

MINUTES OF THE
MEETING OF THE SENATE COMMITTEE
ON TAXATION

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
March 10, 1981

The Senate Committee on Taxation was called to order by Chairman Keith Ashworth at 2:10 p.m., Tuesday, March 10, 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 Don Ashworth
Senator Virgil M. Getto
Senator James N. Kosinski
Senator William J. Raggio

COMMITTEE MEMBER ABSENT:

Senator Floyd R. Lamb

GUEST LEGISLATOR:

Senator Melvin D. Close
Assemblyman Paul W. May

STAFF MEMBERS PRESENT:

Ed Shorr, Deputy Fiscal Analyst
Colleen Crum, Committee Secretary

ASSEMBLY BILL NO. 177

Assemblyman Paul May stated this bill provides a no cost method to show concern for veterans in the State of Nevada. Assembly Bill No. 177 would repeal the requirement for re-filing annually for the veterans exemption. He said assessors expressed concern during Assembly Committee on Taxation hearings that this bill could lead to fraud. The Assembly Committee on Taxation felt the law should be enacted and reviewed in three or four years.

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Senator Glaser suggested allowing veterans to file every five years. Assemblyman May felt this was an excellent suggestion.

The chairman asked why the same language was repeated in the bill. Assemblyman May explained the bill amended NRS Chapters 361.090 and 371.103 so that the veteran could take the exemption on either his automobile or real property.

The chairman noted a potential for abuse in exempting the automobile. The veteran could receive an exemption on every car he owns, rather than just one car as intended by law, if proper checks aren't conducted.

Senator Getto observed the veterans exemption would amount to less than \$50 if the ad valorem rate is reduced to \$1.

Senator Raggio stated he sponsored a similar bill in a previous session which was killed because the assessors felt the bill wasn't feasible. He asked if the assessors indicated to the Assembly Committee on Taxation how they would receive notification when a veteran died. Assemblyman May said there was no indication as to how this situation would be handled.

Senator Raggio asked why widows weren't included in the bill. He felt it was even more difficult for widows to refile for the exemption every year. Assemblyman May explained the Assembly Committee on Taxation sympathized primarily with the veteran. He said his committee would be willing to amend the bill to include widows.

The chairman asked if veterans groups testified before the Assembly Committee on Taxation. Assemblyman May said there was no testimony by veterans groups.

Senator Don Ashworth asked how the exemption would be handled if this bill was passed. Assemblyman May said he assumed that the veteran must apply sometime between now and September 1, 1981. The veteran would be exempt from that point forward.

Senator Raggio asked where penalties for misuse are contained in the bill. Assemblyman May noted the penalties were covered on page two, lines 20-22 and 35-39. Senator Raggio suggested

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tightening the language regarding penalties to insure the failure to notify the assessors office that an exemption was no longer valid would be a misdemeanor violation. Assemblyman May said he understood the law to mean that if a penalty being described was not specified in the statute, that penalty, lacking description, is a misdemeanor penalty.

Senator Glaser asked if the assessor is notified when a piece of property is sold. The chairman said the assessor is eventually notified, but it may not be in the year in which the exemption is valid. Senator Glaser observed it would be easy to overlook notifying the assessor when property was sold.

Ms. Marie Feeney, representing the Clark County Assessor's Office, presented prepared remarks and suggested amendments to Assembly Bill No. 177. (See Exhibit C.) She said Clark County would prefer that veterans file annually for the exemption, but the county would accept the suggested amendment for filing either every three or five years.

Senator Don Ashworth suggested that the veteran be required to sign an affidavit every year and have it notarized before returning it to the assessor's office. Senator Raggio stated the assessor's office would have to pay to send out the affidavits.

Senator Don Ashworth moved that Assembly Bill No. 177 be indefinitely postponed.

There was no second and the motion died.

The chairman stated the bill would be held for future consideration.

ASSEMBLY BILL NO. 45

Senator Close explained his objections to Assembly Bill No. 45. He was concerned about the use of the word "padlock". He said padlocking has a definite meaning and probably would require drilling holes into the door for the purpose of installing a padlock. He suggested substituting the word "lock". He felt language concerning the mailing procedure on page 1, line 16 and page 2, line 5 should be conformed. He also suggested

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increasing the interest rate. He felt the rate should be established annually, based on the average interest rate on Treasury Bills. He stated 12 percent is not a sufficient amount of interest to encourage people to pay their taxes.

