MINUTES OF THE
MEETING OF THE SENATE COMMITTEE
ON TAXATION

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
February 12, 1981

The Senate Committee on Taxation was called to order by Chairman Keith Ashworth at 2:05 p.m., Thursday, February 12, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Keith Ashworth, Chairman
Senator Norman D. Glaser, Vice Chairman
Senator Virgil M. Getto
Senator James N. Kosinski
Senator William J. Raggio

COMMITTEE MEMBERS ABSENT:

Senator Don Ashworth
Senator Floyd R. Lamb

GUEST LEGISLATOR:

Senator Sue Wagner

STAFF MEMBERS PRESENT:

Ed Shorr, Deputy Fiscal Analyst
Colleen Crum, Committee Secretary

The chairman said he would read a Bill Draft Request for possible committee introduction. If there were no objections the bill would be introduced.

There were no objections to the introduction of the following constitutional amendment:

* BDR C-749: Permits the separate classification of residential property for the purpose of taxation and provides taxation of minerals by value.

* (S.J.R. 21)

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SENATE BILL NO. 194

Senator Wagner stated a letter from Sister Margaret P. McCarran prompted her to request the drafting of this bill. (See Exhibit C.) The bill was not drafted properly, however, and it must be amended to incorporate the points she originally requested.

Sister McCarran gave the history which motivated her to ask for legislation. Storey County presently allows a person to file a quit claim under a fictitious name. After the person filing the quit claim pays the taxes on the property, he becomes the owner of the property. Notification of the public is a problem. In one case, Sister McCarran felt she owned 40 acres in Storey County. But the ownership documents had been lost in a fire. While in the process of getting reprints of the documents, she learned that the practice of recording the proceedings of a quit claim made it impossible to learn that a claim had been filed. Notification of the quit claim on the 40 acres was published in the Carson City newspaper, which she did not read. She learned later that ownership of the 40 acres had been transferred through Parker and Conforte to the Sand and Gravel Company. She proposed that the bill address two points. Firstly, it should deal with the practice of filing quit claims under fictitious names without proper notice. Secondly, it should deal with the notification of adjacent neighbors. This second point may be expensive to implement. She suggested the possibility of distinguishing between active neighbors and land owners who have moved from the area. She also felt the bill should require notification of a quit claim to be published in a newspaper of general circulation.

The chairman stated the problem of publication of notifications had been discussed in the legislature for years. The law now requires the publishing of notification in a newspaper which has a general circulation in the county in which the claim is filed. He agreed this was a serious problem which would require considerable thought on how it would best be solved.

The chairman asked Senator Wagner if Senate Bill No. 194 addressed the problem Sister McCarran has encountered. Senator Wagner stated it did not.

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The chairman appointed Senator Wagner and Senator Raggio, who had asked for a similar bill to be drafted, to meet with the bill drafter and make the necessary corrections to the bill.

Mrs. Diane Campbell, representing the Miners and Prospectors Association, stated the bill would require a costly and time consuming process of notifying owners of mining claims. As many as 32 co-owners of mining claims would have to be notified. If the county did not notify each owner, the bill makes the county liable.

Senator Getto stated the bill is written improperly and, in the final outcome, will be changed drastically.

The chairman questioned requiring the counties to notify the surrounding neighbors of an impending sale. He suggested requiring that a county must notify the other county of a sale if the property lies adjacent to another county line.

Senator Raggio asked what reference material would aid the counties in notifying persons who have mining claims. Mrs. Campbell stated the county assessor would have to trace the owners through the recorder's office.

Mr. Lyle Campbell, a miner from Lovelock, stated it could take between ten and twenty years to notify everyone holding adjacent mining claims; and, if the county did not notify everyone, it would be liable.

