform your honorable body that the Assembly on this day passed Assembly Bill No. 327.

Also, I have the honor to inform your honorable body that the Assembly on this day concurred in the Senate Amendment Bill No. 248.

Also, I have the honor to inform your honorable body that the Assembly on this day respectfully refused to concur in the Senate amendment to Assembly Bill No. 28.

CAROL L. MOORE

Assistant Chief Clerk of the Assembly

MOTIONS, RESOLUTIONS AND NOTICES

Senator Gibson moved that Senate Bill No. 22 be placed on the General File.

Remarks by Senator Gibson.

Motion carried.

Senator Keith Ashworth moved that all rules be suspended, reading so far had considered second reading, rules further suspended, Assembly Joint Resolution No. 27 be declared and emergency measure under the Constitution, and placed on third reading and final passage.

Motion carried unanimously.

SECOND READING AND AMENDMENT

Senate Bill No. 363.

Bill read second time.

The following amendment proposed by the Committee on Transportation:

Amendment No. 512.

Amend section 1, page 1, by deleting lines 2 and 3 and inserting:
"thereto the provisions set forth as sections 2 to 4, inclusive, of this act.

Sec. 2. 1. *The director shall order the preparation of vehicle license plates*".

Amend section 1, page 1, line 4, after "cars" by inserting "and trucks".

Amend section 1, page 1, line 6, by deleting "must have dis-" and inserting "or truck must contain:".

Amend section 1, page 1, by deleting lines 7 and 8 and inserting: "(a) A space for the name of a county; and".

Amend section 1, page 1, line 11, by deleting "before July 1, 1981," and inserting "or truck before January 1, 1982,".

Amend the bill as a whole, by inserting new sections, designated sections 3 and 4, following section 1 to read:

"Sec. 3. 1. The director shall order the preparation of decals which are adhesive strips treated to reflect light and designed to fit in the spaces reserved for the names of counties on vehicle license plates for passenger cars and trucks. Each decal shall display the name of a county in prominent block lettering.

2. The decals may be purchased for display on license plates in the spaces reserved for them. They must be available for purchase upon request, in person or by mail, in every office where motor vehicle license plates may be purchased.

Sec. 4. When any certificate of registration and vehicle license plate expires and remains expired for a continuous period longer than 18 months, the department may issue, without notice to the previous registrant, replacement plates which bear the same codes. An applicant for such replacement plates must pay the usual registration fees and the fees for duplicate number plates prescribed by NRS 482.500."

Amend the bill as a whole by renumbering section 2 as section 5.

Amend sec. 2, page 2, line 1, by deleting "a" and inserting "an".

Amend the bill as a whole by inserting new sections, designated as sections 6 through 9, inclusive, following section 2, to read:

"Sec. 6. NRS 482.369 is hereby amended to read as follows:

482.369 In providing the distinguishing plates to be issued pursuant to NRS 482.368, the director shall:

1. Select combinations of letters and numbers which are not confusingly similar to the combinations prescribed by NRS 482.270, [482.273 and] 482.274 [.]

and section 1 of this act.

2. Employ letters and numbers of the same size as are used on license plates issued pursuant to NRS 482.270, [482.273 and] 482.274 [.] and section 1 of this act.

Sec. 7. NRS 482.500 is hereby amended to read as follows:

482.500 1. Except as provided in subsection 2, whenever any duplicate or substitute certificate of registration or ownership, decal or number plate is issued upon application, the following fees [shall] must be paid:

For a certificate of registration or ownership	\$2.00
For every substitute number plate	2.00
For every duplicate number plate	7.50
For every decal displaying a county name50
For every other decal (license plate sticker or tab)	1.00

2. A fee of \$2 [shall] must be paid for a duplicate plate of a special plate issued pursuant to NRS 482.3667, 482.375, 482.376 or 482.380.

A fee [shall] *must* not be charged for a duplicate plate or plates issued under NRS 482.368, 482.370, 482.373 or 482.374.

3. The [fee which is] *fees which are* paid for [a] duplicate number [plate shall] *plates and decals displaying county names must* be deposited [to] *with* the state treasurer for credit to the motor vehicle fund and allocated to the department to defray the costs of duplicating the [plate.] *plates and manufacturing the decals.*

Sec. 8. NRS 482.273 is hereby repealed.

Sec. 9. This act shall become effective on January 1, 1982.”.

Amend the title of the bill to read:

“An Act relating to the licensing of motor vehicles; providing for decals displaying county names on license plates of passenger cars and trucks; changing the system of designation by letters and numbers; providing for the reissuance of expired code numbers to different registrants; and providing other matters properly relating thereto.”.

Senator Blakemore moved the adoption of the amendment.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 444.

Bill read second time.

The following amendment was proposed by the Committee on Transportation:

Amendment No. 524.

Amend the bill as a whole, by deleting sections 1 through 4 and inserting new sections, designated sections 1 through 3, to read:

“Section 1. Chapter 706 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. 1. *It is unlawful for any person to act as a broker on or off the highways of this state without first obtaining a certificate of public convenience and necessity from the commission.*

2. *If the commission determines that an applicant for a certificate of public convenience and necessity to operate as a broker holds a valid business license issued by a city or county for his activities as a broker, the commission shall issue the certificate without further investigation.*

Sec. 3. *The provisions of NRS 706.011 to 706.791, inclusive, and section 2 of this act relating to brokers do not apply to any person whom the commission determines is:*

1. *A motor club which holds a valid certificate of authority issued by the commissioner of insurance; or*

2. *A bona fide charitable organization, such as a nonprofit corporation or a society, organization or association for educational, religious, scientific or charitable purposes.”.*

Amend the bill as a whole by renumbering sections 5 and 6 as sections 4 and 5.

Amend sec. 6, page 3, line 3, by deleting “necessity,” and inserting “necessity [,] *to operate as a carrier,*”.

Amend sec. 6, page 3, line 6, after “granting” by inserting “*such*”.

Amend the bill as a whole, by deleting sections 7 through 10 and inserting new sections, designated as sections 6 and 7, following section 6, to read:

“Sec. 6. NRS 706.396 is hereby amended to read as follows:

706.396 Any person who , *after hearing*, has been denied a certificate of public convenience and necessity [after hearing shall] *to operate as a carrier must* not be permitted again to file a similar application with the commission covering the same type of service and over the same route or routes or in the same territory for which the certificate of public convenience and necessity was denied except after the expiration of 180 days after the date the certificate of public convenience and necessity was denied.

Sec. 7. NRS 706.756 is hereby amended to read as follows:

706.756 - 1. Except as provided in subsection 2 , any person who:

(a) Operates in any carriage to which NRS 706.011 to 706.861, inclusive, apply without first obtaining a certificate, permit or license, or in violation of the terms thereof;

(b) Fails to make any return or report required by NRS 706.011 to 706.861, inclusive, or by the commission or the department under the terms of NRS 706.011 to 706.861, inclusive;

(c) Violates, or procures, aids or abets the violating of, any provision of NRS 706.011 to 706.861, inclusive;

(d) Fails to obey any order, decision or regulation of the commission or the department;

(e) Procures, aids or abets any person in his failure to obey such order, decision or regulation;

(f) Advertises, solicits, proffers bids or otherwise holds himself out to perform transportation as a common or contract carrier in violation of any of the provisions of NRS 706.011 to 706.861, inclusive;

(g) Knowingly offers, gives, solicits or accepts any rebate, concession or discrimination in violation of this chapter;

(h) Knowingly, willfully and fraudulently seeks to evade or defeat the purposes of this chapter;

(i) Operates a vehicle without having the proper identifying device;

(j) Displays or causes or permits to be displayed a certificate, permit, license or identifying device, knowing it to be fictitious or to have been canceled, revoked, suspended or altered;

(k) Lends or knowingly permits the use of by one not entitled thereto any certificate, permit, license or identifying device issued to the person so lending or permitting the use thereof; or

(l) Refuses or fails to surrender to the commission or department any certificate, permit, license or identifying device which has been suspended, canceled or revoked as provided in this chapter, is guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than \$50 nor more than \$500, or by imprisonment in the county jail for not more than 6 months, or by both fine and imprisonment.

2. A person convicted of a misdemeanor for a violation of NRS 706.386 [or] , 706.421 or section 2 of this act within 12 consecutive months shall be punished:

(a) For the first offense by a fine of not less than \$100 nor more than \$500;

(b) For the second offense by a fine of not less than \$200 nor more than \$500;

(c) For the third offense by a fine of not less than \$300 nor more than \$500;

(d) For the fourth offense by a fine of not less than \$400 nor more than \$500;

(e) For the fifth and each subsequent offense by a fine of \$500; or

(f) For any offense, by imprisonment in the county jail for not more than 6 months, or by both the prescribed fine and imprisonment.

3. The fines provided in this section are mandatory and must not be reduced under any circumstances by the court.

4. Any bail allowed must not be less than the appropriate fine provided for by this section."

Amend the title of the bill to read:

"An Act relating to motor carriers; exempting certain organizations from provisions regulating brokers; revising provisions governing the issuance of a certificate of public convenience and necessity to operate as a broker; and providing other matters properly relating thereto."

Senator Blakemore moved the adoption of the amendment.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 501.

Bill read second time, ordered engrossed and to third reading.

Senate Bill No. 503.

Bill read second time.

The following amendment was proposed by the Committee on Human Resources and Facilities:

Amendment No. 528.

Amend the bill as a whole, by deleting sections 1 through 9 and renumbering section 10 as section 1.

Amend sec. 10, page 5, line 8, before "Section 16" by inserting:

"1. NRS 584.1785 is hereby repealed.

2."

Amend the title of the bill to read:

"An Act relating to dairy products and substitutes; repealing restrictions on the sale of substitute dairy products by distributors; restoring the permanent status of the state dairy commission; and providing other matters properly relating thereto."

Senator Neal moved the adoption of the amendment.

Remarks by Senators Ford, Neal and Hernstadt.

Senator Hernstadt moved that Senate Bill No. 503 be taken from the Second Reading File and be placed on the Secretary's desk.

Remarks by Senators Hernstadt, Blakemore, Jacobsen and Neal.

Senator Hernstadt requested that all remarks concerning Senate Bill No. 503 be entered in the Journal:

SENATOR FORD:

Mr. President, I'd just like to know, since this amendment deletes the whole bill and replaces it with one line that has a reference that I haven't looked up, could we know what is being repealed by the bill if we pass this amendment?

SENATOR NEAL:

Mr. President, the whole bill is being repealed except the one line that has the reference in it.

SENATOR FORD:

Mr. President, I would like to know what that reference refers to.

SENATOR NEAL:

Mr. President, through you to Senator Kosinski, do you want to respond to this? This is part of your suggestion.

SENATOR FORD:

Mr. President, My question is, what is this referring to?

SENATOR NEAL:

Mr. President, it's the Sunset Law. We are not sunseting it. It would be sunset in 1983, so we are just taking that out. That refers to the dairy commission.

SENATOR FORD:

Mr. President, through you to Senator Neal, then the effect would be to leave everything exactly as it is now, that is, the Dairy Commission is still in operation with no changes. Is that correct?

SENATOR NEAL:

Mr. President, the Dairy Commission would be in operation, but there would be some changes. The changes are that the health department and the Dairy Commission would not have to enforce the standards that deal with byproducts.

SENATOR FORD:

Mr. President, I don't see that in the amendment.

SENATOR NEAL:

Mr. President, it is just being repealed.

SENATOR HERNSTADT:

Mr. President, this is a rather significant amendment. I've had sitting in my desk since the beginning of the session a bill which would abolish the dairy commission. I believe that it is a significant type of commission, and that it serves to jack up the price of retail milk for consumers. There is a sunset provision on July 1, 1983, and I think that that provision should be left in effect, so we can see what the dairy commission does between now and then. By eliminating that, the commission will be free to continue to ratchet up the price of dairy products, including milk. They've got a formula that they put into effect down in southern Nevada, that everytime the costs go up, every month they are going to redetermine the price and raise the price to the consumer. Nobody seems to be speaking up for the consumer. I think this matter is a serious enough one, that since we are having a three-day recess, this amendment and the bill should be put on the Secretary's desk. I would, therefore, move that Senate Bill No. 503 be placed on the secretary's desk along with the amendment, and this matter be considered by us seriously. This is not just a routine amendment that's zip, zip, zip, to make a technical correction. This is a substantive change. I don't think that many of us knew until this moment its import. I make such a motion, Mr. President.

PRESIDENT LEAVITT:

Senator Hernstadt has moved that Senate Bill No. 503 be placed on the Secretary's desk. This motion takes preference over the motion to amend the bill. The matter before the Senate at this time is to place Senate Bill No. 503 on the Secretary's desk.

SENATOR BLAKEMORE:

Mr. President, I would oppose that motion, the amendment to the original motion, on the basis that it needs to be reprinted. If it will be allowed to go to reprinting, I have no objections.

SENATOR JACOBSEN:

Mr. President, I certainly object to the motion, because it is not any substantial change. I want to inform Senator Hernstadt that the price of milk is not determined by the Dairy Commission in Las Vegas. They are on a federal marketing order, and that makes the determination. The dairy commission over the last number of years, I think, has been very productive. I realize that back about two or three sessions ago. It was a bone of contention, mostly because the people that served on the commission were part of the industry. (I might be getting off the subject here, and if I am, Mr. President, you can stop me, but I have to cover it in

order to explain it.) The people that served on the Commission were part of the industry, and that's where the conflict arose. I chaired an interim committee, and we covered the whole state. We changed the Commission which today is no longer representative of the industry. It's independent. It has a banker on it, a public accountant and one other person who is independent. They determine the price of milk by the price of the products such as hay, grain and the costs of the animals. For the last two sessions, their audit has been right up to snuff. The fact is, it is one of the best and done by our own auditing department. Also, in that vein, they corrected all the inequities. There was abuse as far as markets were concerned. There were kickbacks and one thing and another. That has all been completely contained now. There have been no complaints to my knowledge for about the last two years. The sunset provision, I think, is one of those that speaks to the employees. We extended it last time and added two more years so that they would sunset until 1983. The employees who are presently there wonder whether they have jobs or not. Keep in mind that this commission is completely funded by the industry. It does not contain any public funds. The producer, the manufacturer contribute into this fund and monitor their own. The reason for this bill is the fact that over the years this same commission has been responsible for inspecting substitute dairy products. Now that's not reasonable, because it is funded by their own industry, and they should inspect only products that are dairy products, not substitutes. That's the reason for it, so I certainly would object to the amendment to move it to the desk.

SENATOR NEAL:

Mr. President, I am not one who will equivocate over milk, but we just discovered that we have a problem with the amendment, so I'd like to support the motion to place it on the Secretary's desk.

PRESIDENT LEAVITT:

Senator Neal, do you wish at this time to withdraw your motion to adopt the amendment?

SENATOR NEAL:

Mr. President, I support the motion to place it on the Secretary's desk.

PRESIDENT LEAVITT:

Senator Neal, you made a motion to amend Senate Bill No. 503 by adopting Amendment No. 528. Do you wish to withdraw that motion?

SENATOR NEAL:

Mr. President, if I understand the rules of parliamentary procedures, since a motion was made to place it on the desk, that motion takes precedent.

PRESIDENT LEAVITT:

That's the motion we will vote on first, Senator Neal, but we want to know if you want to withdraw your motion. We just want the amendment withdrawn. Do you want withdraw that motion?

SENATOR NEAL:

Mr. President, I withdraw that motion to amend the bill.

PRESIDENT LEAVITT:

The matter before the Senate at this time is a motion by Senator Hernstadt to place Senate Bill No. 503 on the secretary's desk.

SENATOR HERNSTADT:

Mr. President, I just want to ask everyone to please seriously consider this matter when they get the amendment fixed, because it will still provide for removal of the sunset provisions.

SENATOR JACOBSEN:

Mr. President, I didn't realize there was an error in the amendment. I would support the motion at this point.

Senator Neal withdrew his motion to adopt Amendment No. 528 to Senate Bill No. 503.

Senator Neal withdrew Amendment No. 528 to Senate Bill No. 503.
Senator Hernstadt's motion carried.

Senate Bill No. 511.

Bill read second time.

The following amendment was proposed by the Committee on Government Affairs:

Amendment No. 533.

Amend the bill as a whole, by inserting a new section, designated as section 3, following section 2, to read:

"Sec. 3. NRS 538.211 is hereby amended to read as follows:

538.211 1. Notwithstanding anything in NRS 538.041 to 538.251, inclusive, to the contrary, the administrator may request, on behalf of the State of Nevada, from the Secretary of the Interior of the United States the installation of water service facilities [and] *or* electrical generating machinery , [and] equipment *or transmission facilities*, or [water service facilities or electrical generating machinery and equipment] *any combination thereof*, as the administrator [in his discretion may deem] *deems* necessary or convenient to meet and serve the future water and power demands and requirements of the State of Nevada, and he shall negotiate for , [and] obtain , and enter into and execute [and] *or* cause to be executed such contracts, documents and instruments as are appropriate and requisite to carry [such] *the* requests into effect.

2. In the contracts, documents and instruments referred to in subsection 1, the administrator may:

(a) Obligate the State of Nevada to repay the cost of water service facilities constructed by the United States;

(b) Obligate the division to operate and maintain water service facilities constructed by the United States;

(c) Sell Colorado River water, at wholesale, and deliver it through water service facilities constructed by the United States under contracts to be approved by the United States and upon charges which will yield to the division revenues sufficient to repay the costs of such facilities and their operation and maintenance and, in addition, the cost of the water;

(d) Require each purchaser of Colorado River water from the division to exercise such powers as [such] *the* purchaser may possess to levy and collect taxes or assessments for the purposes of meeting the charges payable to the division; and

(e) Agree to institute in the eighth judicial district court of the State of Nevada, and to prosecute to final judgment, including appellate review, proceedings to determine the validity of any contract or other obligation entered into with the United States under the provisions of subsection 1. Jurisdiction is hereby conferred upon [such] *that* court, and generally upon each of the district courts of the State of Nevada, to conduct proceedings for [such] *that* purpose as in the ordinary case of the judicial determination of proceedings, contracts, bonds and obligations of water conservancy districts as provided in NRS 541.380 to 541.420, inclusive. Such proceedings may be initiated by and in the name of the administrator.