Senator Getto asked if Senator Close felt a higher interest rate should be charged on delinquent accounts of real property. Senator Close agreed with this suggestion. Senator Raggio noted that penalties and interest charged on various delinquencies are not provided for in a consistent manner in the statutes.

Senator Raggio noted that a penalty as well as interest is charged on delinquent accounts. The chairman questioned whether the penalty should be assessed interest. The chairman and Senator Close disagreed on the purpose of the penalty.

The chairman questioned whether the sheriff should be compensated for his services. Senator Close said compensation should be allowed only if it was paid by the defaulter. The chairman noted the sheriff has a vested interest in protecting these taxes because the taxes go to the city-county fund and school fund.

Senator Don Ashworth stated the objection was over not compensating the constable. Sheriffs receive pay automatically. Constables only receive pay for performing a duty. The chairman suggested deleting constables from the wording in the bill.

Assemblyman May noted the padlocking and sealing of businesses is an extremely rare occurrence. He also disagreed that there was fault in using the word "padlock".

Mr. Roy Nickson, Director of the Department of Taxation, said he was not adverse to increasing the interest rate, but he suggested establishing a firm rate rather than changing the rate yearly.

The chairman asked if the Department of Taxation had ever called upon a constable to assist in the padlocking procedure. Mr. Nickson said this had never occurred.

Mr. Patrick Pine, representing Clark County, said the county opposed establishing a precedent in the statutes which mandated performance of a service without compensation.

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Mr. Glenn Vogler, from the Washoe County Sheriff's Department, said the department objects to the inclusion of the sheriff under sections 1 and 8. He said the Sheriff's Department was advised by the Department of Taxation that padlocking occurred four or five times per month. Ms. Jeanne Hannafin, Deputy Director of the Department of Taxation, clarified that padlocking is a rare occurrence. Actual sealing and padlocking occurred three times in two years. She felt Mr. Vogler may have been referring to hearings conducted on sealing and padlocking orders in which the taxpayer must show cause why his business should not be padlocked. These hearings occur at most four times per month.

The issue of whether the order is directed to the sheriff was debated. Mr. Vogler felt his department was being ordered to perform the duty. The chairman noted the Department of Taxation considers padlocking its responsibility and only informs the sheriff that padlocking will be conducted. Ms. Hannafin said she interpreted the language on page 2, lines 44-46 to mean that the Department of Taxation must show the Sheriff the order to padlock. It didn't mean the sheriff was being ordered to conduct the padlocking.

The chairman asked why enforcement by sheriffs was included in the bill. Ms. Hannafin explained the bill originated after the Attorney General recommended that the Department of Taxation adopt regulations which require that administrative orders for sealing and padlocking be directed to a sheriff or other peace officers to insure the peace officers' assistance and protection of the people who work for the Department of Taxation. Mr. Frank Daykin, Legislative Counsel, said there was nothing in the statute which directed an order to the sheriff. Consequently, the sheriff couldn't be ordered by regulation. Amending the statute was required to direct that order.

ASSEMBLY BILL NO. 59

Mr. Richard R. Garrod, Chairman of the Garrod Trust, stated there isn't a Nevada law which designates alcohol as fuel. He noted Assembly Bill No. 59 uses references used in federal law. He said the Federal Government preempted the licensing of distilling operations after Prohibition. This bill proposes that a person who meets the federal regulations to produce alcohol would automatically meet Nevada's regulations.

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The chairman asked for an explanation of the federal law. Mr. Garrod explained that federal law requires alcohol to be denatured if it is moved from the place of registration. If alcohol is moved without being denatured, a tax liability of \$10.50 per wine gallon is assessed.

The chairman asked why Nevada needs this law. Mr. Garrod stated some form of interpretation is necessary because alcohol will be produced in Nevada this year.

SENATE BILL NO. 302

The chairman said the hearing on Senate Bill No. 302 would be rescheduled because the interested party was unable to testify on the bill at this time.