SENATE BILL NO. 197

Senator Wagner stated this bill makes amendments to legislation she sponsored during the 1977 legislative session. During the ensuing years, problems with this legislation have become evident. The present legislation makes it extremely difficult for anyone to qualify for the tax rebate. When the legislation was originally drafted it was made quite tight and restrictive because there was uncertainty as to how many people would be able to take advantage of the tax rebate. She wanted to avoid creating legislation which would have a great fiscal impact on the state. The outcome, however, was so restrictive that few people have actually received the rebate. The Washoe

County Assessor's Office indicated only 112 people have applied for the rebate. Only four people applied last year in Clark County. Statewide only 138 have applied. The state has actually paid back approximately $8,000.00. The budget appropriated $40,000.00 for rebates. The governor recommends appropriating $80,000.00 for the coming year. The Washoe County Assessor's Office indicated to Senator Wagner that the legislation is too restrictive. Most of the requests filed with the Washoe County Assessor's Office have been from people who have installed solar water heaters. This seems to be the most common use of alternative energy in Washoe County. A special requirement is added in Senate Bill No. 197 allowing a tax rebate for solar heating of water for domestic use.

Senator Wagner stated the upward reassessment of property because of the installation of solar energy systems has been another problem. The net effect has been that the increased assessment has negated the tax rebate. The intent of the original legislation was to encourage conservation through use of alternative energy sources by compensating people for spending extra money for these devices. To solve this problem, the bill increases the rebate to twice the difference between the tax on the property at its assessed value with the system and the tax on the property at its assessed value without the system.

Ms. Jeanne Hannafin, Deputy Director of the Department of Taxation, presented the fiscal note on Senate Bill No. 197. (See Exhibit D.) She explained that she assumed the solar unit would increase the assessed valuation by $2,000.00. This figure may be low because she was figuring that more people would install solar hot water heaters rather than the entire heating unit. Claims filed in the past indicate that the average appraised value for an entire heating unit has been $6,800.00. The assumption which may be erroneous is that half of the eligible claimants would actually file the claim. Claims have not been filed at nearly this rate in the past.

Senator Getto asked Ms. Hannafin why so few people filed. Ms. Hannafin said the law, as it is presently written, discourages people from filing. The assessors presently do not increase the value of the property which have solar units

until a person inquires about the tax rebate. After inquiring, the assessors revalue upward the property and the owner actually does not gain a tax savings.

Senator Getto asked if consideration had been given to including businesses in the exemption. Senator Wagner replied this was considered in the 1977 session. Another bill dealing with the exemption of businessess was introduced in 1977, but it did not pass. The fiscal implications of exempting businesses were much greater than exempting only residences.

Mr. Noel Clark, Director of the Nevada Department of Energy, spoke in support of the bill. He felt the original legislation had not achieved its original goal. He presented suggested modifications to Senate Bill No. 197. (See Exhibit F.) He stated a tax rebate is the only way to provide incentives for conservation of energy. He felt including the commercial sector in the tax rebate program would be too complex an undertaking at the present time. He wanted to see the residential program function well before turning attention towards businesses.

Mr. Howard Anderson, a private citizen from Carson City, spoke in support of the bill. He compared the efforts of eastern states to encourage the conservation of energy with Nevada's attempt. By law, solar hot water systems are not assessed in property valuations in Washington, D.C., Virginia and Maryland. Consequently, the use of solar energy is more advanced than in Nevada. Mr. Anderson has installed a solar hot water system in his home. The installation was assessed, but he was told by the assessor that he could not qualify for an exemption for the additional cost for the installation of the system. The law presently applies only to the interior heating of a building and not for domestic hot water. He felt he was being penalized for having a solar hot water system.

Mr. Dick Franklin, from the Washoe County Assessor's Office, spoke in support of the bill. He proposed two amendments. The current and proposed legislation on page 2, line 13 requires people to refile every year for the exemption. He suggested changing the legislation to require people to file initially and then allow the assessors to automatically continue to carry

the exemption until the appliance is removed. He also suggested valuing the appliance at the replacement cost less depreciation rather than twice the difference between the property at its assessed value with the system and the assessed value of the property without the system, as stated on page 1, lines 19-21. The present assessment practice uses the replacement cost less normal depreciation.

The chairman stated the method of assessment was changed to twice the value to give users a tax break for installing energy conservation devices.

Mr. Franklin explained the present language could require the assessors to value the energy conservation devices either higher or lower than the cost of it. If the device was so unsightly as to make the house worth less, the owner would not get a reduction.

The chairman proposed amending the language on page 1, line 19 to read "the property at its cost value" instead of the assessed value.