3. In the event of the installation of any water service facilities [and] *or* electrical generating machinery , [and] equipment or [water service facilities or electrical generating machinery and equipment] *any*

combination thereof, pursuant to a request therefor by the administrator, the faith and credit of the State of Nevada hereby is [and shall be] irrevocably pledged for the performance and observance of all covenants, conditions, limitations, promises and undertakings made or specified to be kept, observed or fulfilled on the part of this state, in any contract heretofore or hereafter entered into with the United States of America.

4. If the State of Nevada must purchase or otherwise acquire property, or compensate for damage to property, for use in the transmission and distribution of electrical energy resulting from an increase of the state's allocation of energy and power from Hoover Dam, the faith and credit of the State of Nevada hereby is irrevocably pledged for the performance and observance of all covenants, conditions, limitations, promises and undertakings made or specified to be kept, observed or fulfilled on the part of the state, in any contract entered into before, on or after July 1, 1981, pursuant to this section."

Amend the bill as a whole by renumbering section 3 as section 4.

Amend the title of the bill, line 4, after "changes;" by inserting: "broadening the purposes and incidents of the administrator's permissible undertakings with the United States;"

Senator Gibson moved the adoption of the amendment.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 525.

Bill read second time, ordered engrossed and to third reading.

Assembly Bill No. 322.

Bill read second time.

The following amendment was proposed by the Committee on Government Affairs:

Amendment No. 529.

Amend section 1, page 1, line 3, by deleting "Commemo-" and inserting "commemo-".

Amend section 1, page 1, line 4, by deleting "mining has had" and inserting "of mining [has had]".

Senator Gibson moved the adoption of the amendment.

Amendment adopted.

Bill ordered reprinted, re-engrossed and to third reading.

INTRODUCTION, FIRST READING AND REFERENCE

By Committee on Commerce and Labor:

Senate Bill No. 548—An Act relating to industrial relations; reorganizing the system of industrial insurance; and providing other matters properly relating thereto.

Senator Gibson moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

MOTIONS, RESOLUTIONS AND NOTICES

The Sergeant at Arms announced that Assemblymen Vergiels and Rusk were at the bar of the Senate.

Assemblyman Vergiels invited the Senate to meet in Jount Session with the Assembly for the purpose of discussing Assembly Bill No. 369 and Senate Bill No. 411.

Mr. President announced that if there were no objections the Senate would recess subject to the call of the Chair.

Senate in recess at 9:16 a.m.

IN JOINT SESSION

At 9:25 a.m.

President of the Senate presiding.

The Secretary of the Senate called the Senate roll.

All present except Senator Lamb, who was excused.

The Chief Clerk of the Assembly called the Assembly roll.

All present except Assemblyman Chaney, who was excused.

Senator Gibson moved that the Joint Session of the Senate and Assembly resolve itself into a Joint Committee of the Whole for the purpose of considering Senate Bill No. 411 and Assembly Bill No. 369 with Senator Keith Ashworth as chairman of the Joint Committee of the Whole pertaining to Senate Bill No. 411 and Assemblyman May as Chairman of the Joint Committee of the Whole pertaining to Assembly Bill No. 369.

Motion carried.

IN JOINT COMMITTEE OF THE WHOLE

Senator Keith Ashworth presiding.

Senate Bill No. 411 considered.

The Joint Committee of the Whole was addressed by Mr. Marvin Leavitt, Senator Wagner, Assemblymen Dini, Jeffrey, Senator Wilson, Mr. Lee Bergstrom, Senators Getto, Raggio, Assemblyman Rusk, Senator Echols, Assemblymen Craddock, Price, Robinson, Senators Close, Gibson, Neal, Assemblyman Kovacs, Senators Blakemore, Kosinski and Hernstadt.

Assemblyman May presiding.

Assembly Bill No. 369 considered.

The Joint Committee of the Whole was addressed by Mr. James Lein, Senator Getto, Assemblyman Bergevin, Senators Wagner, Kosinski, Ford, Assemblymen Vergiels, Price, Robinson, Ham, Senator Bilbray, Assemblyman Jeffrey, Senator Raggio, Assemblyman Hickey, Senator Neal, Assemblymen Westall, Craddock, Senator Gibson and Assemblyman Polish.

On motion of Senator Gibson, the committee did rise and report back to the Joint Session of the Senate and Assembly.

IN JOINT SESSION

At 12:29 p.m.

President of the Senate presiding.

REPORTS OF COMMITTEES

Mr. President:

Your Joint Committee of the Whole has considered Senate Bill No. 411 and Assembly Bill No. 369.

SENATOR KEITH ASHWORTH,
Co-Chairman of Joint Committee of the Whole
ASSEMBLYMAN PAUL W. MAY,
Co-Chairman of Joint Committee of the Whole

Senator Gibson moved that the Joint Session be dissolved.
Motion carried unanimously.
Joint Session dissolved at 12:30 p.m.

SENATE IN SESSION

At 12:35 p.m.
President Leavitt presiding.
Quorum present.

REMARKS FROM THE FLOOR

Senator Keith Ashworth requested that the following remarks, concerning Senate Bill No. 411 and Assembly Bill No. 369, discussed in the Joint Committee of the Whole, be entered in the Journal:

SENATOR KEITH ASHWORTH:

Thank you Mr. President, Members of the Senate and Members of the Assembly. First of all, I'd like to announce that Chairman May and I both have on our Senate and Assembly Taxation uniforms for today. These are our TV uniforms. First of all, I would like to call forward, and while they're coming forward, Marvin Leavitt, Jim Lein and Lee Bergstrom, if they will please take seats on the wings here, so that we can use them to the technical committee. I would like to announce to the Joint Committee that the Assembly Taxation and the Senate Taxation have had the technical committee consisting of numerous peoples from local government, state government, independent enterprises and, for the purpose of the presentation of these two bills today. Marvin Leavitt will present, in detail, section by section, Senate Bill No. 411. Jim Lein will present the explanation in detail, section by section, Assembly Bill No. 369 and Lee Bergstrom, Certified Public Accountant from the Reno area, will be the backup in technical detail with all of the numbers. So, if there is no objection from the Joint Committee, I will ask Mr. Leavitt if he would please take the Chief Clerk's microphone and we'll go through Senate Bill No. 411, section by section with an explanation. I would like to say that as questions arise, if you will please raise your hand, the Chair will recognize you, and we will address the questions as we go through the bill, if there are no objections.

MR. LEAVITT:

Senate Bill No. 411 is the bill that provides the regulation of local government, provides the limitations on the amount of money coming to local government, and provides other restrictions on local government, as we go through the bill. Section 1 of the bill is merely an indication that the bill is amending Chapter 354 of NRS. Section 2 is the definition of the supplemental city-county relief tax. For everyone's information, I think it might be wise at this point if I indicated that of the 3 1/2 cents now that we commonly call a sales tax, 2 percent is actually a sales tax that goes to the state general fund. One percent is the local school support tax for the benefit of school districts in the state, and one-half cent of that is the city county relief tax that is allocated to cities and counties, that is, a county-of-origin tax.

In Section 2 of the bill, there is a definition of the supplemental city-county relief tax, and the definition is simply "that portion of the tax that exceeds the one-half percent that is currently now in effect." So when we speak of supplemental city-county relief tax, we are speaking of the new addition to the city-county relief tax.

Section 3 of the bill is the section that provides the base for computing all future

ad valorem and supplemental CCRT increases. I might indicate that, in this provision, we are going to treat the ad valorem tax that a local government can levy for operations, and the amount coming into them from the supplemental city-county relief tax as one amount, the total of those two. So, in effect, what we are going to use as computing this base, is that we are going to multiply the tax rate that was certified for the current year, so we would use each individual taxing entity's own tax rate that has been certified for the current year, which, of course, is the last certified tax rate, multiply that by the assessed valuation of the entity. In this particular year, as provided in Senate Bill 69, we will be dealing with an assessed valuation that we probably commonly refer to as a factored-up assessed valuation. This factored-up assessed valuation is simply an endeavor to bring to this point in time all assessed valuations at a common level. As you are aware, in the past, we have had a five-year cycle, whereby 20 percent of the properties have been reassessed each year. This has had the effect at the end of the five-year cycle of resulting in drastic increases in the assessed value of various properties. This is an attempt to bring all property up to a current level.

SENATOR WAGNER:

Thank you, Mr. Chairman. Let me ask you a basic question. Are you using the tax rate of last year? Is that correct?

MR. LEAVITT:

That is correct.

SENATOR WAGNER:

Are there communities in this state that have tried to keep their tax rates down during the last few years because of the concern and interest in property tax reduction, and because of that, they would be put in a more burdensome position than other communities that had not made that attempt?

MR. LEAVITT:

That is probably true. However, the analysis is that would be an almost impossible situation. The second thing is we also recognize that each entity has been operating, and we believe most of them in a fairly effective manner, at the tax rates they have had in recent years. For those who have not been reassessed in a long time that difference is made up by the increase in the assessed valuation coming from the factored-up assessed valuation. In setting those tax rates, another point that I think needs to be made, each local government is considering the total revenue available from all sources. Supposedly, those governments that have had a larger portion of revenue from other sources have been able to have a lower tax rate. I might indicate it is part of the process of the factoring-up that there has been a determination made that because of the method of assessing residential property the residential property has grown in assessed value more rapidly than business property. So the factor also takes into account a reduction factor for residential property to overcome that problem that existed in the prior years. As corollary to this in another section of the bill, but since it relates to this first year the amount of money available, there is also a limitation that the total amount to be received from the taxes ad valorem and the supplemental city-county relief tax cannot increase more than 15 percent above the ad valorem tax levied in the prior fiscal year. The reason for this limitation being the fact that some governments that have not been reassessed for a considerable period of time, were we to allow simply the computation based on the current year assessed valuation factored-up multiplied by last year's rate, would be allowed to increase their revenue sometimes to 40 and 50 percent or more. So, we feel that the 15 percent is necessary to restrict this growth in the total revenues. The 15 percent is used simply as a measure so that even those that have been reassessed in this current year cannot grow more rapidly than that. We felt that using a figure less than 15 percent would be unfair to those type of entities since they would not have had any increase in assessed valuation because of inflation purposes for the last five years.

Section 3 of the bill also provides an exemption from the normal limitations as they relate to the rate. These two limitations relate to, first of all, Douglas County and second of all, the fire district located in Douglas County. Because of the political makeup in Douglas County, these entities have had an exceptionally low property tax rate in the past. The feeling was that to apply that rate to all future growth would not be reasonable. So, they have been specified. That reads that a county that has a tax rate less than 50 cents in this year would be deemed to have

an 80 cent tax rate for the purposes of the bill. Also, it relates to the fire district that has had less than 50 cents would be deemed to have 1.05 for the purposes of the bill. After this one amount is computed, that I just previously discussed, which relates each individual's own tax rate and their own assessed valuation, then from that is subtracted the amount that is expected to be received from the supplemental city-county relief tax. That difference figure between the two would be the amount that they could raise ad valorem taxes or levy ad valorem taxes for this next fiscal year.

The next part of Section 3 deals with what will happen in the following year. In the following year, we would initially take the assessed valuation of the entity for the current year. We would add to that an amount, which is obtained by multiplying that assessed valuation by the increase in percentage of the consumer price index. So, in other words, we would allow that basic assessed valuation to grow by the consumer price index. I should indicate that that's not for assessment purposes but for determining the total levy of tax so that we would allow that to grow by this consumer price index. Let me give you an illustration. Let's suppose that the total assessed valuation of a community is \$1,000. If the increase in the CPI is a \$100, then we would simply add that \$1,000 to the \$100 that we get by multiplying the \$1,000 by the 10 percent. We would then add the value of new property coming on to the roll in the current year. Let's suppose, in this case, that we have \$100 in new property coming on to the roll. Then in computing the allowable increase for the second year, we would take the basic assessed valuation, which is \$1,000, we would add to that \$100, representing that inflationary increase on the old roll, and would add the second \$100, which would be the new property coming onto the roll. If we add the three together, we have \$1,000, \$100 and \$100, giving us a total of \$1,200. We would then compare that \$1,200 to the original assessed valuation of \$1,000, which means they would be allowed to grow from the supplemental city-county relief taxes than ad valorem by 20 percent. So we simply take the amount of the first year, multiply that by a 20 percent increase, and that would be the amount that would be allowed to grow in the total in the second year. There is another limitation, however, and this limitation provides that the ad valorem tax alone cannot grow by more than 6 percent.

I am certain that most of you are aware that the 6 percent is a somewhat controversial number. Let me explain how the effects of that 6 percent would work. The 6 percent relates to ad valorem taxes alone and is more restrictive generally than the amount that we obtained up above, which relates to the total of the two. In general, throughout the state we're now looking at this pot that contains supplemental city-county relief tax and ad valorem. We're looking at about two-thirds of that coming from supplemental and about one-third of that coming from ad valorem. The effect of that now will be that the two-thirds will grow at the rate based on the economic situation in the state. If the economy is good, that portion rises rapidly or less rapidly. The one-third will be limited to 6 percent. If the growth in the city-county relief tax is excellent, the 6 percent will probably not cause a problem for most local governments. However, if the growth in the city-county relief tax is low, then the 6 percent will come into effect, and local governments will be somewhat limited in their growth potential.

ASSEMBLYMAN DINI:

Thank you, Mr. Chairman. I can see in the dissemination that you are imposing here, some counties such as Nye County or Mineral County, which have had a resurgence into mining, that you're really going to have net proceeds in mines. In the past the mining companies have been very cooperative with local governments in helping to assume the responsibility, when they cause the heavy growth, to fund schools, or when the local projects, sewer and water, had to be done, they came forth willingly to pay the bill for the growth that they cause. Now you're putting a 6 percent limitation on the assessed valuation increase in these counties at a time when it is critical, when they may double their population within a year or a year and a half. Isn't this thing too tight for that type of growth?

MR. LEAVITT:

The effect of this, of course, would be that if we had growth in the community equal to 6 percent or greater, then the original properties would not be receiving a tax increase at all because of the limitation of the 6 percent total. So it's a relationship between how fast the community grows. Remember, the 6 percent is on the dollars received in the previous year from ad valorem taxes, so if we have growth in

the community equal to at least 6 percent or more, then the effect of that would be that the property that is originally on the roll, the rate would be reduced for that property and in general, would not grow at all unless their property was growing at a faster rate than other property in the community. I perhaps should indicate at this point, to make an important point, that the 6 percent limitation does not guarantee that any individual piece of property will not receive a tax increase greater than 6 percent. The total dollars to be derived from the property tax shall not increase more than 6 percent, but if we have a house or some other type property whose assessed valuation is growing at a more rapid rate than other properties in that taxing district, it is possible that they would receive an increase larger than the 6 percent. I think that is an important point that everyone should understand, because that is the effect and it is my understanding there is no way to solve that problem, short of a Constitutional amendment.

ASSEMBLYMAN JEFFREY:

While I'm not sure the question was answered, I think the City of Henderson may have the same problem. I think our growth rate is approaching 6 percent and I know that the city is having a terrible time keeping up with the growth now. It looks to me that this limits the dollars that they would be able to provide to take care of growth problems.

MR. LEAVITT:

For those communities that are growing, this 6 percent is definitely going to be a limitation to them, and I might indicate that Assemblyman Dini asked the questions related to net proceeds and mines, that would be the same effect with net proceeds as it would be with property that is growing from other sources as well. So in those communities that are growing rapidly, the effect, of course, will be greater upon them than it would be upon a community that is remaining somewhat static.

SENATOR WILSON:

Can I ask what the policy judgment was behind that decision? What you're doing is capping revenues at 6 percent, irrespective of growth, which I think should be separate in increases in revenue from the same property tax the previous year. What is the policy rationale behind that recommendation?

MR. LEAVITT:

I think someone from the committees would be a more appropriate source to discuss policy than myself.

MR. BERGSTROM:

May I add a word or two to Marvin's comments on both the net proceeds and the effect of the supplementary CCRT. First, in respect to the net proceeds, the conventional method of estimating net proceeds of mines is based on the net proceeds realized in the current year, which is a conservative and, I think, a normal way of budgeting for it. In the circumstance where net proceeds of mines rises dramatically in the following year, and there are circumstances we are all aware of in our state where that is likely to happen, the benefit will float through, if you will, the second year. In other words, what we are anticipating might happen, we really don't know because those net proceeds are not in hand, will benefit the local government in the first year, will not be restricted on valuation base. Remember, too, that the growth, whether it's evidenced by net proceeds, or it's evidenced by new property on the roll, mobile homes, houses, buildings, whatever it may be, is going to increase the basic ad valorem for the local government that is being affected by this change in population or growth. So that local government's share of the total supplementary CCRT pot will tend to grow more rapidly than those local governments which do not have such growth. I think it's important to understand that so you can see how the growth factor does fit into the equation. Even though the ad valorem tax that can be derived in that area is going to be limited to a 6 percent increase on the absolute dollars involved, the amount of supplementary CCRT will flow much more toward the growth area and tends to flow away from those areas that have less growth. Hopefully, a total growth in supplementary CCRT will avoid any particular disadvantage to those that are not growing as rapidly.

SENATOR GETTO:

I was going to mention or point out the fact that this was an area where there was a great deal of disagreement between the two committees and that I feel that the cap is for the areas that do have more rapid growth and especially some of the

rural areas that it is an aggressive factor. I think that this cap should be more realistically raised or else just cap the old rolls on the assessed valuation and leave the growth uncapped.

SENATOR RAGGIO:

The question was what's the policy decision of the committee in determining the 6 percent limitation on the growth of ad valorem revenue? That was not a unanimous decision on the part of the committees, but it represented a majority of both committees. If I could give you my reason for it, I would say that in the absence of a 6 percent cap on the growth of ad valorem revenue, there is nothing remaining in the bill, if it were left at 12 percent, for example, that speaks realistically to what I think was one of the basic cries and demands of the general public. That was that there be some cap or some measure that would place a limit upon the growth of tax which would apply to any particular parcel. We are unable to do that in this tax package as Mr. Leavitt indicated. This is the best attempt of the majority of the two Committees to place in the bill a provision which gives some reasonable degree of assurance to property owners and individual parcel owners that there is a meaningful cap on the amount that any tax will grow upon individual parcels. Now, as Mr. Leavitt indicated, this is not a cap of 6 percent on an individual parcel, but it's the best approach that can be made to that by capping the total revenue, which can be raised from ad valorem. That's the total ad valorem base as has been indicated, not accepting any new construction. I think you can leave here with this provision intact and give the people of this state the assurance that there is a meaningful limit against which their real property taxes will not increase because this imposes such a limitation overall.