The chairman asked for consideration on Assembly Bill No. 45.
(Exhibit D.)

Senator Raggio moved that Assembly Bill No. 45 be amended and approved. He proposed the following amendments:

- 1) Amend all references to "padlock" to "lock";
- 2) Remove the language "serve personally or by mail" on page 2, line 5;
- 3) Adjust the interest rate to 1.5 percent per month; and
- 4) Alter the language on page 2 to read "the order to seal and lock a place of business must be delivered to a sheriff who shall assist in the enforcement of the order."

Senator Don Ashworth seconded the motion.

The motion carried. (Senator Lamb was absent for the vote.)

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The chairman asked for consideration on Assembly Bill No. 59.
(Exhibit E.)

Senator Glaser moved that Assembly Bill No. 59 be approved.

Senator Getto seconded the motion.

The motion carried. (Senator Lamb was absent for the vote.)

In other business, Mr. Ed Shorr, Deputy Fiscal Analyst, presented a concept to amend Senate Bill No. 70. The concept deals with equalizing the full cash values on properties. (See Exhibit F.) He said this concept could be an alternative to an allowance because it is more constitutionally sound than the homeowner's allowance. He said Mr. Daykin indicated it is permissible to exclude the net proceeds of mines, centrally assessed property, bank shares and mobile homes under this concept.

Senator Don Ashworth asked for a clarification on the progress in updating property valuations. The chairman explained that all properties have been brought up to date in Douglas County and Washoe County.

Senator Glaser asked for an explanation on Mr. Daykin's opinion that the proposed amendments to Senate Bill No. 70 are constitutional. Mr. Shorr said Mr. Daykin felt this would be sound because it is acceptable to use different methods to determine the value of different kinds of property. This concept does not affect the rate of taxation or the assessment ratio.

Senator Glaser observed that this approach would delete the revenue for cities and counties by \$30 million one year and \$51 million the second year. He noted this would require increasing the sales tax only .5 cents.

The Governor's tax proposal was debated. Senator Don Ashworth said the Governor is saying that people don't notice the amount of sales tax they pay. When they get the tax assessment bill on real property, it hits them right in the face. Senator Getto stated the amount of sales tax is realized when large purchases are made.

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The chairman stated alternatives based on each county's revenue base must be considered if the rebate and across-the-board proposals prove to be unconstitutional. He noted that sales tax collected above 2 cents must go to the cities and counties.

Senator Getto asked the committee as a whole to protest the action by the Assembly in killing a resolution.

There being no further business, the meeting adjourned at 3:55 p.m.

Respectfully submitted by:



Colleen Crum, Secretary

APPROVED BY:



Senator Keith Ashworth, Chairman

DATE: 3-13-81

SENATE AGENDA

Revision Date: 3/6/81

COMMITTEE MEETINGS

EXHIBIT A

Committee on TAXATION, Room 213.
Day Tuesday, Date March 10, Time 2:00 p.m.

AMENDED AGENDA

Review legal opinion by Mr. Frank Daykin, Legislative Counsel

S. B. No. 302--Provides for taxation of buildings and other improvements to real property in year in which construction is completed.

A. B. No. 177--Abolishes requirement for veterans to make annual claims for exemption from property tax.

A. B. No. 45--Changes sealing and padlocking procedure and raises interest rate on deficiencies.

A. B. No. 59--Establishes standards for determining whether alcohol is used and taxed as beverage or as fuel.

NOTE: S B. No. 292 and S. J. R. No. 21, which were originally scheduled, will be rescheduled at a later date.

SENATE COMMITTEE ON TAXATION

EXHIBIT B

DATE: March 10, 1981

PLEASE PRINT NAME	PLEASE PRINT ORGANIZATION & ADDRESS	PLEASE PRINT TELEPHONE
Edward P. Burt	WASHING COUNTY 1205 Hills Drive	785-4179
Sandra Bannan	Trenton	885-4892
Gloria "Lester"	Washington Co. Sheriff - New	785-6232
John [unclear]	Garrett Trust (MS 59 Fee)	882-1890
Patricia [unclear]	Clark County	883-5575
Ray [unclear]	Dept of [unclear]	885-4890
John Borda	100 Mt. Trans. 1987	331-6824
[unclear]	A13417	
GEORGE TACKETT	NEW BELL	787-2496

AB 177

EXHIBIT C

Exempting annual filing for veteran's exemptions:

Annual filing is necessary because it is the only control we have over:

- 1) Knowing when a death occurs which would stop the exemption.
- 2) Knowing which property the veteran wants the exemption applied to, since he can apply it to any real property, mobile home, business personal property, or motor vehicle.