Mr. Franklin suggested the language should read, "In the amount equal to twice the replacement cost less normal depreciation of the qualified system."

The chairman closed the hearings on the two bills. He stated Senate Bill No. 194 would be held until Senators Raggio and Wagner reported to the committee the results of their meeting with the bill drafter.

The chairman asked for consideration on Senate Bill No. 197. Possible amendments were discussed. The committee debated whether to strike out the provision requiring property owners to file every year for the tax rebate. The chairman stated it was his belief that anytime a person was exempted from taxation he should have to apply every year for the exemption. Senator Getto stated people would tend to forget to apply. The chairman asked Mr. Anderson if it would be a burden for him to apply every year for the exemption. Mr. Anderson stated it would not. It was decided not to amend the language requiring yearly filing for exemption.

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The committee discussed amending the method of valuing the rebate on page 1, lines 19-21. Mr. Ed. Shorr, Deputy Fiscal Analyst, stated he felt the language presently in the bill is broader than it would be if it was changed to the purchase cost. NRS Chapter 361 gives the methods of assessing value. One of the points it mentions is the purchase cost. Senator Raggio said the point Mr. Franklin made was that it was difficult to determine the value. The chairman stated Mr. Franklin also said the assessors presently use the cost value in making assessments. Mr. Shorr explained the assessors have the authority to use the cost value as well as depreciation under NRS Chapter 361. It was decided not to amend the method of valuing the rebate.

The committee agreed to amend the bill as suggested by Mr. Clark. (See Exhibit F.)

Senator Getto moved that Senate Bill No. 197 be amended with Mr. Clark's proposals and passed.

Senator Kosinski seconded the motion.

The motion passed. (Senators Don Ashworth, Glaser and Lamb were absent.)

SENATE BILL NO. 9

In old business, the committee discussed Senate Bill No. 9. Senator Raggio stated he would like to study Senate Bill No. 48 before considering Senate Bill No. 9. It was also suggested to re-refer Senate Bill No. 9 to the Senate Committee on Government Affairs, which is hearing Senate Bill No. 48. The chairman stated the mayor of Carson City asked to meet with some of the members of the Senate Committee on Taxation and the Senate Committee on Government Affairs on the subject. He stated Senate Bill No. 9 would continue to be held.

There being no further business, the meeting adjourned at 3:21 p.m.

Respectfully submitted by:

Colleen Crum

Colleen Crum, Secretary

APPROVED BY:

Senator Keith Ashworth, Chairman

DATE: Feb 17, 1981

SENATE AGENDA

COMMITTEE MEETINGS

EXHIBIT A

Committee on TAXATION, Room 213.

Day Thursday, Date February 12, Time 2 p.m.

S. B. No. 197--Increases allowance against property tax accrued for qualified solar systems and provides this allowance for certain water heaters.

S. B. No. 194--Requires notice to certain property owners upon the sale of property by county for taxes.

ATTENDANCE ROSTER FOR COMMITTEE MEETINGS

SENATE COMMITTEE ON TAXATION EXHIBIT B

DATE: February 12, 1981

PLEASE PRINT NAME	PLEASE PRINT ORGANIZATION & ADDRESS	PLEASE PRINT TELEPHONE
Colleen Dolan	Intern - J. Stewart	
Bob Evans	Intern - B. Rusk	
Thomas Pill	USCCR, West. Reg. Office Los Angeles, CA	213/688-3437
Vicki Nash	WA. DEM. CENT COM	747-3836
Sister M.P. McCarran	Tahoe via Sparks	359-0238
Howard Anderson	1111 Plumb Ln, Or Carson City	883-5735
Jeanne Hannafin	Dept of TAXATION	885-4892
DICK FRANKLIN	WAS CITY ASSESSOR	785-4481
Sean Jacobsen	[illegible]	785-4451
GUS BARTKUS	WASHOE COUNTY ASSESSOR	785-4481
Mark Lenzi	Nev. Dept of Energy	885-5157
Bill Conant	Nev. Assoc. of REALTORS	329-6698
Ellen Bloom Hanes	Glass Mountain Block, Inc	358-1200

McCARRAN RANCH
INTERSTATE 80 — PATRICK EXIT
VIA SPARKS, NEVADA 89431

TELEPHONE (702) 359-0238

SR. MARGARET P. McCARRAN, PH.D.