I think, if I got any message from the voters at the last election and from the public hearings that we have held. We have given them all of these technical adjustments, we've been through these bills. The question that remains unanswered, and I say this to Senator Wilson because I think it's the most pertinent question asked, how does this affect my own parcel? What's in your tax package to assure us that our assessments, and not assessments alone, but our bottom line tax payment is not going to increase by a certain amount or a certain percentage? In asking at these public hearings what percentage would be realistic and acceptable, the 6 percent is a pretty meaningful compromise at meeting the public clamor. You will recall that Question 6 had a very severe limitation imposed pursuant to a Constitutional amendment, which would limit the amount any assessed valuation or property tax could grow on an individual parcel. This is the best attempt of the joint committees to impose some meaningful restriction. In talking with the technical committee, as Mr. Leavitt indicated, this should not impose a great burden on any entity in view of the fact that it accounts for only one-third of the total revenue from that source and that is a long answer to the question.

ASSEMBLYMAN RUSK:

I have a shorter answer to the same question I would have to the remarks of Senator Raggio and also point out that if we are able to go back to our constituents and show them that we, in fact, are listening to their needs, as it has been pointed out, as opposed to what we have heard the last few days loud and clear from the lobbyists of the various public agencies that have screamed very loudly that, you recall, we started out with a 12 percent cap on all revenues. We remove that cap altogether from the sales tax, then we move to a 6 percent cap on the ad valorem revenues only, and we still get this large hue and cry. I think, if you consider the fact, and I'll just cite one example—Washoe County under the existing taxation schedule, relies on about 50 percent of its revenues to come from ad valorem tax. After this package is in vogue, it then will drop to 16 percent reliance on ad valorem tax. I don't hear particularly Washoe County complaining about that, but they are concerned. Some of the other counties are very concerned about this awesome cap. A two year plan is all we've got here and I am sure that counties across the state will survive based on that scenario and we, best of all, as elected officials will be able to go back to our constituency and say we did the only legal thing we could do to accomplish some restriction on how much the overall ad valorem tax can increase each year. I think it's not only appropriate, but without this cap, I don't think we even come close to accomplishing what has been the problem with property taxation in the state of Nevada for the past 15 years, and that is that we have never been able to or made any attempt to control the increases, which, of

course, in past years have cropped up over a five-year period and now we're going to an annual reassessment. Again, this is a part, a very key part of our package.

SENATOR ECHOLS:

I'd like to ask a question, if I'm hearing the discussion properly. I'm indicating that we are equalizing the assessments on all properties, is that right?

MR. LEAVITT:

That is, an attempt is being made.

SENATOR ECHOLS:

We're saying we can only increase the total amount of funds received by 6 percent, is that right?

MR. LEAVITT:

No, that is not correct. That relates to the total of the ad valorem increase in the second year over the ad valorem raised in the first year.

SENATOR ECHOLS:

How can an individual property, under that schedule, be increased more than 6 percent?

MR. LEAVITT:

To give an example, let's suppose we have only two homes in this taxing district. We have one home that is in a more desirable location than the other one and the value of that property increases by 30 percent in the second year because it's in a very favorable location. The second property only increases by 1 percent, which means that the total tax to be derived from the two of them can only increase 6 percent. The effect would be that the house that had a 30 percent increase in assessed valuation would grow at a rate much more rapidly than the 6 percent and the one with the very small increase in assessed valuation would grow much less rapidly than 6 percent.

ASSEMBLYMAN CRADDOCK:

I have felt all along that when you fail to consider new development in an area, if you double the size of the community, you can potentially cut the taxes from a single piece of property collected by way of ad valorem in half. I recognize some of the implications of other resources coming in from other places, but to collect an ad valorem of half as much next year as you did this year, that's entirely possible under this structure if a community doubles in size. I don't understand the logics of it now any more than I did two weeks ago when we first started talking about it.

ASSEMBLYMAN PRICE:

I hesitantly rise to oppose my eloquent colleague from the north, however, I would say that if you are representing a community whose interest is in anti-growth, this is an excellent provision. I would like to clear up some things where people were trying to draw parallels between Question 6 and this provision. I want to tell you there is no parallel. Question 6 and Proposition 13 dealt with a 2 percent growth in your own personal property's tax bill. It could only go up 2 percent a year. If the community was growing, and you're adding new properties to the community, there was no effect on that in Question 6. Those properties would come on at full market value, be assessed at that 1 percent rate that it had, but there was no limit on the growth of the community. Now we have another bill, which you cannot talk about this without mentioning that, that will be coming, that does in fact handle how your appraisals are going to be made from year and we're correcting all of those other problems that have haunted us that have substantially contributed to the "tax revolt". But this provision of this particular bill, where you are attempting to limit, regardless of how fast the community is growing, its overall income from that source, you are severely hampering that community, particularly if you take a look at all of the medium and small communities that we have throughout Nevada, who are expecting to grow, even though they may not want to, as a result of MX. They can do these types of things voluntarily at their city council, but to impose these types of restrictions on those Nevada cities and areas that do not wish to be anti-growth, I think is very severe. I was one of the people who opposed this severe a restriction, even though I did happen to be out of the room at the moment that they voted on it.

ASSEMBLYMAN ROBINSON:

In the handout, Mr. Chairman, that we have it says the ad valorem limits may be overridden by a vote of the people. Would not this solve the problem that we're talking about with Mr. Dini and some of the others in these rapidly growing areas that those that are impacted by rapid growth more than they expected could override the cap?

SENATOR KEITH ASHWORTH:

That is the next provision that I'm sure that Mr. Leavitt is going to talk about, but I believe the answer to your question would be yes, that is the escape valve for that.

ASSEMBLYMAN ROBINSON:

If that is the correct answer, then I think we're just spinning our wheels on further discussion.

SENATOR CLOSE:

Mr. President, there is a cap of 6 percent on the property tax, but do I understand there is no cap on other potential sources of revenue, like sales tax? If the area is growing, then that area will earn additional sales tax because of additional growth. Is that correct?

MR. LEAVITT:

There is a limitation on the total that can be received from the supplemental city-county relief tax and the ad valorem tax.

SENATOR CLOSE:

Does that exceed 6 percent?

MR. LEAVITT:

That is the provision I discussed earlier when I used the \$1,000, the \$100, and the \$100. That does have a provision for community growth. So the effect is that the community that is growing would receive a larger distribution from the sales tax. How large that distribution would be and whether it would be enough would depend somewhat upon the general economic condition throughout the state.

SENATOR CLOSE:

But my question specifically, is there a limit on what income can be realized from the sales tax.

MR. LEAVITT:

Yes. That limit is based upon the total of the two. It says that in that second year, for instance, that that growth would be related to the formula that I discussed previously which takes that based assessed valuation as the allowable amount for inflation plus the allowable amount for new property coming on to the rolls. That would take effect and would work if the economy is good. If the economy is bad, and the sales tax does not grow at a rapid rate, then the 6 percent would come into effect.

ASSEMBLYMAN JEFFREY:

First of all, I would like to ask how often the population figures would be adjusted for the purpose of distributing the sales tax proceeds.

MR. LEAVITT:

The supplemental city-county relief tax that we are talking about here would be based upon assessed valuation and not population. For the original one-half cent the other bill provides that those would be adjusted on an annual basis. But for the one we're talking about right now, this is basis on that assessed valuation formula and not on population.

ASSEMBLYMAN JEFFREY:

In other words, if it were based on the assessed valuation formula, then it can only increase 6 percent a year also, is that right?

MR. LEAVITT:

No, the ad valorem tax alone can only increase 6 percent, but when we talk about the combination of the two, which is the supplemental CCRT and the ad valorem, then that can grow by that formula I talked about based on the growth in the ad valorem in the community.

ASSEMBLYMAN JEFFREY:

I would like to mention I think that it would be well for us all to keep in mind that when we talk about taking the increase in ad valorem to a vote of the people, that the people that are going to be the best registered are going to be the older, stable residents of the community. Those residents generally, at least in the area that I represent, are not too happy about the growth to begin with, and they're not too concerned about the growth problems because they've got their water, sewer, streets, sidewalks, curbs, gutters and street lights in place. The city has a problem with providing those off-site improvements and general improvements to the new areas. The new residents are not as well registered and in many cases, there is quite a difference in voter registration. I think that they are placing severe limitations on local government with the 6 percent. I would have no objection at all if new construction were exempt from that 6 percent but I think in the case of the City of Henderson, I think it's entirely unreasonable.

SENATOR GETTO:

Yes, Mr. Chairman. I just wanted to clarify one point. I'm not one for placing any limits on the increase in ad valorem taxes. The figures that were picked were arbitrary anyway. We started with 12 percent. That's not a magic figure or anything and then, of course, we just whacked it in two to 6 percent. I don't think that any of us in the smaller counties really feel secure with what's going to happen with these counties. There's another area that we'll get into a little later on that will be adverse to the smaller towns, too, and I will address that when we come to it. I want to just make it clear that I certainly wasn't for removing any limitations, but as I said, we started with an arbitrary figure of 12 percent. It was just a figure, and then we whacked it down to 6 percent. We really don't know what that is going to do.

SENATOR KEITH ASHWORTH:

I think we have had a lot of dialogue on the problem of 6 percent. Is there any more questions on this area and if not, we will proceed on with the rest of the explanation.

MR. LEAVITT

Subsection 4 at the bottom of Page 2 indicates that a local government may exceed these limitations if it goes to a vote of the people and is approved. When they go to the people they have to indicate the purpose that the additional levy as well as the duration of the levy, so the voters can approve it. The next section also provides an increase in this limitation for additional programs mandated by the legislature. The excess amount to be allowed would be approved by the Legislative Commission. Section 3.3 of the bill also allows the local government to come before the Legislative Commission and submits proof of certain unusual circumstances of emergency type situations and lists sudden and unusual changes in population, construction, and major public works, or significant decreases in revenues, judgements, losses, natural disasters, etc. The Legislative Commission is given approval to allow an increase in the tax rate of not more than 50 cents.

ASSEMBLYMAN CRADDOCK:

Mr. Chairman, before we wander too far from this method of expending the ad valorem tax rate through these various devices I would like to make one comment which may not have been clear earlier. If we support the idea of imposing the cost of election on local government in order to do something as fundamental as maintaining the current level of property taxes in the time of inflation, we can escape from the provisions referred to earlier by these mechanisms, including the one to which Mr. Leavitt just referred. We can have local government take it to the state to determine whether or not they can maintain their current level of collections, the collecting of property taxes on an individual parcel of property. I just want it understood that we are, in fact, imposing that added cost on local government.

SENATOR WAGNER:

Thank you, Mr. Chairman. I have some concern about an interim body making decisions such as this, but I would ask the question: Why was the Legislative Commission chosen rather than the Interim Finance Committee, for example?

SENATOR KEITH ASHWORTH:

Senator Wagner, this is a judgment decision, a policy decision that I think the committee should answer. I will try to answer it. There was another provision in

the bill that provided a separate committee, consisting of legislators from both houses to be appointed for that purpose. There was objection to that provision. Both committees agreed that we would draft another bill to set up a proper commission. There was a feeling that there should be qualified persons other than legislators on that interim committee, persons knowledgeable in the area of ad valorem taxes and county governments, including auditors and people versed in taxes. The Legislative Commission is not firm in the bill. We can supercede that. We intend to supercede that with another body for appeal. There seems to be consensus in both houses that we should have a different body other than the Legislative Commission. I hope that answers your question.

SENATOR CLOSE:

In the event that the sales tax and the property tax exceed the limit, whatever that limit is, do you reduce the property tax that goes back to the county or do you reduce the sales tax that goes back to the county?

MR. LEAVITT:

There's a provision in a section that's coming up that will take care of that. If I could, I would like to defer that question for just for a minute.

SENATOR GIBSON:

Mr. Chairman, this whole section seems to need a provision that would allow that you might not have to increase the rate to do what you are talking about. They're worried about the growth. You may yield more revenue from the rate that you have than the six percent limitation. I just wondered if the committee in considering these exemptions had considered the possibility of allowing the local district to have more revenue than the six percent would generate, but not touch the rate.

MR. LEAVITT:

The only problem I can see with that suggestion is in the case of the same situation we have had the past several years where a rapidly expanding assessed valuation enables local government to almost double its revenue while keeping the rate the same. Now I also recognize, however, that the provisions of Senate Bill No. 69, which provide for a depreciation base and such, will somewhat control the assessed valuation. But I think you could still have the situation where the assessed valuation is going up at a fairly rapid rate because of rapidly rising property values, which would still cause a hardship on some individual property owners.

ASSEMBLYMAN DINI:

Responding to Senator Wagner, in Senate Bill No. 204 the appeals process was the Legislative Commission forgetting the exemption from the caps. But I don't know why the bill requires the local government to apply through the Executive Director of the Department of Taxation for approval to exceed its spending capability. So what happens if the position of the Executive Director of the Department of Taxation is adverse to local government applying for that approval and doesn't submit it to the Legislative Commission? Why is that extra layer of control built in there? Why can't the local governments go right to the Legislative Commission and apply for this assistance?

SENATOR KEITH ASHWORTH:

I believe that's addressed just a little bit further in the bill, Mr. Dini.

MR. LEAVITT:

Section 3.6 of the bill provides the methodology for providing a basic revenue base when a new local government is established or the consolidation of existing local governments takes place.

SENATOR KEITH ASHWORTH:

Mr. Leavitt, would you back up to answer Assemblyman Dini's question on Subsection 2 of Section 3.3. Doesn't that address his question?

MR. LEAVITT:

Subsection 2 deals with judgments, the decrease in revenues from other sources, and those types of situations. Now, the logic for taking it through the Executive Director of the Department of Taxation (and I don't know that it would have to be the Executive Director) is there would be a chance for some type of impartial person to make an analysis of the request before it comes before The Legislative

Commission. That could be someone from the Legislative Counsel Bureau or it could be the Executive Director of the Department of Taxation. Just so that the Legislative Commission would have some staff work completed on the proposal before it is presented to it. I think that's the only reason for the provision.

SENATOR KEITH ASHWORTH:

That's the reason, Assemblyman Dini. If you feel there's a flaw in the bill which would allow the director to short-stop any appeal, then I would concur with you this issue must be addressed. But the theory was to go with the director because that is where local entities would go for relief on their budgets to begin with and the information would be directed through the director. Then, if there was an appeal, it could come to the other body we are talking about.

MR. LEAVITT:

Section 4 of the bill provides for the creation of reserve fund in the state treasury, the city-county relief tax reserve. Two principal sources of revenue would go into this fund. Firstly, if the estimates in the amounts to be received from the city-county relief tax are lower than actual receipts, the money in that differential will go into this reserve fund. Secondly, if the total limitation imposed on local government is exceeded from the amounts available from the city-county relief tax alone, then that differential would go into this reserve fund. This reserve fund can be used in subsequent years when the revenue estimates turn out to be higher than the actual dollars available from the tax. There's also a provision that if at any time the total amount in that fund is greater than 10 percent of the collections from the city-county relief tax, the supplemental city-county relief tax, then that money would be turned back into the pot, so to speak, flowing back into local governments, which would have the affect of reducing property taxes in the subsequent year.

SENATOR KEITH ASHWORTH:

And I believe this gets to your question, Senator Close.

MR. LEAVITT:

Section 5 of the bill provides for a limitation on the rate structure of licenses, fees, and permits of local governments. This restriction is not based upon the increase of a service charge. Say if a local government has a utility fund, this limitation does not apply to the increase of a sewer rate. However, it does apply if the local government decides to create some new service charge, such as billing their citizens for fire service. This restriction would apply to that case. But it would not apply to the increase of existing service charges. The reason new service charges would fall under this limitation is that there was some fear that the local government might be somewhat imaginative and impose a whole new level of service charges, which would enable the government to increase its revenues from that source. The way individual licenses, permits, and fees rate structures can be increased is that they cannot be increased in any year more than 80 percent of the increase in the Consumer Price Index for that particular year. There's also a provision in this section that if you do certain things with licenses, you have to go through an approval process before you can make those increases. That's if you change the method of computation of a license or if you change the structure around so that you're putting different businesses in different categories and that type of thing, then you can't increase them without going through the appeal process. There's also a provision where a local government can get an exemption from the provisions of this section. Those relate to the emergency section which was discussed in Section 3.3, the instance where a local government has previously not charged a license fee at all, or where the local government does not increase its rate structure for a long period of time and its actual rates are substantially lower than the rates of other local governments.

SENATOR NEAL:

I have a question relative to this particular section of the fees charged by the local governments. Did I understand you to say that they cannot charge a fee, say for instance, the utility companies on the franchise they might have with the cities?

MR. LEAVITT:

It relates to the increase of the rate of the license or permit fee. It does not deal specifically with any type of fee, but says entities cannot increase the fee over the current level without going through this approval process. Now this franchise fee

you're talking about, there's another provision that provides you cannot increase a fee if it is based upon the gross revenue of the business which responds to inflation unless the effect of that increase, the amount you're deriving from that, is not equal to the growth in the CPI. So there's a specific provision that relates to these gross type fees.

SENATOR NEAL:

So the power companies get this both ways, in the tax bill and on the other end too where we have to pay our power bill.

MR. LEAVITT:

One thing which needs to be recognized is that unless this provision is included, there is presently no restriction on the increase in those fees and this does provide some restriction which has not been in existence previously.

ASSEMBLYMAN JEFFREY:

There was some talk, rather facetious talk, around the halls here that this would prevent even an increase in fees such as dog licenses. Is that right?

MR. LEAVITT:

Dog licenses would be covered.