As taxes go up and tax rates for entities differ, we find more and more veterans shifting that exemption to whichever property has the highest tax rate that year.

For Example: The 1000 assessed value exemption for property amounts to \$23.65 in unincorporated Clark County, \$37.18 in Las Vegas, and \$40.00 if applied to any motor vehicle.

- 3) The annual contact allows us to determine where to apply the exemption if the property is sold. We ask our exemptees to notify as soon as possible if they sell the property utilizing the exemption. The vast majority forget to notify us of the sale and our only chance to find which new property the exemption is to be applied to is upon the annual renewal.
- 4) Many veterans claim physical disability as reason to do away with annual filing. Clark County feels annual filing important enough to send someone out with the claim if a person is physically unable to come into the office.
- 5) Prevents abuse of exemption by persons previously residents who have left Nevada but still own property here, (more attempt to do this than you would believe).

Clark County Assessor's Office

- (5) As written
- (6) An exemption will continue to be applied each year to the property originally designated by the claimant, unless;
 - (a) The claimant notifies the County Assessor his desire to apply the exemption to another property,
 - (b) A transfer of an exemption involving property on the secured tax roll must be made prior to December 15 for year the exemption is to apply
- (7) Whenever any exempt property is sold or the claimant ceases to qualify for an exemption, the claimant or claimants here must immediately notify the County Assessor of that fact. Any exemption continuing after the claimant ceases to qualify because of failure to notify the County Assessor shall become a lien against the property and the tax receiver shall proceed to collect the tax amount of the exemption granted.

A. B. 45

ASSEMBLY BILL NO. 45—COMMITTEE ON TAXATION

JANUARY 27, 1981

Referred to Committee on Taxation

SUMMARY—Changes sealing and padlocking procedure and raises interest rate on deficiencies. (BDR 32-149)

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

EXPLANATION—Matter in italics is new; matter in brackets () is material to be omitted.

AN ACT relating to taxes; changing the procedure for sealing and padlocking businesses; changing the interest rates on deficiency determinations and late payments; and providing other matters properly relating thereto.

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

- 1 **SECTION 1. Chapter 372 of NRS is hereby amended by adding**
2 **thereto a new section which shall read as follows:**
3 ***The order to seal and padlock a place of business must be directed to***
4 ***a sheriff or constable who shall without further compensation assist in***
5 ***the enforcement of the order.***
6 **SEC. 2. NRS 372.145 is hereby amended to read as follows:**
7 **372.145 1. Whenever any person fails to comply with any provision**
8 **of this chapter relating to the sales tax or any regulation of the depart-**
9 **ment relating to the sales tax prescribed and adopted under this chapter,**
10 **the department, upon hearing, after giving the person 10 days' notice in**
11 **writing specifying the time and place of hearing and requiring him to**
12 **show cause why his permit or permits should not be revoked, may revoke**
13 **or suspend any one or more of the permits held by the person.**
14 **2. The department shall give to the person written notice of the sus-**
15 **pension or revocation of any of his permits.**
16 **3. The notices may be served personally or by mail in the manner pre-**
17 **scribed for service of notice of a deficiency determination.**
18 **4. The department may not issue a new permit after the revocation**
19 **of a permit unless it is satisfied that the former holder of the permit will**
20 **comply with the provisions of this chapter relating to the sales tax and**
21 **the regulations of the department.**
22 **5. *If a permit is revoked, the department may order the place of***
23 ***business for which the permit was issued to be sealed and padlocked.***
24 **SEC. 3. NRS 372.150 is hereby amended to read as follows:**

Assembly Bill No. 45 (cont'd)

— 2 —

1 372.150 1. A person who engages in business as a seller in this state
2 without a permit or permits or after a permit has been suspended, and
3 each officer of any corporation which so engages in business, is guilty of a
4 misdemeanor.