NORINE I. McCARRAN

EXHIBIT C

Nov. 6, 1980

Alice called you
Call her + say
I've had a bill
drafted to solve her
problem

Senator Sue Wagner
845 Tamarack Dr
Reno, NV 89509

Dear Senator Wagner:

I wish to draw your attention to the practice of Storey County regarding sale of real estate and notice to the public. On three separate occasions I have been a victim of such practices.

For example: Storey County allows persons to file quit claims under ficticious names on parcels showing unknown or absentee ownership. After such filing, taxes are paid by persons who have filed under ficticious names and as a result they then claim ownership.

Storey County does not advertize such sales in Washoe County, but advertizes solely in Carson City so that adjacent owners such as McCarran Ranch as an immediate neighbor, is not notified of intent to sell.

McCarran Ranch finds itself the neighbor of Starr Hill in the Six-Mile Canyon and of that same person on the west boundry in Washoe County. Forty acres in Storey County immediately adjacent to McCarran Ranch was sold to Joe Conforte without our previous knowledge that such sale was pending.

I do believe that only the Legislature can correct such inequitable practices since more than one county is involved. And, I believe it is the right of adjacent owners to be made aware of availability of property or intent to sell land regardless of the county of residence of involved owners.

I tried to bring this matter to the attention of the '79 Session, and was not successful in arousing sufficient interest in the problem, but I do hope you will give my complaint favorable consideration and correct the unjust practices that have occurred in the past on three separate occasions, so it will not affect future transactions.

Very truly yours,

Sister Margaret P. McCarran

FISCAL NOTE

EXHIBIT D

BDR 32-537
A.B.
S.B. 197

STATE AGENCY ESTIMATES

Date Prepared 2-5-81

Agency Submitting Taxation

~~Revenue and/or~~ Expense Items	Fiscal Year 1980-81	Fiscal Year 1981-82	+10% Fiscal Year 1982-83	+10% Continuing
Property Tax Allowance	-0-	(186,875)	(205,562)	(226,118)
Administrative Audit Expense	-0-	(8,000)	(8,800)	(9,680)
Total	-0-	(194,875)	(214,362)	(235,798)

Explanation (Use Continuation Sheets If Required)

Assumptions -

1) 162,500 single family residential houses and 5% will use solar energy equals 8,125 houses.
2) Average value equals $80,000 with $913 average tax.
3) Average value with system equals $82,000 with $936 average tax.
4) Two times tax equals $46 per unit allowance.
5) One-half of eligible claimants will file claim. Administrative audit cost of verifying 10% of claims per year at $20 per claim estimated.

Local Government Impact YES [X] NO [ ]
(Attach Explanation)

Administrative cost of processing 4,000 claims at $10 ea. = ($40,000)

Signature Roy E. Jackson

Title Executive Director

DEPARTMENT OF ADMINISTRATION COMMENTS

Date February 11, 1981

The assumptions and calculations listed above appear accurate.

Signature H. Barrett
Howard E. Barrett

Title Director of Administration

LOCAL GOVERNMENT FISCAL IMPACT
(Legislative Counsel Bureau Use Only)

Date

Library Note:

It appears that whoever labelled the exhibits for this meeting skipped the letter E, as there is no Exhibit E mentioned in the minutes nor is there an Exhibit E among the exhibits.

Research Library
September 2014

NEVADA DEPARTMENT OF ENERGY

MEMORANDUM

February 12, 1981

To Senator Wagner

EXHIBIT F

From Noel A. Clark

Subject: S.B. 197

The Department supports SB 197 in concept and would like to offer the following modifications that would strengthen the bill and broaden its application.

The suggested modifications are as follows:

"As used in this section, "qualified system", means any system method, construction, installation, machinery, equipment, device or appliance which is designed, constructed or installed on a residential property to supply energy for that property by using...." and;

p.1
line 12, "The owner of residential property.."

line 15 "..if the residential property.."

line 17 "..if the residential property.."

p.2 line 2, "..on the residential property.."

line 5, "..of the residential property.."

line 7, "..which the residential property.."

line 32, "..whose residential property.."