ASSEMBLYMAN JEFFREY:

Well, I served in local government before I came up here and there was a pretty big cap on what local government does; and, in my opinion, it is called the constituency.

SENATOR WAGNER:

Thank you, Mr. Chairman. I'm sorry if this was covered before but I asked the question in Section 5, line 22. Firstly, what is the rationale for exempting hospitals or convention authorities? Secondly, I wonder if there was much discussion in the committee of what Mr. Jeffrey has just addressed in terms of the administrative problems of every local government coming to the Executive Director of the Department of Taxation to apply for this change of fee structure?

MR. LEAVITT:

The concern in hospitals and convention authorities related to the fact that, especially with hospitals, the hospital has a very, very complicated rate structure where it charges for all types of use of equipment and everything like that. The concern would be that if all of a sudden the hospital got a new piece of equipment you and you wanted to charge for the use of that, then you've got to go through this whole approval process. That does not seem to be logical. In the case of dog licenses, say for instance, if local government increased the license fee by only the growth in the CPI, they don't have to get approval from anyone. And so there is a limitation there. The only time you've got to come for approval is if the method of computation is changed. Most dog licenses are simply a flat fee. If you've got a five dollar fee, you could increase it by a percentage of the CPI without coming to approval or getting exemption from anyone.

SENATOR WAGNER:

Mr. Chairman, I understand the instances where you would not have to come before the executive director, but I am wondering again, and I have absolutely no idea of the answer, maybe someone on the committee could explain if they have any concept of how often this might happen in which the method of computation might be changed, for example. And also, if you could explain to me why the prohibition was removed from convention authorities. You did address the hospitals, but not the other part of the question.

MR. LEAVITT:

The convention authorities, I understand, get monies from principally two sources. One would be the room taxes and some gaming tax monies as well as their own fees that they charge for the use of their own facilities. So I don't think we want to touch the fees they raise for their own facilities. Normally those other two charges are not levied by the convention authority, but the local government in which they are located, say the city or the county.

ASSEMBLYMAN KOVACS:

Mr. Chairman, I don't want to prolong this, but we kind of passed over Section 3.6 and I would just like to go back to that just for a minute on page 3, line 33.

You say "whether newly created or consolidated or both." What happens if we want to dissolve some services? Suppose we have two or three fire departments and we want to dissolve two of those and they're going to be kind of picked up by another. What provisions do they have for funding and such?

MR. LEAVITT:

Now if the district is simply dissolved, then of course, the assessed valuation it previously had automatically would not enter into the formula of the thing. So that you've now got a new district created. If you dissolve one and create another one, then I think the newly created one can be included in the formula as it is. If you dissolve one, it is simply a matter of the district no longer being in existence and the assessed valuation as well as the old computation would simply not apply.

ASSEMBLYMAN KOVACS:

Do we address that in Section 3.6?

MR. LEAVITT:

Yes. In Section 3.6 where it talks about "newly created, consolidated, or both." That does not specifically address dissolved districts, but I think it could be naturally inferred that there would be no need to levy an ad valorem rate or have supplement CCRT going to the district which is not in existence.

Section 6 relates to a limitation on the ending fund balance, specifically general or special revenue funds. It exempts funds established to account for federal grants. What this limitation does, and it's a somewhat generous limitation, is it simply says that you are allowed the actual amount that you have appropriated for the following fiscal year as the opening balance plus one-twelfth of the total expenditures. That means if I prepared a budget right now for the next fiscal year and I provided that at the end of this fiscal year I would have \$1,000 as my ending balance, which would of course become the opening balance in the subsequent fiscal year, and I would have that \$1,000 plus one-twelfth of the total expenditures. Now that's somewhat generous and since we're preparing that budget only a couple of months before the end of the fiscal year, the local government would have to make a gross miscalculation as to what that ending balance would be before they would run into a problem with this. Now if they do run into a problem with that and make that gross miscalculation, they still have that one-twelfth factor. If, however, they have both and both of them are not sufficient, then the provision says they cannot augment in the subsequent fiscal year to expend that money unless that resulted from an item that was appropriated in the previous fiscal year not being expended. Let me give you an example. Let's suppose the local government appropriated money to buy a fire engine in this year and that fire engine had not arrived by the end of the fiscal year, but yet they had appropriated already in this year. They could then augment the subsequent year's budget to pick that up regardless of this provision limiting ending fund balances. They can, however, still spend that additional revenue in the following year after they go through the normal budget hearing process.

Section 7 of the bill relates to the annual audit. There's principally two provisions. Firstly when the Department of Taxation receives an audit from an independent public accountant and they determine or if it appears to them at least that the audit is not in compliance with regulations governing audits of local governments, then they can submit that audit to the State Board of Accountancy who shall review it to determine if their impression, at least, was correct. Then the State Board of Accountancy who shall review it to determine if their impression, at least, was correct. Then the State Board of Accountancy can take action against the individual public accountant to be sure that they come into compliance. The Department of Taxation must submit that audit to the State Board of Accountancy. The second provision relates to the situation when the auditor discloses there has been a violation of statutes and regulations. It provides a method whereby the local government must respond as to what action they're going to take to overcome that violation. The Department of Taxation will then review this response and determine if the action is appropriate or suggest alternative actions which the local government can then adopt to correct this violation. If the local government does not correct the violation, there is a provision where the Department of Taxation can seek a writ through a court through the Attorney General to correct that violation of statute or regulation.

Section 8 of the bill provides where a local government has a self-insurance fund

and they determine that the balance in that fund is in excess of the amounts needed in that fund, they can transfer that money back to their own general fund, but they cannot augment the current budget to spend those monies of the current year. It must go through the normal budget hearing process before they can spend those monies.

Section 8.8 of the bill relates to short-term financing and provides substantially two methods for doing it. Firstly, if you want to have short-term financing (short-term financing would be a loan obtained normally from a bank for a period of less than five years) and the local government decides the loan is going to be paid out of the monies which are restricted under the provisions of this bill, they simply get approval to the Director of the Department of Taxation with a possible appeal to the Nevada Tax Commission. The Executive Director is simply ruling upon their financial ability to pay back the loan. But if they want to pay for this loan out of monies that are restricted; in other words, if they want to go to the property tax base outside the restriction, then they've got to get approval from the Legislative Commission as well.

Section 9 simply indicates that Section two through eight of this act will be referred to as part of the local government budget act.

Before I discuss Section 10, I need to make a couple of general comments. This will pertain to a number of sections that follow. Last session of the legislature, in Senate Bill No. 204, expenditure limitations were imposed upon local governments. Those expenditure limitations are being repealed by this act and, as you can see, in their place we're putting a restriction upon revenues, from these particular revenue sources. You can see we've put it upon property taxes and specifically upon licenses and permits, which are really the only two major revenue sources upon which local governments have any control anyway. The expenditure limitations did not achieve in general the desire effect and there was some adjustment, what Senator Keith Ashworth calls "innovative accounting procedures", to try to get around the limitations. Those limitations, as they were applied in Senate Bill No. 204, related to funds that collect ad valorem taxes, licenses and permits. So it was thought advisable and a better control that local governments would be able to grow with their own growth on revenues other than those two, but the revenues from those two sources would be restricted. And that's what this bill provides.

Now the Section 10 relates simply to removing a reference to the expenditure caps from a provision that has existed in the statutes for a number of years for default budgets. So that if a local government fails to submit a budget, a default budget can be given them by the Nevada Tax Commission. This simply removes that section that applies to expenditure limitations.

Section 11 does the same thing, except it's in the case where the legislature increases the revenues or expenditures of local government allows them to change that budget and simply remove the provisions about the expenditure limitation.

The next section, Section 12, does the same thing, except it now relates to budget augmentations of a local government. Section 12.5 deals with short-term financing again and puts substantially the same provisions that were previously mentioned in relation directly to the short-term financing.

Section 13 simply provides that where auditing standards require the auditors submit a management letter to the local government, that management letter becomes a public record.

Section 14 deals with tax increment districts and we have several sections here that deal with tax increment districts and simply these sections provide that these tax increment districts are protected from the provisions so that they will have sufficient monies to operate on, even though we have a change in the tax rate. Section 14 provides principally that if the bonds issued by the tax increment district are going to be general obligations of the community as a whole, they've got to go to the voters for approval.

Section 15 provides for that same provisions.

Section 16 provides that this tax increment district can share in its portion of the city-county relief tax.

Section 17 of the bill repeals the expenditure limitations that I previously mentioned.

Section 18 of the bill is the one that provides the 115 percent limitation in that first year which I had previously mentioned to you.

Section 19 simply provides a provision for changing the provisions of bonds in

redevelopment agencies, these tax increment districts, with the approval of the bond holders.

Section 20 integrates the three bills, Senate Bill No. 69, Assembly Bill No. 369, and Senate Bill No. 411, into one consolidated package.

Section 21 is simply the effective date of the act.

SENATOR KEITH ASHWORTH:

Thank you, Marvin. Are there questions as to the bill as a whole.

ASSEMBLYMAN DINI:

Yes, Mr. Chairman. I have two questions from the City of Yerington I would like to submit to the joint hearing today. One, in the case of many small cities where the county distributes most of the table tax to the small cities in return for the county being able to increase the ad valorem rate in the county because it raises a lot more money county-wide than it does to the small city. Is that provision been taken care of in either one of these two bills.

MR. LEAVITT:

Yes.

ASSEMBLYMAN DINI:

Can you define where?

MR. LEAVITT:

On page two, line 34 there's a specific provision that relates to where a local government has previously transferred gaming fees and prefers the table tax, then the amount of distribution has changed.

ASSEMBLYMAN DINI:

Is NRS 463.320, the table tax in that section? I don't see it in there in that section of the law.

MR. LEAVITT:

It is my understanding a section refers to this. Now there could be a misnumbering of that section, but it relates to the distribution. Let me just read the section, "If a board of county commissioners which during the fiscal year ending on June 30, 1981 distributed all or part of the state gaming license fees received pursuant to paragraph (b) of sub-section 2 of NRS 463.320 to other local governments thereafter reduces or discontinues that distribution, the amount that the county may receive from the supplemental city-county relief tax is reduced by an equal amount." Now the intent was there, at least, that that reference would be to the table tax section of the statute. Now, if that reference isn't there, it would need to be corrected. But that's the intent at least.

ASSEMBLYMAN DINI:

At least the joint committee knows the intent is there and maybe we will have to clarify it. The second question that I got from city managers this morning was in the ad valorem tax collected from rolls in the county, in the past the practice has been at least in Lyon County in relation to the city of Yerington that tax which is collected has been given back to the city dollar for dollar. Is that a right in the tax package?

MR. LEAVITT:

That particular provision is not provided for in this bill.

ASSEMBLYMAN DINI:

In either bill?

MR. LEAVITT:

In either bill. In any of the bills.

SENATOR WAGNER:

Thank you, Mr. Chairman. I just have some general questions. Number one would be, maybe I'm mistaken, but it would appear that the Department of Taxation is going to be having a number of new responsibilities and obligations under this legislation and I'm wondering if any consideration was made by the committee in terms of the fiscal impact, particularly dealing with that department. Secondly, I was wondering if it might be available for those who are interested a list of the effective tax rates for the fiscal year ending June 30, 1981 of the local communities throughout the state.

SENATOR KEITH ASHWORTH:

Let me address your first question as to the dollars. Yes, there is a significant impact on the Department of Taxation. They have submitted a recommendation of what they are going to need in augmentation. Not only are there throughout the course of the bill, but we're going to make the Department of Taxation in another bill, Senator Wagner, assist the counties in updating this mathematical formula in factoring. A bill has been submitted to the Taxation Committee. We've requested it be drafted. It will be introduced on the Senate side. It is in the neighborhood of \$200,000 that will be introduced by the Taxation Committee and referred to the Senate Finance Committee. I'll let Mr. Leavitt address your second question.

MR. LEAVITT:

The answer to the second question is "yes". There is a schedule available that goes through every single taxing entity in the state and indicates the computed tax rate in the subsequent next year for each individual entity based on what we're estimating the factored up assessed valuation to be at this time.

SENATOR WAGNER:

All right, and where might that be available for those interested?

MR. LEAVITT:

It is called Schedule K and I can make it available to you or any of the members of each Taxation Committee have that available.

SENATOR WAGNER:

Okay, Thank you. And I don't know if this is an appropriate question for this bill or the Assembly bill, but it is also my hope, and I gather that it is possible, for each of us who represent any area in this state to have some idea of what the effects of the property tax relief will begin our own jurisdictions. And I assume that will be available I have heard and I would ask the question that that, indeed, may vary from county to county and I would suspect that each of us here would like to have some idea of how this will all affect the areas that we represent.

SENATOR KEITH ASHWORTH:

Senator Wagner, I can answer that. That question has been addressed by members of the committees. It is a very, very difficult question to answer specifically because, as you have just stated, it will vary from area to area depending on several of the factors that will be addressed further in the next bill. And that question should be addressed to the next bill, but I would assure you that the committees are trying to get an answer to that question so that you can answer your constituents. We all have that same question and we keep asking. And as soon as we ask the question within the committee then we start getting the different exceptions to the general rule and it's just going to be very difficult to generalize what the impact will be. It's going to be a range of impacts. So we're trying to develop that for you as an explanation.

SENATOR CLOSE:

Do you have an estimate as to the effect of the total property tax reduction statewide? I recognize the difficulty going entity by entity. But can you give us an estimate statewide of the reduction?

MR. LEAVITT:

We're talking in the neighborhood of over 50 percent statewide by this reduction. It is difficult.

SENATOR CLOSE:

How many dollars is that?

MR. LEAVITT:

It's difficult to make an estimate because of the problems as they relate specifically to debt service in each one of the entities. And some entities have a larger debt service than others which maintain a greater property tax in that particular entity. Now we do have some figures available in the schedules here that I'll be glad to furnish you to show that the total tax relief or reduction is. Now, of course, a good share of the tax relief, we're talking somewhat of a tax switch, but also some tax relief, but a good share of tax relief is going to come in subsequent years rather than in this initial year. But we'd be glad to make those figures available to you.

SENATOR CLOSE:

Well, if the estimate is 50 percent, how many dollars is that. You must know how many dollars we collected last year in property tax statewide. If your're going on a 50 percent figure, you can give us the number of dollars that we would be reducing by the passage of the bill.

MR. BERGSTROM:

Senator, with your permission, we will try to cover that with out discussions on Assembly Bill No. 369. Thank you.

SENATOR KEITH ASHWORTH:

I would like to announce to all members of both the Senate and Assembly that for your particular areas (there are 197 entities in the State of Nevada), we have nearly all of them computed in summary form as to their budgets. For the benefit of those, any of you wishing so may meet with the technical committee to review the particular entities that you're more concerned with. As I state, it's difficult to generalize exactly what's happened because of the different debt services, the different rates, the appraisal practices, the different appraisal years. All of these things have to play, but we do have examples and we do have schedules that pretty much would answer your questions in a particular given area within a particular given county. I'm sure Marv and the technical committee would be happy to address those.

SENATOR BLAKEMORE:

Mr. Chairman, I guess my questions are possibly of the legal nature page 6, lines 10 and 49 it seems that we have passed some powers and retained some powers in the Legislative Commission on line 49 and on line 10 and 11 on what we have given the Tax Commission. I guess my question is can we legally do that for an elective body be able to go to a non-elective body for a decision when it has no right of appeal as on page 4, lines 10-14 where the Legislative Commission may direct the state controller. When did we acquire that?

MR. LEAVITT:

I'm afraid someone other than myself must address that.

SENATOR KEITH ASHWORTH:

I think that is a legal question. If one of the lawyers would like to address it. Otherwise we can get Mr. Daykin to address that for you.

SENATOR BLAKEMORE:

I would like to have something because we're going to process this type of legislation and then have it challenged in the court the first week, we're wasting our time.

SENATOR GIBSON:

Mr. Chairman, I can answer that in part. The duties of the state controller in the constitution are established by the legislature. It says, "He shall have such duties as the legislature may determine." I think you do that by statute. So I think that this would be satisfactory.

SENATOR KEITH ASHWORTH:

The discussion, I might say Senator Blakemore, in the committee was also to put that in there, in the event that the controller, the treasurer or one of the officers of government that is controlled by the legislature didn't act, that we had this power. It was a question that was addressed by one of the smaller counties of what if they didn't pay us. It would leave us hanging out there. So this was the mechanism to help do that. Now, I would request that you address the constitutionality of it to Mr. Daykin.

SENATOR KOSINSKI:

Thank you, Mr. Chairman. I recall during at least one of our last meetings, we discussed Section 20 of the bill which ties all three bills together, Senate Bill No. 69, Assembly Bill No. 369, and Senate Bill No. 411. I believe there was similar terms in the other two bills, unless Assembly Bill No. 369 has since been amended. And we discussed, I believe, that Senate Bill No. 69, which is the factoring bill, could stand alone. And we discussed the possibility of not tying that bill into these other

two in case of a successful court challenge. Did we make a decision to pull out that particular section or did we decide to leave it in?

SENATOR KEITH ASHWORTH:

I don't recall having made that decision, Senator Kosinski.

SENATOR HERNSTADT:

Mr. Chairman, I was curious with the three bills locked in together with that Section 20 on severability. Is there a provision in one of the other two bills to provide or put this total tax package to the vote of the people.

SENATOR KEITH ASHWORTH:

I don't believe that is in any of the bills. Further remarks on Senate Bill No. 411? Hearing none, then I'd like to now turn the chairmanship over to Chairman May of the Assembly Taxation Committee and open the hearings on Assembly Bill No. 369.