5 2. *If, after notice to the seller, served personally or by mail, the*
6 *seller continues to engage in business without a permit, or after a permit*
7 *has been suspended or revoked, the department may order any place of*
8 *business of the seller to be sealed and padlocked. If notice under this sub-*
9 *section is served by mail, it must be addressed to the seller at his address*
10 *as it appears in the records of the department.*

11 SEC. 4. NRS 372.160 is hereby amended to read as follows:

12 372.160 A resale certificate relieves the seller from the burden of
13 proof only if taken in good faith from a person who is engaged in the
14 business of selling tangible personal property and who holds the permit
15 provided for in NRS 372.125 to 372.180, inclusive, and section 1 of this
16 act, and who, at the time of purchasing the tangible personal property,
17 intends to sell it in the regular course of business or is unable to ascer-
18 tain at the time of purchase whether the property will be sold or will be
19 used for some other purpose.

20 SEC. 5. NRS 372.405 is hereby amended to read as follows:

21 372.405 The amount of the determination, exclusive of penalties,
22 bears interest at the rate of [one-half of] 1 percent per month, or frac-
23 tion of a month, from the last day of the month following the quarterly
24 period for which the amount or any portion of it should have been
25 returned until the date of payment.

26 SEC. 6. NRS 372.445 is hereby amended to read as follows:

27 372.445 The amount of the determination, exclusive of penalties,
28 bears interest at the rate of [one-half of] 1 percent per month, or fraction
29 of a month, from the last day of the month following the quarterly period
30 for which the amount or any portion of it should have been returned until
31 the date of payment.

32 SEC. 7. NRS 372.505 is hereby amended to read as follows:

33 372.505 Any person who fails to pay any tax to the state or any
34 amount of tax required to be collected and paid to the state, except
35 amounts of determinations made by the department under NRS 372.400
36 to 372.455, inclusive, within the time required shall pay a penalty of not
37 more than 10 percent of the tax or amount of the tax, as determined by
38 the department, in addition to the tax or amount of tax, plus interest at
39 the rate of [one-half of] 1 percent per month, or fraction of a month,
40 from the date on which the tax or the amount of tax required to be col-
41 lected became due to the state until the date of payment.

42 SEC. 8. Chapter 374 of NRS is hereby amended by adding thereto a
43 new section which shall read as follows:

44 *The order to seal and padlock a place of business must be directed to a*
45 *sheriff or constable who shall without further compensation assist in the*
46 *enforcement of the order.*

47 SEC. 9. NRS 374.150 is hereby amended to read as follows:

48 374.150 1. Whenever any person fails to comply with any provision
49 of this chapter relating to the sales tax or any regulation of the depart-
50 ment relating to the sales tax prescribed and adopted under this chapter,

Assembly Bill No. 45 (cont'd)

1 the department, upon hearing, after giving the person 10 days' notice in
2 writing specifying the time and place of hearing and requiring him to
3 show cause why his permit or permits should not be revoked, may revoke
4 or suspend any one or more of the permits held by the person.

5 2. The department shall give to the person written notice of the sus-
6 pension or revocation of any of his permits.

7 3. The notices may be served personally or by mail in the manner
8 prescribed for service of notice of a deficiency determination.

9 4. The department shall not issue a new permit after the revocation
10 of a permit unless it is satisfied that the former holder of the permit will
11 comply with the provisions of this chapter relating to the sales tax and
12 the regulations of the department.

13 5. If a permit is revoked, the department may [seal and padlock]
14 order the place of business for which the permit was issued [.] to be
15 sealed and padlocked.

16 SEC. 10. NRS 374.155 is hereby amended to read as follows:

17 374.155 1. A person who engages in business as a seller in a county
18 without a permit or permits or after a permit has been suspended, and
19 each officer of any corporation which so engages in business, is guilty
20 of a misdemeanor.

21 2. If, after notice to the seller, served personally or by mail, the
22 seller continues to engage in business without a permit, or after a permit
23 has been suspended or revoked, the department may [seal and padlock]
24 order any place of business of the seller [.] to be sealed and padlocked.
25 If notice under this subsection is served by mail, it [shall] must be
26 addressed to the seller at his address as it appears in the records of the
27 department.