The purpose of these suggested modifications is to allow for the on site use of electrical energy and use of alternative energy resources which are not specifically installed in a residential building.

Currently NRS 361.795 seems to indicate that only those technologies that are specifically <u>in</u> a residential building are qualified systems.

I believe that the suggested modifications would help to clarify this area, and would allow for the use of electricity generated on site for lighting and for appliances to become a qualified system.

If you have any questions or concerns, I would be happy to discuss them with you.

EXHIBIT G

S. B. 197

SENATE BILL NO. 197—SENATORS WAGNER, RAGGIO, FORD, GIBSON, WILSON, McCORKLE, JACOBSEN, KEITH ASHWORTH, KOSINSKI AND BILBRAY

FEBRUARY 5, 1981

Referred to Committee on Taxation

SUMMARY—Increases allowance against property tax accrued for qualified solar systems and provides this allowance for certain water hearters. (BDR 32-537)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to property taxes; providing an allowance for solar water heaters; increasing the allowance for qualified solar systems; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. NRS 361.795 is hereby amended to read as follows:

361.795 1. As used in this section, "qualified system" means any system, method, construction, installation, machinery, equipment, device or appliance which is designed, constructed or installed in a residential building to heat or cool the building *or heat water for domestic use* by using:

(a) Solar or wind energy;
(b) Geothermal resources;
(c) Energy derived from conversion of solid wastes; or
(d) Water power,

which conforms to standards established by regulation of the department.

2. The owner of a residential building [which is heated or cooled with] *which includes* a qualified system is entitled to an allowance against the property tax accrued:

(a) During the current assessment year if the building is placed upon the secured tax roll; or
(b) In the next following assessment year if the building is placed upon the unsecured tax roll,

in an amount equal to *twice* the difference between the tax on [such] *the* property at its assessed value with the system and the tax on [such] *the* property at its assessed value without the system.

3. In no event may the allowance:

(a) Exceed the amount of the accrued property tax paid by the claimant on the building or $2,000, whichever is less; or

(b) Be granted in any assessment year in which the qualified system is not actually used. [to heat or cool the building.]

4. Only one owner of the building may file a claim for an assessment year. A claim may be filed with the county assessor of the county in which the building is located. The claim [shall] *must* be made under oath or affirmation and filed in such form and content, and accompanied by such proof, as the department may prescribe. The county assessor shall furnish the appropriate form to each claimant.

5. The claim [shall] *must* be filed between January 15 and March 15, inclusive:

(a) Of each assessment year for which an allowance is claimed against the tax on property placed upon the secured tax roll.

(b) Next preceding each assessment year for which an allowance is claimed against the tax on property placed upon the unsecured tax roll.

6. By not later than May 1 of the assessment year, the county assessor shall provide the auditor of his county a statement showing the property description or parcel number, name and address of *the* claimant, and the dollar allowances of each claim granted for the assessment year under this section with respect to property placed upon the secured tax roll. After the county auditor extends the secured tax roll, he shall adjust the roll to show the dollar allowances and the amounts of tax, if any, remaining due as a result of claims granted under this section. [By not later than] *On or before* June 1 of the assessment year, the county auditor shall deliver the extended tax roll, so adjusted, to the ex officio tax receiver of the county.

7. The ex officio tax receiver of the county shall make such corresponding adjustments to the individual property tax bills, prepared from the secured tax rolls, as are necessary to notify the taxpayers of the allowances granted them under this section.

8. After granting the claim of a taxpayer whose building is placed upon the unsecured tax roll, the county assessor shall determine the amount of the allowance to which the claimant is entitled under this section and shall credit the claimant's individual property tax account accordingly.

9. The county assessor shall send to the department, for each assessment year, a statement showing the allowances granted pursuant to this section. Upon verification and audit of the allowances, the department shall authorize reimbursement to the county by the state from money appropriated for the purpose.

10. Any person who willfully makes a materially false statement on a claim filed under this section or produces false proof, and as a result of [such] *whose* false statement or false proof [,] a tax allowance is granted to a person not entitled to the allowance, is guilty of a gross misdemeanor.