ASSEMBLYMAN MAY:

Thank you Senator Ashworth. Now that the controversial bill has been discussed, we'll turn our attention to Assembly Bill No. 369. Before we get into that, in a handout that you received I would like you to take just a moment and look at first a copy of Article 10 of the Constitution of the State of Nevada. And I'd like to discuss for a moment some of the problems that we have run into time and time over. Of course, as you are all extremely well aware, whatever our actions are, they must be within the framework of the Constitution. And looking at Section one of the Constitution, "The legislature shall provide by law for uniform and equal rate of assessment and taxation and self-subscribe such regulations as shall secure a just valuation of taxation for all property, real, personal, and possessory, except mines. I know that a great many of you are perhaps concerned about windfall or concerned about windfalls that might be to the benefit of out of state property owners. Others are concerned about windfalls that might go to large resort hotel operations. Others are concerned with windfalls that might go to railroads or to some other public utility. We looked at that and we looked at it hard and we looked for a lot of ways around it. Under our State Constitution, I would only ask you to keep this in mind, as a single family homeowner in the State of Nevada receives tax relief, that is the thrust of our work, that same percentage is also under the Constitution will pass along to the other property owners who live in this state of out of this state, who own only one house or multi-million dollar investment in real estate. The Constitution prohibits other than that. I would ask you next to look at the list of taxes, another handout headed, "Taxes Used in Other States But Not in Nevada." Forty-three other states have a personal income tax. Nevada does not. Forty states have a corporate income tax. Nevada does not. Sixteen states have a corporate franchise tax. Twenty-five states have a bank franchise. Twenty-eight states have a business franchise. Eleven have a special tangibles tax. Thirty states have a severance tax. Thirty have an admission tax. Three have a stock transfer tax. Twenty-nine have an inheritance tax. Forty-nine have an estate tax and twelve states a gift tax.

The point I want to make is two-fold: First, we have a very narrow and a very favorable tax base in the State of Nevada, the second is that the ad valorem tax that the local governments have become so dependent upon over the years is applied essentially to only 13 percent of the property in the state that is in private hands. Of that 13 percent approximately three, and that's a ball park figure, are not subject to taxation because it is owned by a local government, state parks, state lands or some other organization that is exempt from state taxation. So when we talk about property tax you are talking about a tax that is applied to approximately 10 percent of the land in the great State of Nevada. The third thing I have put in there, and I won't take the time to go through it, is a brief summary of major tax sales and property tax legislation since 1955. We are not proposing a new tax by our actions; we are proposing a shift in taxes.

For many years the State of Nevada, the State government, has existed and done extremely well on two primary sources of income. One is derived essentially from the primary industry in this State, the second derived from sales tax. For a great many years the State did get 25 cents out of each \$5.00 that was collected. Two

years ago, the State came out of the ad valorem completely, the State getting absolutely no ad valorem tax at this point. It appears, to the best of my ability, to be alive and well and prospering within a degree.

Your Taxation Committee, after weeks and weeks and months at this point, of hard work, and daily meetings, long meetings, night meetings have it favorable at least to us that we propose to you that we now begin to process of removing local governments from a great dependency upon ad valorem and replacing that with essentially the same sources of revenues which has allowed the State to grow and exist and provide the needs of the people of this great State is need and demand.

That, in essence, is the subject matter before you today. At this point, I will turn the meeting over to Mr. Jim Lein who will discuss Assembly Bill No. 369. As Mr. Lein proceeds, any of you who have any questions and would like to interrupt, I will try to keep a careful eye out. Please raise your hands. I'll ask Jim to pause at that moment to accept your questions.

MR. LEIN:

Thank you Mr. Chairman. Senator Close, in response to your question a moment ago, it is predicted that under the capped ad valorem that ad valorem requirements would be \$161,000,075 for the next fiscal year that we are infusing \$126,000,400 of sales tax into that which means that the general public would have to be paying \$34,000,600 in ad valorem taxes. In other words, we are talking about a 78 percent reduction in property tax that has to be generated by increasing the sales tax to 5 3/4 percent.

Certainly, the amount that is capped is substantially less than what was requested. In your handouts also you do have an exhibit which indicates to you the amount of 1980-81 ad valorem as requested by the counties and cities and the capped ad valorem pursuant to Senate Bill No. 411 so you have an idea of what type of increase is allowed each of the counties and cities under Senate Bill No. 411.

Assembly Bill No. 369 primarily is designed to increase the sales tax and definitely the supplementary county-city relief tax and the local school support tax and provide a means for distributing those proceeds. In looking at the bill, specifically Section 1 has to do strictly with how we distribute the liquor tax proceeds. We are moving from, as its proposed on the top of page 2, using the census as we have every ten years, to an annual census basis. When you have a census every ten years, of course, at the end of the ten year period there is a very disruptive action that takes place in the cash flow to the local governments. By an annual population projection being made, we are allowed to distribute on that estimated population and therefore the population shift that local government has is, of course, mitigated somewhat as far as its cash flow.

Section 1.3 does the same type of thing for the cigarette tax. So again we are moving from making that shift every ten years to an annual shift in the distribution of the liquor and cigarette taxes.

SENATOR GETTO:

Mr. Chairman, this is the area that I was talking about previously that in this particular section of this bill, it will have enormous effect on the counties that do not grow and I'm wondering if Mr. Lein can point out if there is any place in either bill if this will be made up in any way because, for instance, let's take Pershing County which is a good example as probably the county that grows the least in Nevada, their cigarette and liquor tax has been stable from one year to the next. If, for example, it doesn't grow as rapidly as other areas are growing very rapidly, then they will be affected adversely with this bill. Could you answer the question if there is any place in either bill that makes up or addresses that situation. I know it's not a large impact but I understand that in some counties it is like 5 1/2 percent of 6 percent of their total budget and this impact would have an adverse effect on them.

ASSEMBLYMAN MAY:

I believe that is covered further in the bill but for the sake of explanation, I will ask Mr. Lein to explain that to you now.

MR. LEIN:

Senator Getto, Section 26 of the bill on page 13 addresses itself primarily to the question of the population shift and its adverse impact from the 1970 census to the 1980 census and those entities who have had an adverse impact. There is an appropriation that is made and a distribution monthly from the supplemental city-county

relief tax to take care of that shortfall on a monthly basis and that amount diminishes by 10 percent each year over the next decade in order for them to pick up this impact. So, in essence, we take care of the ten year problem and then, of course, the annual adjustments are really rather minute.

On to Section 1.5 on page 3, the principle amendment is in the middle of the page on line 37 where it indicates an enrolled member of a tribe. This particular section has to do with credit or refund of cigarette tax and it merely indicates now that it has to be an enrolled member of the tribe rather than any person and addresses itself primarily to what had been persons who were not enrolled members of a tribe running Indian smoke shops. At this point in time we normally have enrolled members of the tribe involved with those smoke shops and, therefore, there is no adverse aspect; but it would prevent any such thing occurring in the future.

Page 4, Section 1.7 is the beginning of the amendment of the sales tax and in this case, Chapter 372 which is the 2 percent state tax and is requiring monthly reporting. Previously there was a choice between quarterly or monthly or in some cases, of course, monthly was mandated but now all retailers must report on a monthly basis.

Section 2.4 reduces the amount that a retailer may retain as a collection allowance in the 2 percent state sales tax, but let me indicate to you basically, what has been done. A retailer has normally been allowed to retain 2 percent of a state sales tax and $\frac{1}{2}$ of 1 percent of the local school support tax and $\frac{1}{2}$ of 1 percent of the county-city relief tax. This particular provision coupled with another section in the bill allows him to retain $1\frac{1}{2}$ percent of all three taxes, so in effect, there is an increase in the collection allowance.

Sections 2.5, 3, 4 and 5 are all primarily conforming the statutes for monthly reporting of the 2 percent state sales tax.

Section 6 at the bottom of page 5 and the top of page 6 changes the bonding requirement to monthly. There have been two provisions, of course, in the statutes. If you reported on the quarterly basis it was two times the amount. If you reported on the monthly basis it was three times the amount. Of course, that referring to quarterly has been stricken. However, the limitation as to the maximum bonds you are required to file has not been changed.

Section 7, again, and Section 8 also on page 6 we are in the process of removing quarterly so everything refers to monthly.

Section 9 on page 7 does the same thing.

Section 10 on page 7, line 12 is the provision which increases the imposition of local school support tax from 1 percent to 1.5 percent.

Section 10.5 is a sunset clause more or less. It would not go into effect until July 1, 1983 and would return the 1.5 percent local school support tax levy to 1 percent.

Section 11 imposes that same rate on the use tax and Section 11.5, of course, there is the repealer to that or the sunset provision which return it to 1 percent on July 1, 1983.

Sections 12 and 13 are now amending the local school support tax chapter 374 to require monthly reporting to conform with 372, the state tax.

Section 13.4 at the bottom of page 7 and the top of page 8 is the collection allowance amendment I referred to a moment ago which increases the amount the retailer is allowed to retain from $\frac{1}{2}$ of 1 percent to 1.5 percent.

Sections 13.5, 14, 15 and 16 on pages 8 conform the local school support tax statutes to monthly reporting.

Section 17 is the provision in the local school support tax which deletes the reference to quarterly calculations for bonding purposes and refers strictly to the monthly calculation. Again, the maximum limit of bond requirement hasn't been increased.

Sections 18 and 19 on page 9 and 20 on page 10 are conforming the statutes to monthly reporting.

Section 20.5 on line 30 reduces the amount of the administration fee that the State is allowed to retain from the collection of the local school support tax. At this point, it keeps 1 percent of the proceeds and transfers into the general fund before they are distributed to the local school districts. This would reduce that to $\frac{1}{2}$ of 1 percent.

The same provision is going to be made at a later point in the supplementary or, in fact, the total city-county relief tax. For example, by putting those two together if the State would have received \$100 on \$10,000 on CCRT and LSST collections, if

we had not have made a change in that, they would have received \$230. By reducing that in half, they will still receive now \$115 - a small increase but the bulk of the tax increase is going to go to local school districts and to the local governments.

Section 20.9 on the bottom of page 10 and the top of page 11 enters two new definitions into our tax jargon. Number one, the basic city-county relief tax is that portion of the tax which is levied at the rate of $\frac{1}{2}$ of 1 percent that is the existing city-county relief tax.

At the top of page 11 you see a new - paragraph 4 which defines supplemental city-county relief tax meaning the remainder of the tax after subtracting the basic. So anything that is in addition to the $\frac{1}{2}$ percent that is now in effect becomes the supplemental city-county relief tax which is what we refer to when we are displacing property tax.

Section 21 on the top of page 11 now makes it mandatory for a board of county commissioners to enact an ordinance imposing the city-county relief tax and, of course, in another section (Section 32) we'll talk about the emergency procedure that's allowed to adopt, amend or amend and adopt ordinances to take care of the increases.

Section 22 is the amendment to Chapter 377, the city-county relief tax that imposes a new rate on line 30 from $\frac{1}{2}$ of 1 percent to 2.25 percent.

Section 22.5 bottom of page 11 again is the sunset type of provision which states that as of July 1, 1983 we return to the $\frac{1}{2}$ of 1 percent.

Page 12, Section 23 basically removes a means of distribution and merely talks about where the money is deposited and transferred to the tax funds etc., and to the general fund and prepares us for Sections 24, 25 and 26.

Page 13 then becomes the principle language in Section 25 which talks about the distribution of both the basic and the supplemental city-county relief tax. In essence what it states is that the distribution of the basic $\frac{1}{2}$ percent city-county relief tax distribution does not change - it remains the same. It's the county or origin and the out-of-state collections are distributed back on the ratio of population, however, the supplemental city-county relief tax is distributed in a different manner.

Section 26 describes en toto how that is to be done - what is going to be done with the new money that is derived. Line 41, each month \$20,000 is distributed to each of the counties. In line 43 we begin the discussion I had a moment ago with Assemblyman Dini. This is the shortfall provision which allows the supplemental reserve fund to assist those entities who are suffering from the population shift from 1970 to 1980.

On page 14 we go into further aspect of the distribution of the supplemental of the CCRT in addition to the \$20,000 there is another means for which we distribute that. Paragraph 2 actually discusses it - what in essence is done is that there has been a determination of a percentage of replacement of ad valorem tax that is to be made by the supplemental CCRT. When that percentage has been derived, that is the amount of CCRT and that percentage is as equal as possible amongst the 17 counties. That is the amount of CCRT that is going to be distributed to that county. Once that amount has been distributed to the county, then there is a secondary apportionment. That amount then is apportioned to the several local governments within the county - the several within the county in proportion to the ratio of their basic ad valorem tax that has been generated. So there is a ratio distribution once it has arrived at the county level. The distribution or the purpose of the deriving a formula which allows for an even amount of percentage going to each county was for the purpose of giving the same type of tax relief to all taxpayers throughout the State since the purpose of the supplemental is to replace property tax burden.

Lines 31 through 43 on page 14 again define basic ad valorem revenue and again make reference to the exceptions that were noted by Mr. Leavitt in Senate Bill No. 411 as to how the determination is made for distribution. For example, when the money arrives in Douglas County the distribution of it within that county is now determined by these two additional factors.

Section 27 on the bottom of page 14 is amending the renter pass-through that was originally passed in SB 204 last session.

ASSEMBLYMAN BERGEVIN:

Mr. Chairman, I have one question to ask on the sales tax and it is something we talked about in committee and I don't seem to see it in the bill so far and that is to

recognize prior contracts at a lesser rate of sales tax than the additional tax that is being presented. I don't see that in the bill.

MR. LEIN:

You are right Assemblyman Bergevin. It has not been addressed in this bill and it needs yet to be done.

SENATOR WAGNER:

One of the concerns expressed obviously from many people in this state is indeed the section that Mr. Lein is discussing now dealing with the landlord pass-through. Is it my understanding that what you are doing here is just amending the current provisions we have as passed last session. There are no changes in terms of mechanism or any procedure or anything of that sort.

MR. LEIN:

The only change that has been made, Senator, to that particular provision is, of course, the dates to make it applicable and number two, that you would pass through only 90 percent. The landlord would retain 10 percent for administrative costs. There's been no other change to the provision as it now stands.

SENATOR WAGNER:

I assume there was discussion in the committee. I'm sure there was a great deal of discussion about this provision in terms of it's past effectiveness and all I know is what I've read in the newspaper concerning this legislation and I would suggest that at least some renters and I understand it is a basic policy question and a difficult mechanism to derive in an equitable fashion but I suspect that many of them would not feel that what has transpired in the last session to make it applicable to the future was, indeed doing anything for the rentor.

ASSEMBYMAN MAY:

Senator Wagner, I will try to respond to that. That was a matter of concern as the two committees went through this I made notes of five specific areas we came back to. This was one of those areas. Senator Kosinski had a great feeling of concern about it and perhaps he would like to respond further to your question regarding renter rebates and committee action and discussion. If you do not, Senator Kosinski, certainly I understand, but certainly this was of great concern to you when we did discuss this and Senator Wagner asked if we had spent any time looking at it.

SENATOR KOSINSKI:

In committee we did not really discuss the issue of a renter rebate. We talked about trying to come up with a method which would be, let's say, more dependable than the provisions in NRS 118.165 and as Senator Wagner possibly wasn't privy to the conversations we had last session dealing with an attempt to provide a direct renter rebate but the administrative costs of it were just phenomenal and for that reason we dropped it last session and there was no appetite for taking that particular approach this session. So I think, judging by the appetite of the folks on both the taxation committees, if we are going to try and tighten up the provisions of the renter pass-through as exists in this bill now and the existing law, I think we are going to have to use this existing language and just try to come up with methods where it is easier to give the renter access to the landlord or maybe to the courts. One suggestion I might add to members of this body who are not privy to the tax committee's hearings, suggestions have been made that we designate a State agency, for instance, to assist the renter in obtaining his pass-through - not a rebate but a pass-through and we did not really fully discuss that issue within the tax committee and that is still a viable option. For instance, the Department of Taxation or the Consumer Affairs Agency Division, if it happens to survive the budetary process, could be used for that purpose.

SENATOR FORD:

I would like to comment on that provision. I attended some meetings at the end of the last session where the renters in Clark County were wondering what happened to the pass-through and I recall many instances where the director of the Department of Taxation when asked for information said, "I wasn't told I was in charge of anything and I can't answer questions - I can't help you". I do feel very

strongly that if we are going to try to do this that we need to look at the administrative procedures and provide some avenue that the public can go to for help in order to know how to exercise their rights under this bill.

ASSEMBLYMAN VERGILIS:

Mr. Chairman, as you are well aware, two years ago the executive director of the Department of Taxation actually did have meetings because I requested meetings be held in Las Vegas and different persons came like Senator Don Ashworth and Mr. Price and you know what a donnybrook that was trying to explain the responsibility of the owner in terms of what they should do for the renter and I might tell you, since my district was 85 percent renters, that what resulted in this was evictions when they went down to the main office and said, "Listen, I understand I am supposed to get so much money back." What they basically did was they evicted them and if they didn't evict them they told them they would if they came back and said the same thing. I've spent my own money calling to California or out-of-state firms telling them that they should give the money, or part of it. But most of them just tended to ignore it because they were out of state and unless something happened to them, which is basically damages, it didn't seem worth the effort for them. They raised the rents often equal to the amount of the rebate and then they gave the rebate back with the same notice where they gave \$13.10 for that month, they raised the rent \$13.10 or more. Yeah, there were some that did that too, saying that the cost of the paperwork, which is another item, cost exactly \$13.10 to do for each rental unit. Therefore, they were not giving it back and were raising the rent to offset what the Senate and Assembly did, and they'd call and raise the rent just to break even. But what I am concerned about is the enforcement and the authority that Senator Ford and Senator Kosinski mentioned. Who's going to enforce this. Am I going to turn into and is Senator Ashworth and other people, going to turn into heroes this summer where we are getting hundreds of phone calls from people wondering where their money is, why they didn't get it - going out and educating the landlords. Boy, I'll tell you did we educate landlords. I should have given them three credit hours just for listening to me telling them that they were supposed to give the money back. I had some people who never got their money back; they were afraid to go to court. Someone has to have the responsibility to enforce this because you don't understand that the piece of paper will require that landlords give them their reduction. Often that piece of paper they gave them showing their taxes was actually a statement saying, "You ain't getting nothing", and that's exactly what they got. They gave them a paper showing how you know, things are status quo and look for another 15 percent increase in six months because maintenance is higher, electricity is higher etc. In my district I have hundreds of fixed-income senior citizens living in apartments and I am sure some of you have the same situation. Those people, many of them elderly women, their husband has passed away and they feel helpless against this whole system. The legislature in this session, and I might be remiss for not having legislation drafted up to handle this situation, has been remiss in really helping senior citizens on fixed incomes who are completely being destroyed by inflation, by rent increases and certainly they are not being helped by rent rebates because they are not getting them. Any landlord who wants to ignore this whole situation here can do it and really has no trouble doing it through evictions, turn-overs etc. They handle it very well. In fact, after they evict the first one- I have intervened for renters many times last summer and some of you know some of the cases. I'm not allowed to use their name; I can't use their apartment number because the manager has put it out that they are going to be evicted if they cause any trouble relative to wanting their money back. It was very hard to represent them, so I go in almost like a mobile homeowners group that I can't divulge the person I am representing and that is very tough because they know they are going to be kicked out and they have been kicked out very often. I have phone calls where they are requesting that landlords, who are entitled to 30-day notice are being threatened with eviction, saying you either pay or not. I also know of instances of where they gave the rebate, they went back to them, the manager was directed by an out-of-state firm to go back and tell them that they needed a new cleaning deposit, a new deposit and, strangely enough the deposits worked out to exactly the rebate. We need another \$97.30 cleaning deposit and that was the rebate so they got the money back and that's happened all over Las Vegas. That was really something else.