28 SEC. 11. NRS 374.165 is hereby amended to read as follows:

29 374.165 The certificate relieves the seller from the burden of proof
30 only if taken in good faith from a person who is engaged in the business
31 of selling tangible personal property and who holds the permit provided
32 for in NRS 374.130 to 374.185, inclusive, and section 8 of this act, and
33 who, at the time of purchasing the tangible personal property, intends
34 to sell it in the regular course of business or is unable to ascertain at the
35 time of purchase whether the property will be sold or will be used for
36 some other purpose.

37 SEC. 12. NRS 374.410 is hereby amended to read as follows:

38 374.410 The amount of the determination, exclusive of penalties,
39 [shall bear] bears interest at the rate of [one-half of] 1 percent per
40 month, or fraction thereof, from the last day of the month following the
41 quarterly period for which the amount or any portion [thereof] of it
42 should have been returned until the date of payment.

43 SEC. 13. NRS 374.450 is hereby amended to read as follows:

44 374.450 The amount of the determination, exclusive of penalties,
45 [shall bear] bears interest at the rate of [one-half of] 1 percent per
46 month, or fraction thereof, from the last day of the month following
47 the quarterly period for which the amount [.] or any portion [thereof,]
48 of it should have been returned until the date of payment.

EXHIBIT D

Assembly Bill No. 45 (cont'd)

— 4 —

1 **Sec. 14. NRS 374.510 is hereby amended to read as follows:**
2 **374.510 Any person who fails to pay any tax to the county or any**
3 **amount of tax required to be collected and paid to the county, except**
4 **amounts of determinations made by the department under NRS 374.405**
5 **to 374.460, inclusive, within the time required shall pay a penalty of**
6 **not more than 10 percent of the tax or amount of the tax, as determined**
7 **by the department, in addition to the tax or amount of tax, plus interest**
8 **at the rate of [one-half of] 1 percent per month, or fraction thereof,**
9 **from the date on which the tax or the amount of tax required to be col-**
10 **lected became due and payable to the county until the date of payment.**

A. B. 59

ASSEMBLY BILL NO. 59—ASSEMBLYMEN GLOVER, MARVEL, DINI, CAFFERATA, REDELSPERGER, RACKLEY AND RHOADS

JANUARY 28, 1981

Referred to Committee on Taxation

SUMMARY—Establishes standards for determining whether alcohol is used and taxed as beverage or as fuel. (BDR 32-456)

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

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

AN ACT relating to the taxation of alcohol; establishing standards for determining whether it is used as a fuel or beverage; and providing other matters properly relating thereto.

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

- 1 SECTION 1. Chapter 365 of NRS is hereby amended by adding
2 thereto a new section which shall read as follows:
3 *The requirements of this state for determining whether alcohol is pro-*
4 *duced for use in or as a motor vehicle fuel or for use in or as a liquor are*
5 *the same as the requirements of the Bureau of Alcohol, Tobacco and*
6 *Firearms of the United States Department of the Treasury.*
7 SEC. 2. Chapter 369 of NRS is hereby amended by adding thereto
8 a new section which shall read as follows:
9 *The requirements of this state for determining whether alcohol is pro-*
10 *duced for use in or as a motor vehicle fuel or for use in or as liquor are*
11 *the same as the requirements of the Bureau of Alcohol, Tobacco and*
12 *Firearms of the United States Department of the Treasury.*

STATE OF NEVADA
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March 9, 1981

MEMORANDUM

EXHIBIT F

TO: Senator Keith Ashworth, Chairman
Senate Taxation Committee

FROM: Fiscal Analysis Division *LD*

SUBJECT: Equalization of Full Cash Values
Amendments to S.B. 70

CONCEPT:

All real property would be valued in 1976 dollars. This would be accomplished by adjusting the most recent appraisal or reappraisal of all property for the decrease in value of money from September 1976, to September of the year of the appraisal by a constant value factor developed as follows:

<u>Tax Year</u>	<u>Appraisal Year</u>	<u>Sept. - CPI</u>	<u>Constant Value Factor</u>
1977-78	1976-77	'76 172.6	1.0000
1978-79	1977-78	'77 184.0	.9380
1979-80	1978-79	'78 199.3	.8660
1980-81	1979-80	'79 223.4*	.7726
1981-82	1980-81	'80 251.7*	.6857
1982-83	1981-82	'81 281.9*	.6123

* Estimated: 1981 + 12%
1982 & 1983 + 10%

Under this concept, a home appraised at \$50,000 during 1977-78 would be valued at \$46,900 ($\$50,000 \times .9380$) and the assessed valuation would be \$16,415 ($\$46,900 \times 35\%$). Similarly, the assessed valuation of a home that was appraised at \$75,000 during 1980-81 would be \$18,000 ($\$75,000 \times .6857 \times .35 = \$18,000$).

Application of the constant value factor would substantially reduce the variation between similar properties that are appraised in different years so a system for annual factoring between appraisals may be unnecessary.

APPLICATION:

It appears that valuation of the net proceeds of mines would not be effected by this concept. This also may be the case for centrally assessed property, bank shares, mobile homes and other personal property. Legal review of options would be the first requirement. Then figures could be developed on policy areas that the Committee wants to explore.

FISCAL EFFECT:

A preliminary estimate is that the statewide assessed valuations for tax years FY 1981-82 and 1982-83 would be reduced \$919,212,000 and \$1,563,713,000 respectively due to application of the constant value factor. At the present statewide average rate of \$3.26/hundred, the maximum potential revenue reduction would be: FY 1981-82 - \$30.0 million; FY 1982-83 - \$51.0 Million. Calculations of the aggregate effect on assessed valuations are on the attached schedule.

EAS/ca

**CALCULATION OF AGGREGATE EFFECT OF
EQUALIZING FULL CASH VALUES**

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Net Proceeds</u>	<u>Bank Shares & Centrally Assessed</u>	<u>#1 Less #2 & #3 Net</u>	<u>Yr. to Yr. Increase</u>	<u>Constant Value of Increase</u>	<u>#5 & #6 A/Value Decrease</u>	<u>A/Value Cumulative Effect</u>
1977-78	\$ 3,989,574,838	\$ 49,474,846	\$545,324,229	\$3,394,775,763				
1978-79	4,783,282,531	53,786,490	558,559,079	4,170,936,962	\$ 776,161,199	\$ 728,139,205	\$ 48,121,994	
1979-80	5,676,274,742	80,690,289	622,605,357	4,792,979,096	622,042,134	538,688,488	83,353,646	
1980-81	6,894,753,871	89,476,786	638,832,856	6,166,444,229	1,373,465,133	1,061,139,162	312,325,971	
1981-82	8,470,115,000 ^P	98,980,046	692,090,743	7,679,044,211	1,512,599,982	1,037,189,808	475,410,174	\$ 919,211,785
1982-83	10,164,138,000*	109,868,000	712,854,000	9,341,416,000	1,662,371,789	1,017,870,246	644,501,543	1,563,713,328

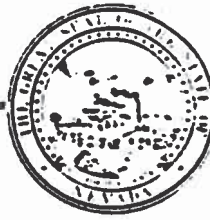
Assumptions:

1. Net proceeds of Mines, Bank Shares, & Centrally Assessed Property valuations would be unaffected.
2. Assessed valuation for FY 1982-83 tax year will be 20% greater than the previous year.

p preliminary

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710



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March 9, 1981

MEMORANDUM

TO: Frank Daykin, Legislative Counsel

FROM: Ed Schorr, Deputy Fiscal Analyst *ES*

SUBJECT: Amendments to S.B. 70

Please prepare amendments to S.B. 70 to accomplish the following:

1. Require that the most recent appraisal or reappraisal of any property be adjusted to reflect the September 1976, constant value as explained in the attached memo.
2. To the extent permitted by the Constitution, exclude from the adjustment: net proceeds of mines, centrally assessed property, bank shares, mobile homes and other personal property.
3. Require that the system be effective for calculation of the taxes due FY 1981-82.
4. Require that the most recent appraisal or reappraisal done after FY 1976-77 be adjusted. This is unlike S.B. 275 which would require adjustments to appraisals or reappraisals done after the effective date of the bill.

EAS/ca
attachment