What I think ought to be done is that - if you don't want to do it I'll do it - last

year I was voted down 38 to 2 when I talked on behalf of renters and I hope there's more this time. In fact, Mr. Bedrosian voted wrong that time, that's why he's not here - they got one of us. But I think the taxation committee ought to look very carefully at this problem particularly for the elderly which we really haven't addressed anyway. You know many states have programs for the elderly - just straight percentage drops not a requirement - not an income - if you are over 65 you get your decrease in taxes - it comes in out of the assessor's office and it says 25 percent Senior Citizen. That means they have reached 65, they have provided a service to the community, they have helped build this country and this state and the community they live in and they are being honored by getting that money back by not paying in the first place. We ought to be able to be creative enough to take care of those people - most of us can afford - oh, maybe not all of you - most of these people here wouldn't need the property tax deduction. But when you get right down to it, I'm not looking forward to that great downfall, or it might be a downfall, but that windfall profit of \$400 or \$500 you know. Most of you aren't looking for it either. It seems to me that we've packaged this thing in such a way that it makes it unpalatable to where this house is probably almost 20-20 on the issue. I would think with a little more deliberation on this that we could handle that renter thing, as Senator Ford suggested and some of the others in here now, and maybe Senator Kosinski solved the problem: take care of the renters, take care of the senior citizens who provide a valuable service to our city and our State. I think that would offset that increase in sales taxes. Because my senior citizens on fixed income will receive nothing on the rebate, they don't pay property tax, they won't get that, the only thing that we're really telling them we're going to do is that we're going to charge them for driving down for valuable services at the hospital, the boulevard shopping mall, where ever they go. They're going to be charged for that. And when they go down to pay for it, they're going to have to pay another three or four percent on top of that. They get nothing. And I think that's a shame. I would hope that others in here would join me in support of some kind of movement in the direction that I just outlined. I appreciate your being kind to me, Mr. Chairman.

ASSEMBLYMAN MAY:

I do believe that an organization of a committee of the whole under Mason's Manual does allow greater latitude of deviation from the precise subject under discussion that ordinarily would have objection. I will rule that Mr. Vergiel's remarks were in order.

ASSEMBLYMAN PRICE:

Thank you, Mr. Chairman. I can only further echo to some degree the remarks of Mr. Vergiels and I would like to give those folks who were not here last session a little background of how we came to this renter pass-through. And I have been a very strong advocate of some form of having the renters or citizens of Nevada who do not actually own property to benefit from the tax packages. And I have to tell you it is really tough. Because we looked at a system similar to what Mr. Vergiels was talking about last session and proposed by Senator Lamb that would have required a pass through with criminal sanctions if you didn't. And we decided, you know that was decided against.

We looked at a rebate program which would be similar to the senior citizens tax assistance program, but the problem with that is that in the case of the senior citizens tax assistance program, the money comes out of the state coffers, not out of the county coffers, so the money does not come from property tax, it comes from sales tax, gaming, or wherever the state gets its money. If we entered into that type of a program for all the renters of Nevada as a means of pass-through, then we either would have to get more sales tax or get some more money somewhere or put the state back into the property tax business. The State gets no money from property tax now. We used to get 25 cents per hundred. We'd have to get the state back in. Over in California when they were fighting this battle they came up with an appropriation and they gave every renter a fixed dollar amount one year two years ago. There's all kinds of ways.

Rent control in itself was considered. And if you passed a law that said a landlord will give the money back and he cannot raise the rent for other reasons, then you're into rent control. And that's very objectionable to most of us. And so I'm here to tell you as a person who wants to see that money passed through, and

Assemblyman Vergiels worked harder than anyone, and I thought, by the way, that our Department of Taxation did too, I thought they did excellent when they really had no responsibility to be doing so. And we got some help from the Apartment Renters Association at least in Southern Nevada, but if anyone has a good, logical, workable answer, I think we should be addressing it. I'll tell you one thing, in closing, that if the renters were unhappy last year with the weakness of the renter pass through, when they get that 5.75 sales tax increased on top of this, Mr. Vergiels is going to come back with his head looking just like mine next year, if he's lucky enough to get back.

ASSEMBLYMAN ROBINSON:

I had the distinct understanding when we were campaigning this last election that the people who had voted for Proposition 6 were primarily homeowners. And I did get a lot of discussion from the renters and they had voted for it too, even though they were not so sure that they were getting direct benefits in it. One thing I certainly know, is that Union Pacific and Sierra Pacific Power Company and the hotels and the casinos didn't go to the polls and vote. It was people, and primarily homeowners, who were demanding that we do something in the way of tax relief for them on their homes. And I thought that was the target we were aiming at. And it appears that instead of shooting at it with a rifle, we have taken a double-barrel shotgun to it and the tax break is not only going to the homeowners, it's going to the casinos, the railroads, and everyone else. I don't mind paying the property tax on my office, but the property tax on my home doubling in a period of three years was quite a shock to me. Every morning before I got out of bed, I realized how much I had to pay before I even got to the office. It is alarming. I can't understand why it is that we can have exemptions from property tax for veterans, and it's Constitutional, or why we can have property tax exemptions for widows, and it's Constitutional, and we even have the senior citizens tax rebate through a very innovative idea of letting them pay the tax and then giving it back to them, and that's Constitutional. Why the devil can't we figure out some way of giving tax relief for property taxes on homes and find it Constitutional? I can't understand why we can't do that.

I don't suppose the hotels, and they would get the windfall under the present thing you're looking at, are that excited about it either. Another thing that I know about these things is they are legal until the Supreme Court declares that they are unconstitutional. And I might suggest that the elected justices of our Supreme Court would take a long, hard look at any plan that would give property tax relief to the homeowner before they said that it was unconstitutional. I cannot support a 5.75 percent sales tax. I can't support anything more than perhaps 1 percent. I can understand that because we're going to have to pick up a shortfall in the loss of revenue from property taxes from homes only. I think that could be made up through a number of other taxes that we already have. We heard yesterday that the people in the liquor industry were not opposed to a modest increase in taxes on liquor. I am sure this is true with the insurance premium and tobacco taxes and we should explore the increase in user fees, special taxes for special purposes, which I got shot down on the other day. But I think people who are asking for special services are going to have to pick up a greater percentage of it. With a combination of all these things, I think that we could possibly make up the shortfall. But I agree with what Mr. Price just said. If you go back and say "sure we're giving you some property tax relief on your home but now whenever you go down to buy a new shirt or anything else that you need we've doubled the sales tax." I didn't appreciate the idea that we're going to soak the tourists. We get enough out of the tourists without relying on them to pay our sales taxes for us over here. That's a mutual back scratching thing. When we go to California, they get some of it back from us.

ASSEMBLYMAN HAM:

Thank you, Mr. Speaker. May we have an explanation of Section 26, 1 (b) on page 13, line 43. I'm afraid I missed it the first time around. There is a list of governmental entities following to which we are going to give a percentage, of a monthly amount of \$71,110 coming from the city-county relief and they have a shortfall. For what reason, from which tax is there a shortfall?

MR. LEIN:

The percentages there are derived because the entities which are listed have

received a shortfall due to a population shift since the three taxes concern cigarette, liquor, and city existing or basic city-county relief taxes which have distributions based on population. The 1970 population is used up to and through the current fiscal year. Beginning the next fiscal year, the 1980 population would be used. As a result, these entities, because they have not grown as rapidly as other areas within the state, would lose monies from those three taxes because of that population shift. The purpose of this particular provision is to replace that shortfall that they have in order to make all local entities basically viable. From this point on they will, of course, have an annual population adjustment. So they would not have this big impact 10 years from now.

SENATOR BILBRAY:

Referring back to the renter rebate, contrary to what John Vergiels said, there is a large segment of the population that does receive a benefit from this rebate, but my concern, as is Dr. Robinson's concern, is that persons who receive this rebate are those who are commercial tenants that lie in the area that we did not intend to really try to address. The big rebates I can see coming are Neiman-Marcus, Saks Fifth Avenue, and all the other stores in the Fashion Show who are on leases that cannot have their rents raised or cannot have additional security deposits required. You'll see this throughout the county. There are some limited benefits to the actual renter. You're talking about the senior citizen, if he happens to be fortunate enough to have a lease, but we find in Clark County that doesn't happen very often. They'll usually come in on a six-month or a year lease. They stay there and become a month-to-month renter over a period of five or six years. I represented people on both sides; I represented landlords and I saw them give relief with the one hand and take it away two months later by an increase. I agree with John Vergiels in the idea that it is not going to pass through to the majority of the people. There are a few projects that are HUD controlled in Clark County that you have to go back to HUD to get approval for upping the rents and a few people will get that benefit; but the big benefit, again, on this renter rebate relief is going to go to the commercial tenants, the people that are less affected. I believe we were mandated by the people to come back and not help them so much as the property owner, the person living in the apartment. I think what we have done here is create a monster, and I think we are really going to go backward. If I got your figures right, 78 percent property tax relief on these I think is more than we were mandated by the people. I think the people want to see a consistent tax, they want to see—like the 6 percent is fine. I think if we put the 6 percent on the old units, it will allow the counties to tax and go over the 6 percent when it comes to new projects being built. But I don't think we are going to reach the people. We are going to give this rebate across the board to a lot of people who don't want it. I get letters from hotels opposing this bill, and I think everybody in here has gotten them too. I just think that we really need to go back to the drawing board on this.

I wasn't fortunate enough, or unfortunate enough, to be on the Taxation Committee, but I believe all of us should take a careful look at it. I know that there are some people that are saying we are going to vote on this bill today. I hope that's not true. I hope that we have time to digest it, not only over the weekend, but over the next few weeks, because this is probably the most important piece of legislation that we will ever enact, and I think, again, that we're really causing some terrible harm with this bill.

ASSEMBLYMAN JEFFREY:

Mr. Chairman, it is so seldom that I agree with Dr. Robinson that I felt I should stand up and agree with Dr. Robinson. When I campaigned in my district, and I think most of us had similar experiences, my district two years ago did overwhelmingly vote for Question 6, and they turned around almost 180 degrees and voted against it the last time. I found when I went through my district that people expect to pay a fair property tax, and they expect to pay their fair share, and they are not looking for a free ride. They expect to pay for the services that they get. Their real objection, and I think that they are absolutely right, is the inflationary spiral of property values that, of course, raises their taxes. I felt that that was the area that needed to be addressed. They were not looking for the kind of reduction that we are trying to put through, and they were not looking for the increase in sales tax that we are looking at. They expected some increase in sales tax to take care of the shortfall that will come about with the property tax, but they surely weren't looking at the kind of increases that we are looking at now. Another thing

that concerns me about this package of legislation is that it hamstringing local government. They are the people that have to provide the services. They are the people that have to answer to the voters on the closest level possible, on the local level, and we are taking decisions out of their hands and hamstringing them to the point that they are not going to be able to operate properly. You know, all of us here complain about what the Federal Government does to us on the state level and the decisions that we have to make because we are forced by Federal mandate, and now we are putting local government in an even worse position than we are with the Feds.

SENATOR RAGGIO:

Mr. Chairman, I think some comment is in order here because, to any observer in the Chambers or to the press to whom I am certain many of these remarks have been purposely addressed, one might get the opinion that there are only two or three in this whole joint work session that would support a reduction in property taxes for owner-occupied properties or homes, if that were feasible.

I would like to refer again to your remarks when you opened this discussion. We are under a limitation of the State Constitution which requires that all taxes be assessed and applied equally and in a uniform manner. I doubt, and I want to say this for the benefit of the media, for the benefit of the gallery, for the benefit of those who are going to evaluate what we say here today. I doubt there is one person in the entire sixty membership of the legislature who would not like to pass a bill that would grant only property tax reduction to owner-occupied homes. Let's get that straight right now. Dr. Robinson is not the only one, every one here would like to do that. I have received the same opinions from our legislative counsel which each of you have seen or been conversive with, and they are these: 1) Any rebate to real property homeowners is probably unconstitutional. When Dr. Robinson suggests, or others suggest, that there is some way to do this, I say fine. We have been asking for some way to do this. The way to do this is to amend the State Constitution to allow for other than a uniform treatment of these types of property. We have several resolutions designed for that purpose. I support such a resolution which would allow for a split role or a different classification for homeowners.

It will take this legislative session and another one to pass such an amendment or proposed amendment to the Constitution, and voters will have a right to approve that. If that is done in a period of two years or more, we can then return here and do exactly what you are suggesting. But let's not kid the people of this state that we can do something that we can't do.

My final point, the increase of sales tax. I think the strongest message we all received was that the voters of this state wanted a realistic reduction in property tax. It's a very simple computation if you are going to allow some flexibility and some growth in government of a reasonable nature. Then the higher you raise the sales tax, the more of a reduction you can give in property tax. If you want to lower it from 5 3/4 percent to something less, you will give less in the amount of property tax relief.

To close, let me say there isn't anyone here, myself included, who would not prefer to address this solely to homeowners. We have been advised that that is not legally permissible.

ASSEMBLYMAN PRICE:

Thank you, Mr. Chairman. The remarks of the Senator are quite correct. The thing that I question is during the period of time that I have spent here, I have become of the opinion that this legislature combined, when their desire to accomplish something is strong enough we will find a way to accomplish it. Now Constitutional warnings on other actions that have been taken by this body combined over the years have not deterred them; and I think of things like consolidation and various other controversial things; and there are, and have been, a number of schemes that have been put forward, and I use the word schemes guardedly, ideas that might well work, and if they did not, they would at least work for the two-year period until a proper Constitutional amendment to remove all shadow of the question could be processed. But to this date each and every one of those ideas have been cast aside and nothing has been processed through both houses or with any effort that I can see to accomplish that end.

So, in my opinion, there is no excuse for us to have not moved further along those lines. The simple answer to the question is that if we're able to treat homeowners in a separate manner, we could give substantial property tax relief without having to go up on the sales tax so high or pick up the money in other places, and that's what we were really, I thought, supposed to do; use our imagination, use the combined intelligence and experience of this body to accomplish an end for the citizens of Nevada.

It is my hope, from listening to the remarks thus far on the proposals, that if the existing bills before us do not meet the Constitutional numbers of twenty-one in this house and eleven in the other, perhaps our colleagues will send those of us on the tax committees back to work and we can take another look at what we have been doing, even if it does take another week or two weeks or however long it takes to do a job for the people of Nevada.

ASSEMBLYMAN HICKEY:

Mr. Chairman, I believe that it was mentioned that there is a resolution with regard to straightening out the differential between bringing up those other entities or other corporations on this differential, this tax. We're transferring them out of the ad valorem. It was mentioned by the Senator, there is a resolution to bring them back?

SENATOR RAGGIO:

There is a resolution to have a split role.

ASSEMBLYMAN HICKEY:

It seems reasonable with this package that that particular resolution should come with the package when it comes back out here on the floor for our perusal. The other thing that I would like to mention with regard to Constitution, at least in my view, has to do with the recommendation from our attorney. I think it is very proper for those committees to take his advice; however, the final judge on what is Constitutional or not Constitutional lies with the Supreme Court; and those challenges could be made to the Supreme Court, it seems very reasonable, considering the type of bill that we have here.

SENATOR NEAL:

Mr. Chairman, I stand here before you today with somewhat of a handicap because I have not had an opportunity to peruse these bills to my satisfaction. But as I listen to the conversation and the discussion of the measures that we have before us, I find that I, too, have a problem, not only with the 5 3/4 percent sales tax that would be levied by the passage of Assembly Bill No. 369, but also with another section of the bill on page 3 that deals with the refund to the Tribal governments. In the State of Nevada we have something like 15 tribes that have the smokeshops, and the language that you have inserted in this particular measure would virtually eliminate the revenue that those individuals get from those smokeshops. You would in essence destroy them by the change of just a few words, "an enrolled member of the tribe." "An enrolled member of the tribe," a new definition, I gather, for describing my Indian brothers. I would think, Mr. Chairman, that your committee that considered this bill should go back and take another look at this and exclude the seemingly discriminatory aspect of this particular measure.

It is not enough that this 5 3/4 percent sales tax is going to reflect more heavily upon those who would go out at Easter and Christmas and buy the gifts, but also those individuals who have those reservations that are situated along the thoroughfares of this state and ask people to come in and buy those cigarettes in order that they can produce revenues. You are actually taking that away from them. I agree partly with what has been said by the members of this particular body that this particular measure, I don't think will do the job.

I am not on the Taxation Committee, and I can see that the judgment and influences of these tax bills seem to be directed away from those persons who can most afford to pay these taxes, as has been mentioned here about the casinos, the utilities, and even those persons who reside in what we commonly refer to as the silk stocking districts. What we are talking about here, and I am talking about both of the measures that we have before us, is a process of taxation. Once examined would be an average of the taxing policy, that you would apply the whole average to the total community, not only to that individual whose house is less profitable to him to sell than those who live upon Cy's Skyline or Bonanza's Village or whatever

place that we have in Vegas. I think that we are going to have to rethink this whole process if we are going to arrive at a just taxation in this legislative body.

I don't think that the measure that we have before us today has created a system of justice that we can apply to the communities of this state by passage of these particular bills. And with that I will close, Mr. Chairman, and ask those individuals to reread these tax bills over the weekend in light of the fact that their application would be most heavily borne by those individuals who can least afford it.

ASSEMBLYMAN WESTALL:

I believe that we have to look at two things here. Number one, the bills that we are looking at are an answer to one portion of the population, that's the homeowner. That's the portion that we are addressing in these bills. Secondly is a philosophical thing between the two sides as to what message these particular people were sending us in Question 6. Those who oppose the bill or feel that it should be a side to percent the rate have a philosophy that the message the people sent was that they want the property taxes leveled off, and that's about it.

The other side, of which I am a part, feel that the message they were sending was that they want the taxes cut, number one, capped, number two. So you ought to think in your own mind which philosophy are you. What's the message you think the people were sending? If you feel that what they wanted was a cut and a cap, you will be for the package. If you feel that all they wanted was a leveling off, then oppose the package, and I think that's really the two philosophies that are to be spoken to here.

SENATOR GETTO:

Thank you, Mr. Chairman. I would like to address a few points. I know we have belabored the proposals here before us and there have been several statements made about how they cannot support these bills, that we should be addressing only homeowners, homeowner-occupied residencies, etc., and of all the statements I have not seen one bill come forth in that area.

Furthermore, I haven't even seen a legal opinion that we could do anything in that area that is Constitutional, and if anybody has a legal opinion, I wish they would come forth with it. I did not come into this legislature strongly supporting a package like this. I came to the legislature knowing that we must reduce taxes on property to homeowners, and that was my primary concern as I came into the legislature. But, there was no way that I could see, and nobody has come forth or proved that we could do anything else. So it means, if we are going to give a substantial reduction to the homeowners, we must raise the sales tax, and I am not happy with that. I would rather see a 5 percent or 4½ percent but I feel quite comfortable that if we are going to give at least a 50 percent reduction to homeowners in the following year then we must come with this type of a sales tax.

In conclusion, I would like to say, and I have said this before, that I will not support any of these packages if we do not come in with a resolution that goes to the next session and then to the next general election that we can have split rolls, and then we would address giving further reductions to owner-occupied residencies. I will support this. I think we should really be talking about the four packages. As we have mentioned here before, I think the resolution should be added to these three bills that are before us and add the resolution as a four-package deal.

ASSEMBLYMAN CRADDOCK:

Mr. Chairman, I have sixteen or eighteen points that I would like to discuss, but I don't intend to get into all of them now. There are a couple I would like to cover though. One is the 90 percent of the land we keep hearing about that is owned by government; of course, that is the 87 percent Federal and 3 percent state and local, leaving 20 percent or rather 10 percent of the geographic areas owned by private interests. Of the 10 percent that is owned by private interests, actually 20 percent of the value represented in that 10 percent is owned by people outside the State of Nevada. I have just handed out a two-page research paper from our own people on that subject. The 20 percent of the actual value that's owned by out-of-state is considered, of course, along with all others, and we seem to have a strong consensus that we would like to treat some people differently. I don't totally agree with that but, nevertheless, if we are looking at exactly what we want to do by way of giving assistance to reduce taxes, we also need to recognize that a large portion of the tax reduction we are giving is to out-of-state people, out-of-state interests who saw fit to come here and invest their money under the circumstances that currently

exist. The people that we are talking about collecting money from that, I guess, the first comment we heard along those lines was in the State of the State Message, we have referred to non-Nevadans as a source of 25 percent of the sales tax. If we are actually looking to non-Nevadans for a source of revenue, we maybe should consider the fact that some have already decided to pay us voluntarily, but if we are looking for a sales tax to come in out of state, we had best consider also that those people have not yet decided to come here so they may or may not decide to come.

The second point that I would like to make is that when we shift from property tax to sales tax we shift from the older and more stable population to the younger segment of society. We need not call attention to the members of the legislature the fact that we have historically assisted the outlying counties from the more metropolitan areas, and that is as it should be. I recognize that and support that concept, but I also recognize that we have a number of people within Clark County who are under 30 years of age, and I am a few days older. If we make this drastic shift from the older, more stable population to the younger people, chances are that they will come to the front and displace a number of us that they look at as maybe being too old to really live and really too young to die. I think this is political suicide when we actually elect to ignore the problems unique to the masses and cater to the few. I think it is political suicide for Southern Nevada!

SENATOR GIBSON:

Mr. Chairman, there are a couple of points I would like to ask the members to ponder as they look at this package. First of all, I support the committees and the result of their actions, and I can understand why they have arrived at the point that is represented in these bills. I would like to suggest that the membership look at the fact that we are in a transition in this program and it won't be completed in this session. If we want to argue about the level of the sales tax, etc., we have to understand the necessity for us to make a radical change in order to develop the program that ultimately will be in place.

With the passage of the Constitutional amendment which will allow us to give property tax relief strictly to homeowners, we will be able to reinstitute the property tax to the level now held or any other lower amount we might decide upon for the others who, for this period, may have some escape from that level of taxation. I am told by the experts that this will allow us to reduce the sales tax at that time by at least 1½ percent, and then we will be in the range that many of you seem to feel is proper; but in order to accomplish our goal, it is necessary for us temporarily to make that adjustment. Now the committee, I know, has looked at all the other taxes, and Dr. Robinson's point was well made, but I think, early on, the committees looked at these. For an example, if you double the cigarette tax, if you double or triple the liquor tax, if you double or triple all these other taxes, you would not gain enough revenue to make the shift that has to be made in the property tax. I don't know if that's what you have in mind, but it is not feasible to do that and so it is necessary to look at this program this way. Another interesting fact that has come out of the details of data that have been developed, and this was contrary to my expectation and perhaps applies only to Clark County, but I assume it applies fairly generally, in the breakdown in the source of property tax at the present time, we find that 60 percent of the valuation in Clark County is in residential and like property. Now what this means is that even though these windfalls are accumulating, even when we give this property tax relief to residential property, it amounts to a great sum, and it will have an affect on the services we desire to be continued will have to be alleviated by some additional revenue in some other place. What you are looking at at this time is a forty million dollar shortfall in school funding. The only way that can be made up is by some increase in the sales tax because it is the only tax substantial enough to yield anywhere near the amount of money that is needed.

I do think we should look at the Joint Resolution as a key part of this. I have always done that in my thinking, and I think it has to be considered as you ponder these other bills, because the program will not be complete until the people have accepted that suggestion, and then the legislature in turn acts to implement what is suggested there. When that is done, I think you will find that this is an excellent tax program that has not done radical violence in any way to our tax program. I might just make one other comment. There has been expressed here a worry about local government shifting from its emphasis on property tax to emphasis on sales tax. For the last 20 years the most stable fiscal entity in the state has been state

government, and in that time, it has not had any dependency on property tax. Its major dependency since 1955, when the people adopted the 2 percent sales tax, has been primarily on the sales tax with the ascendancy of the gaming tax to where they are now about equivalent. But the property tax has never been a major or even real important base for state government fiscal policy, and I don't share the concern that the shift is now going to render local governments vulnerable. I don't think that is true at all.

ASSEMBLYMAN HICKEY:

Mr. Chairman, I have one other question and one other concern and it has to do with the total package. Senator Gibson alluded to one of our problems which is a 40 million dollar shortfall. Does this package, as written right here, eliminate our problem with the shortage of school funds in the distributive school fund? Are we short 40 million dollars with this package?

MR. LEIN:

No, it doesn't eliminate your problem. It does not address itself to school financing.

ASSEMBLYMAN BERGEVIN:

I think that it does alleviate some of the problem. It does not totally eliminate the problem. We are putting a half cent additional sales tax into the schools which will yield approximately 34 to 35 million dollars per year, we are giving the schools a 50 cent ad valorem rate on an uncapped, updated ad valorem rate which is going to yield them an additional amount of money. It is the consideration of the State Department of Education that that 40 million dollar shortfall has been reduced to somewhere in the vicinity of 17 million dollars at the present moment.

ASSEMBLYMAN HICKEY:

Mr. Chairman, through you to Mr. Bergevin, you said 17 million dollars, is that 17 million for the biennium or 17 million the first year? My understanding was 17 million dollars the first year and 20 million the second part of the biennium.

ASSEMBLYMAN BERGEVIN:

I am afraid, Mr. Hickey, that I cannot definitely answer that for you.

SENATOR GIBSON:

This package does go about half way to eliminating shortfall. It is my understanding that it's not a part of this package although I think it, too, should be a part of it, but there is a proposal to increase the percentage fee on the gaming tax in the upper level, those who generate more than five million dollars a year, raise that a half percent, from 5½ to 6 percent, which will raise about two-thirds of what's left, and I think the rest can be gotten out of the budget. That's the way I look at it, but this does assist in meeting the shortfall. Incidentally, if you go to 6 percent, it would take care of it, if you have any takers.

ASSEMBLYMAN HICKEY:

Mr. Chairman, rather than continue with this, and I am sure that it is more of a technical problem, it does raise one of the objections that I had with this particular package. I think I can talk for all of the legislators, there is a concern that if a total package comes out that we can look at as a total bill we can make our judgments from that.

ASSEMBLYMAN POLISH:

Mr. Chairman, we are talking about shifts, not up, on or across or probably down, and as a country boy, I would like to say we've got to balance this load we are talking about here in taxes. One thing that hasn't been brought to my attention as strongly as I'd like to have is the proposition we were faced with last fall. People wanted reduction in taxes. They also wanted a reduction in government. Now the part that I haven't seen discussed here today is where have we reduced government costs? I think the people are looking at that particular half of the package in balancing the budget. You can talk about the percentages up and down, changing, shifting, but where are we going to step in this other arena which I am sure they are taking a real close look at. Maybe someone on the budget committees can answer that. We might get some percentages there, where we're having some reductions in that particular area.

ASSEMBLYMAN MAY:

We are drifting a little far away, but Mr. Lein you might answer that in general terms, if you like, but I would like to return to the analysis of the bill itself. That was the reason for meeting in joint session. We do have, beyond that explanation, some handouts we would like to briefly run through.

MR. LEIN:

In response to your inquiry, Mr. Polish, that had to do with the discussion that was just done on Senate Bill No. 411. Senate Bill No. 411 which set restrictions on certain increases in revenue, set restrictions on increases in ad valorem taxes and set restrictions on ending balances were basically the funds that were being addressed in your question of what controls are being placed on local governments.

ASSEMBLYMAN MAY:

And now continuing with the bill, Mr. Lein.

MR. LEIN:

Page 15, Section 28 is amended on page 16 and basically removes the state school funding formula, reducing state funding equivalent of a 30 cent property tax and replacing it with the increase in the local school support tax. One-half of one percent, is the effect of it. Section 29 removed dead language in lines 32 through 37 which would refer to the \$1.50 limitation on schools that is no longer applicable with the 50 cent levy that is coming in another section. To continue with the sections affecting school financing, in Section 30 on page 17 where it states in line 36 that not more than 50 cents may be levied for the support of a school district and then in lines 41 through 44 specifically limit the amount that may be raised from that 50 cent levy. In other words, the 50 cent levy could be decreased if there was an increase in the assessed valuations substantial enough to do so to prevent a 12 percent increase in revenue annually. So there is a 12 percent revenue cap on that 50 cent levy. Section 31 at the bottom of the page, two repealers, NRS 387.199 and 387.328. The first has to do with the school districts, our revenue limitation in the old Senate Bill No. 204; and the second has to do with removing the 35 cent ad valorem tax that was permissible for school building reserves. Section 32 on page 18 has to do with the emergency adoption of a city-county relief tax, ordinance or amendments to that ordinance. Sections 33, 34, 35 and 36 have to do with increasing the amount of interest that is charged to taxpayers who have filed returns late, have failed to pay or for audit determinations that are made from one half of one percent to 1½ percent per month. Section 37 is the severability clause as referred to earlier. Section 38 at the bottom of page 18 and the top of page 19 imposes the tax rates effective May 1, 1981. This is the date of the sales tax increase imposition. The imposition, May 1, allows the first collection, of course, to be due to the state on June 30th and, in effect, would allow 13 months of collection in the next fiscal period. That first month would be retained in the supplemental city-county relief tax reserve fund, and, of course, the remaining 12 months will be distributed in accordance with the calculations in this bill to the local governments to replace ad valorem taxes. At the top of page 19, paragraph 2, it indicates that there really is a sunset provision which allows the tax rates to revert back to their present rate on July 1, 1983.

ASSEMBLYMAN MAY:

Thank you, Jim. Are there any questions from either member of either house regarding Assembly Bill No. 369. If not, I would simply like to state that due to the requests of a great many members of both houses, while it was perhaps our intention even as late as this time yesterday, to propose that these two measures be voted on today and closed, because of the complexities, because of the questions that have arisen and because of the unresolved difficulties that some people seem to have with understanding, Senator Ashworth and I would ask that the body do not take action today, but that the bill on this side be returned to committee to look at a couple of items in it and hopefully be in a position to process it as early as possible next week. We had established, and it still holds, there is an urgency attached to this for three primary reasons. If the shift is to be made on May 1st, the retailers must be officially notified by the Department of Taxation who must do a great deal of printing, advertising, working up of breakage cards, etc., to notify those retailers. The retailers themselves must have time, to some degree, to notify their

clerks, to reset their computers, to reset their adding machines, to be able to accommodate this new tax. The measure calls for an emergency ordinance to be enacted by every county commission in the State of Nevada before the first of next month. There is, I understand, a county commission convention in Alaska later on this month so it is urgent then that, if the county commissioners are to take the action that we are mandating, or propose to mandate of them, that they be given the time. It can be done in an emergency meeting as the bill specifies, but if they are at a convention in Alaska, we might have a problem. That was the urgency, that is the urgency at this point. I want to take the chance to wish you each Happy Easter. We do have some graphs we would like to discuss with you and suggest that you take these, as well as your notes on the bills, home with you. Mr. Lein, the exhibits are stapled together in your package. They are titled, "A Proposed Tax Package." We hope to give you a better understanding at this point with these exhibits.

ASSEMBLYMAN JEFFREY:

Mr. Chairman, if we do have the emergency of which you spoke, why are we requiring the county commissioners to adopt the ordinance, why don't we just do it by law?

ASSEMBLYMAN MAY:

Because Mr. Jeffrey, number one, there are two counties that have never enacted the available one-half of one cent city-county relief tax and the others are being required by statute that every county will, at that point, become on an equal basis. Those who do not at this moment, will have to adopt to the full requirements of the bill, those who do not will first of all effect the old one and then bring it up to date.

ASSEMBLYMAN JEFFREY:

Are you saying then that there may be counties that will not be paying as high a tax as we will in Clark County?

ASSEMBLYMAN MAY:

I am saying that at the present moment there are two counties in this state which do not have, which have not yet taken advantage of, the available one cent city-county relief tax that is optional to each county as their discretion within certain limitations. Two counties never adopted that so they are at two cents. The other fifteen counties in this state including Carson City are at 3 1/2 cents. This will require all counties to come up to a uniform and equal basis at the same time effective at the same date at whatever tax rate is set forth in this measure.

SENATOR GIBSON:

Well, there is another reason, too, Mr. Chairman. I think it is important that any addition to the local city-county relief tax parallel the existing law because that has been sustained by the Supreme Court as Constitutional, and it was carefully structured that way, and I think you want to parallel that with any addition you make to it.

ASSEMBLYMAN MAY:

Excellent point, Senator Gibson, thank you.

MR. LEIN:

The one handout the Chairman referred to which is headed "Proposed Tax Package" gives you a brief summary of what the three bills accomplish, the two that were discussed this morning and the third one which is connected, Senate Bill No. 69, which addresses itself to assessments and assessment practices against properties. The summary indicates, of course, that it is a basic shift from property taxes to sales taxes and briefly describes the three bills. As you move into the package, the first bill addressed is Assembly Bill No. 369, the one we just reviewed, and gives you a quick summary of what the current tax rates are and what the proposed tax rates would be under Assembly Bill No. 369. It also discusses some of the major points of how the supplementary city-county relief tax would be distributed to several entities. Also the local school support tax and it does replace the 30 cent property tax equivalent in the state school funding formula, the cap on the 50 cents for school districts. It addresses itself to 90 percent of the property tax savings accrued to landlords being passed through. It addresses itself to the fact that the liquor, cigarette, and basic city-county relief tax distributions would be based on an annual

estimated population rather than the 10 year census. It also indicates again that it does reduce the state's administrative fee from one percent to one-half percent. The second bill addressed in the packet is Senate Bill No. 69.

ASSEMBLYMAN MAY:

Jim, we are not going to press this at this particular date. Why don't we skip that one and go to Senate Bill No. 411? Senate Bill No. 69 is self-explanatory; hopefully, noncontroversial, and certainly one that we should give serious consideration.

MR. LEIN:

Which is just what I was going to say, to review it and pick out Senate Bill No. 69 from your other bills to review as well. The second one that was in the package being discussed this morning is Senate Bill No. 411 and, again, it has the highlights of that particular bill marked for you, indicating that for fiscal 1981-82 a local government can only increase its ad valorem tax a CCRT or the supplemental CCRT by 15 percent as a cap. It can only increase its ad valorem in subsequent years by six percent. It talks about, of course, the control on ending fund balances, the controls on license and permit fee increases, the restrictions on self-insured funds and, of course, does repeal the cap on expenditures addressed in Senate Bill No. 204 and the revenue caps of Senate Bill No. 411 are imposed. We go on in the package to show an example of what occurs as far as residential properties are concerned. First of all, it was calculated as to how Senate Bill No. 69 would arrive at an assessed valuation. But more importantly, moving to the next exhibit, is what that impact is when reappraisal has taken place and the supplemental CCRT has been infused into the local governments to allow property taxes to be reduced. And you have a series of what is called residential examples. It does not earmark itself to any type or any one community. A rate has been selected and applied. The fiscal office indicates to you that the homes listed as one through five would indicate under them the year that they were reappraised and so the tax rates they would be paying for 1980-81 are listed across the 651-762 and etc. This means this is their current tax bill. If the valuation is based on the year cited as when the home was last valued by the county assessor, the 1981-1982 tax is estimated is the estimation of what would be paid on a \$3.64 rate without any change in the tax structure at this point in time is under Senate Bill No. 204. Home number one which you notice paid \$651 in 1980-81, pays \$1,417 in 1981-82 because it was reappraised in 1980. So we move down to the legislative plan and you note now that the assessed valuations are uniform among the five homes. It does not make any difference what year the property was reappraised. Due to the factoring methods set forth in Senate Bill No. 69 all homes would be valued to the current level. That means, therefore, that if they all had the same value, they would have the same assessed valuation. As a result, they would also have the same amount of estimated 1981-82 taxes. Then, of course, if you subtract what is estimated, their 1981-82 taxes would be from what they previously paid to arrive at what type of actual property tax relief the individual would receive from his last payment. You would look at his estimated 1981-82 taxes. If there had not been any imposition of a sales tax program or any change in the assessment practice, you can see what type of percentage of savings he would receive. So for example on home number one, in 1981-82 under the legislative planning he would pay \$589. Last year he paid \$651. That is a very small decrease of only about 10 percent. However, if you make that change from the \$1,400 that he would have to pay, there are no imposition of sales tax or equalization of assessment practices that percentage, of course, becomes much more dramatic. Therefore, we have to point out that not every homeowner is going to receive the same percentage of relief. It depends on when his home was last appraised, and when he is factored to the current valuations. So it will depend on what he paid last year, of course, and would depend on when he was last appraised. By bringing them up all level, you may have relief that would range anywhere from zero to 75 percent depending on what the individual home might be. And the tax rates in that particular entity, remember debt service has not been capped. We have only been talking about replacement of ad valorem taxes that are being levied for operational purposes of local governments. Debt service is outside of that particular rate. So whatever debt the local government has, would still have to be paid from an ad valorem rate. One of the last pages is a listing, again as we referred to a moment ago, showing you what the ad valorem requirement was in 1980-81, the current year, for each of the cities and counties of the state, what they

have requested in 1981-82, and what the capped amount of ad valorem and supplemental CCRT would be under Senate Bill No. 411. The majority of the entities would receive an approximate 15 percent increase over the current year.

ASSEMBLYMAN MAY:

Thank you, Jim. That will conclude our exhibits and our testimony for the committee this morning. At this point I will now return the gavel to the President of the Senate.

INTRODUCTION, FIRST READING AND REFERENCE

By Senator Wagner:

Senate Bill No. 549—An Act relating to visually and aurally handicapped persons; authorizing the use of guide dogs and canes by aurally handicapped persons; providing for the protection of such persons in traffic; prohibiting persons from interfering with guide dogs; providing penalties; and providing other matters properly relating thereto.

Senator Wagner moved that the bill be referred to the Committee on Human Resources and Facilities.

Motion carried.

By Committee on Government Affairs:

Senate Bill No. 550—An Act relating to local government employees; prohibiting an employee organization from requiring its members to be affiliated with another organization; and providing other matters properly relating thereto.

Senator Gibson moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By Committee on Finance:

Senate Bill No. 551—An Act making an additional and supplemental appropriation to the state board of parole commissioners for in-state travel expenses; and providing other matters properly relating thereto.

Senator Gibson moved that the bill be referred to the Committee on Finance.

Motion carried.

By Committee on Commerce and Labor:

Senate Bill No. 552—An Act relating to railroads; repealing requirements for crews of certain sizes; and providing other matters properly relating thereto.

Senator Wilson moved that the bill be referred to the Committee on Transportation.

Motion carried.

By Committee on Commerce and Labor:

Senate Bill No. 553—An Act relating to landscape architecture; broadening the provision which allows the board of landscape architecture to waive the examination for certification as a landscape architect; and providing other matters properly relating thereto.

Senator Wilson moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

By Committee on Commerce and Labor:

Senate Bill No. 554—An Act relating to insurance; amending provisions relating to fees and licensing of persons engaged in the business of insurance; and providing other matters properly relating thereto.

Senator Wilson moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

By Committee on Commerce and Labor:

Senate Bill No. 555—An Act relating to life and health insurance; raising the ceiling for administrative fees assessed upon insurers by the Nevada Life and Health Insurance Guaranty Association; and providing other matters properly relating thereto.

Senator Wilson moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

By Committee on Commerce and Labor:

Senate Bill No. 556—An Act relating to industrial insurance; requiring an increase in the number of risk classifications and a corresponding adjustment of the premium rates; and providing other matters properly relating thereto.

Senator Wilson moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

By Committee on Commerce and Labor:

Senate Bill No. 557—An Act relating to alien insurers; increasing and prolonging the required trust fund; and providing other matters properly relating thereto.

Senator Wilson moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

By Committee on Commerce and Labor:

Senate Bill No. 558—An Act relating to insurance; tightening the criteria of eligibility to write "surplus lines" of insurance; and providing other matters properly relating thereto.

Senator Wilson moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

Assembly Bill No. 50.

Senator Gibson moved that the bill be referred to the Committee on Finance.

Motion carried.

Assembly Bill No. 150.

Senator Gibson moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

Assembly Bill No. 183.

Senator Gibson moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

Assembly Bill No. 191.

Senator Gibson moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

Assembly Bill No. 303.

Senator Gibson moved that the bill be referred to the Committee on Judiciary.

Motion carried.

Assembly Bill No. 327.

Senator Gibson moved that the bill be referred to the Committee on Transportation.

Motion carried.

Assembly Bill No. 394.

Senator Gibson moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

Senator Gibson moved that the Senate recess subject to the call of the Chair.

Motion carried.

Senate in recess at 12:47 p.m.

SENATE IN SESSION

At 12:53 p.m.

President Leavitt presiding.

Quorum present.

MESSAGES FROM THE ASSEMBLY

ASSEMBLY CHAMBER, Carson City, April 16, 1981

To the Honorable the Senate:

I have the honor to inform your honorable body that the Assembly on this day respectfully refused to recede from its action on Senate Bill No. 86 and requests a conference, and appointed Assemblymen Schofield, Kovacs and Redelsperger as a first Committee on Conference to meet with a like committee of the Senate.

CAROL L. MOORE
Assistant Chief Clerk of the Assembly

UNFINISHED BUSINESS

APPOINTMENT OF CONFERENCE COMMITTEE

Mr. President appointed Senators Faiss, Bilbray and Getto as a first Committee on Conference to meet with a like committee of the Assembly for the further consideration of Senate Bill No. 86.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Ford moved that Senate Bill No. 284 be taken from the General File and placed on the Secretary's desk.

Remarks by Senators Neal, Ford, Blakemore and Hernstadt.
Motion carried.

By Senators Faiss, Don Ashworth, Keith Ashworth, Bilbray, Blakemore, Close, Echols, Ford, Getto, Gibson, Glaser, Hernstadt, Jacobsen, Kosinski, McCorkle, Neal, Raggio, Wagner and Wilson:

Senate Concurrent Resolution No. 45—Proclaiming April 19 through April 25, 1981, as Secretaries' Week and April 22, 1981, as Secretaries' Day and commending secretaries for their valuable contributions.

Senator Faiss moved the adoption of the resolution.
Resolution adopted unanimously.

By Committee on Government Affairs:

Senate Resolution No. 12—Adding a new standing rule which provides the procedure for deciding contests of election.

Senator Gibson moved that the resolution be referred to the Committee on Legislative Affairs.

Motion carried.

GENERAL FILE AND THIRD READING

Senate Joint Resolution No. 16.

Resolution read third time.

Remarks by Senator Glaser.

Roll call on Senate Joint Resolution No. 16:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Joint Resolution No. 16 having received a constitutional majority, Mr. President declared it passed, as amended.

There being no objections, Mr. President declared the Preamble adopted, as amended.

Senator Glaser moved that the rules be suspended and that Senate Joint Resolution No. 16 be transmitted to the Assembly immediately.

Motion carried unanimously.

Resolution ordered transmitted to the Assembly immediately.

Assembly Joint Resolution No. 27.

Resolution read third time.

The following amendment was proposed by the Committee on Taxation:

Amendment No. 543.

Amend the resolution by deleting lines 4 through 24 page 1 and lines 1 through 33 on page 2 and inserting:

Section 1. 1. The legislature shall provide by law for a uniform and equal rate of [assessment and] taxation, *but may classify residential property separately, in one or more classes, for the purpose of valuation or assessment*, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory, except mines and mining claims, when not patented, the proceeds alone of which shall be assessed and taxed, and when patented, each patented mine shall be assessed at not less than five hundred dollars

(\$500), except when one hundred dollars (\$100) in labor has been actually performed on such patented mine during the year, in addition to the tax upon the net proceeds [; shares] , *and other property for which specific provision is made in this section.*

2. *Shares* of stock (except shares of stock in banking corporations), bonds, mortgages, notes, bank deposits, book accounts and credits, and securities and choses in action of like character are deemed to represent interest in property already assessed and taxed, either in Nevada or elsewhere, and shall be exempt. [Notwithstanding the provisions of this section, the]

3. *The* legislature may constitute agricultural and open-space real property having a greater value for another use than that for which it is being used, as a separate class for taxation purposes and may provide a separate uniform plan for appraisal and valuation of such property for assessment purposes. If such a plan is provided, the legislature shall also provide for retroactive assessment for a period of not less than 7 years when agricultural and open-space real property is converted to a higher use conforming to the use for which other nearby property is used.

4. Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward, shall be deemed to have acquired no situs in Nevada for purposes of taxation and shall be exempt from taxation. Such property shall not be deprived of such exemption because while in the warehouse the property is assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.

5. The legislature may exempt motor vehicles from the provisions of the tax required by this section, and in lieu thereof, if such exemption is granted, shall provide for a uniform and equal rate of assessment and taxation of motor vehicles, which rate shall not exceed five cents on one dollar of assessed valuation.

6. The legislature shall provide by law for a progressive reduction in the tax upon business inventories by 20 percent in each year following the adoption of this provision, and after the expiration of the 4th year such inventories are exempt from taxation. The legislature may exempt any other personal property, including livestock.

7. No inheritance or estate tax shall ever be levied . [; and there shall also be excepted such property as may be exempted by law]

8. *The legislature may exempt by law property used* for municipal, educational, literary, scientific or other charitable purposes.

Amend the title of the resolution by deleting the second through the fourth lines and inserting:

“the Nevada constitution to permit the separate classification of residential property for the purpose of taxation.”

Senator Keith Ashworth moved the adoption of the amendment.

Remarks by Senators Keith Ashworth and Hernstadt.

Amendment adopted.

Senator Keith Ashworth moved that rules be suspended, that the reprinting of Assembly Joint Resolution No. 27 be dispensed with, and that the Secretary be authorized to insert the amendment adopted by the Senate.

Motion carried unanimously.

Roll call on Assembly Joint Resolution No. 27:

YEAS—18.

NAYS—McCorkle.

Absent—Lamb.

Assembly Joint Resolution No. 27 having received a constitutional majority, Mr. President declared it passed, as amended.

Resolution ordered reprinted, re-engrossed and transmitted to the Assembly.

Senate Bill No. 21.

Bill read third time.

Roll call on Senate Bill No. 21:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 21 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 22.

Bill read third time.

Remarks by Senators Raggio and Ford.

Roll call on Senate Bill No. 22:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 22 having received a constitutional majority, Mr. President declared it passed, as amended.

There being no objections, Mr. President declared the Preamble adopted.

Bill ordered transmitted to the Assembly.

Senate Bill No. 26.

Bill read third time.

Roll call on Senate Bill No. 26:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 26 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 154.

Bill read third time.

The following amendment was proposed by Senators Gibson, Keith Ashworth, Close and Lamb:

Amendment No. 416.

Amend the bill as a whole by adding a new section designated section 12, following section 11, to read as follows:

"Sec. 12. NRS 373.030 is hereby amended to read as follows:

373.030 In any county for all or part of which a streets and highways plan has been adopted by the county or regional planning commission, the board may be ordinance:

1. Create a regional transportation commission; and

2. Impose a tax on motor vehicle fuel sold in the county of [:

(a) One] 1 cent, [or] 2 cents, 3 cents or 4 cents per gallon.

[(b) In addition to the tax provided for in paragraph (a), 2 cents per gallon to be effective only if the tax is approved by a vote of the registered voters of the county upon a question which the board may submit to the voters at any election.]

A tax imposed under this section is in addition to other motor vehicle fuel taxes imposed under the provisions of chapter 365 of NRS."

Amend the bill as a whole by renumbering sections 12 through 14 as sections 13 through 15, respectively.

Amend the title of the bill, line 2, after the semicolon, by inserting; "changing the manner in which counties may impose such a tax;"

Senator Gibson moved the adoption of the amendment.

The motion carried on a Division of the House.

Amendment adopted.

Bill ordered reprinted, re-engrossed and to third reading.

Senator Kosinski withdrew Amendment No. 551 to Senate Bill No. 154.

Senate Bill No. 157.

Bill read third time.

Roll call on Senate Bill No. 157:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 157 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 159.

Bill read third time.

Remarks by Senators Raggio, Blakemore and Hernstadt.

Roll call on Senate Bill No. 159:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 159 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 231.

Bill read third time.

Roll call on Senate Bill No. 231:

YEAS—17.

NAYS—Echols, Faiss—2.

Absent—Lamb.

Senate Bill No. 231 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 285.

Bill read third time.

Roll call on Senate Bill No. 285:

YEAS—16.

NAYS—Neal, Wilson—2.

Absent—Lamb.

Not voting—Raggio.

Senate Bill No. 285 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 390.

Bill read third time.

Remarks by Senators Neal, Wagner, Hernstadt, Glaser, Kosinski and Gibson.

Roll call on Senate Bill No. 390:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 390 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 408.

Bill read third time.

The following amendment was proposed by the Committee on Human Resources and Facilities:

Amendment No. 515.

Amend section 1, page 1, by deleting line 5 and inserting:

“[between the ages of 16 years and 50 years] *16 years of age or older*for assistance in estinguish-”.

Amend the title of the bill, line 1, by deleting “women;” and inserting:

“women and older persons;”.

Senator Getto moved the adoption of the amendment.

Amendment adopted.

Bill ordered reprinted, re-engrossed and to third reading.

Senate Bill No. 475.

Bill read third time.

Roll call on Senate Bill No. 475:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 475, having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 492.

Bill read third time.

Remarks by Senators Neal and Wilson.

Roll call on Senate Bill No. 492:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 492 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 496.

Bill read third time.

Roll call on Senate Bill No. 496:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 496 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 498.

Bill read third time.

Remarks by Senators Neal and Gibson.

Roll call on Senate Bill No. 498:

YEAS—19.

NAYS—None.

Absent—Lamb.

Senate Bill No. 498 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Gibson moved that Assembly Bills Nos. 40, 254, 262, 270, 275, 277, 301 and Assembly Joint Resolution No. 20 be taken from the General File and be placed on the General File for Monday, April 20, 1981.

Motion carried.

UNFINISHED BUSINESS

REPORT OF CONFERENCE COMMITTEE

Mr. President:

The First Committee on Conference concerning Senate Bill No. 86, consisting of the undersigned members, has met, and reports that:

It has agreed to recommend that the amendment of the Assembly be concurred in.

It has agreed to recommend that the bill be further amended as set forth in Amendment No. 176 C which is attached to and hereby made a part of this report.

WILBUR FAISS
JAMES H. BILBRAY
VIRGIL M. GETTO

Senate Committee on Conference

JAMES W. SCHOFIELD
EDWARD J. KOVACS
KENNETH K. REDELSPERGER

Assembly Committee on Conference

Amendment No. 176 C.

Amend sec. 14, page 8, line 4, by deleting "[and]".

Amend sec. 14, page 8, line 6, by deleting "and".

Amend sec. 14, page 8, line 12, by deleting "responsible," and inserting "responsible; and

[(h)] (i) The fund for industrial development in counties having a population of 25,000 or less, created by chapter 621, Statutes of Nevada 1979,".

Amend the bill as a whole by renumbering section 16 as section 17 and adding a new section designated section 16, following section 15, to read as follows:

"Sec. 16. The provisions of this act are not intended to discourage or inhibit the mining, milling and disposal of uranium ores and the resulting wastes."

MOTIONS, RESOLUTIONS AND NOTICES

Senator Faiss moved that the Senate adopt the report of the first Committee on Conference concerning Senate Bill No. 86.

Motion carried.

MESSAGES FROM THE ASSEMBLY

ASSEMBLY CHAMBER, Carson City, April 16, 1981

To the Honorable the Senate:

I have the honor to inform your honorable body that the Assembly on this day adopted the report of the first Committee on Conference concerning Senate Bill No. 86.

CAROL L. MOORE

Assistant Chief Clerk of the Assembly

MOTIONS, RESOLUTIONS AND NOTICES

Senator Wagner moved that Senate Bill No. 403 be taken from the Secretary's desk and be placed on the General File for the next legislative day.

Motion carried.

UNFINISHED BUSINESS

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the President and Secretary signed Senate Bills Nos. 50, 171, 86; Assembly Bill No. 248.

GUESTS EXTENDED PRIVILEGE OF SENATE FLOOR

On request of Senator Gibson, the privilege of the floor of the Senate Chamber for this day was extended to Ms. Janet Beardsley.

On request of President Leavitt, the privilege of the floor of the Senate Chamber for this day was extended to Miss Susan Luella Leavitt, Masters Delbert Elwin Leavitt and James Jack Leavitt.

On request of Senator Getto, the privilege of the floor of the Senate Chamber for this day was extended to Master Robb Madole.

On request of Senator Glaser, the privilege of the floor of the Senate Chamber for this day was extended to former Senator Margie Foote.

On request of Senator Close, the privilege of the floor of the Senate Chamber for this day was extended to Messrs. Michael Close and Kevin Spilsbury.

On request of Senator Wagner, the privilege of the floor of the Senate Chamber for this day was extended to Mr. George McComkie.

On request of Senator Don Ashworth, the privilege of the floor of the Senate Chamber for this day was extended to Messrs. Mark Gammet, Edward Smith and Virgil Slade.

Senator Gibson moved that the Senate adjourn until Monday, April 20, at 11:00 a.m.

Motion carried.

Senate adjourned at 1:40 p.m.

Approved:

MYRON E. LEAVITT
President of the Senate

Attest: LEOLA H. ARMSTRONG
Secretary of the Senate

