

MINUTES OF THE
JOINT HEARING OF THE
SENATE AND ASSEMBLY
TAXATION COMMITTEES

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
April 11, 1981

The Joint Hearing of the Senate and Assembly Taxation Committees was called to order by Co-Chairmen, Senator Keith Ashworth and Assemblyman Paul May, at 10:05 a.m., Saturday, April 11, 1981, in the Las Vegas City Commission Chambers, Las Vegas, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster. (Please note that Exhibit B is a list of the Guest Speakers, only.)

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman Paul May, Chairman
Assemblyman Bill Brady
Assemblyman Patty Cafferata
Assemblyman Robert Craddock
Assemblyman Robert Price
Assemblyman Jan Stewart
Assemblyman Peggy Westall

SENATE COMMITTEE MEMBERS PRESENT:

Senator Keith Ashworth, Chairman
Senator Don Ashworth
Senator James Kosinski
Senator William Raggio

GUEST LEGISLATORS PRESENT:

Assemblyman James Banner
Assemblyman Helen Foley
Assemblyman Jane Ham
Assemblyman Tom Hickey
Assemblyman Nicholas Horn
Assemblyman John Jeffrey
Assemblyman Edward Kovacs
Assemblyman Mike Malone
Assemblyman Robert Robinson
Assemblyman James Schofield

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

Senator Keith Ashworth welcomed the audience to the Joint Hearing and introduced the members of the committees who were in attendance.

Senator Keith Ashworth said that primarily the committees have been considering legislation which will give relief to homeowners. However, the majority of approaches which are being reviewed are unconstitutional. Therefore, the committees have begun a detailed examination of the state's tax base. It appears that the majority of the committees' members support moving from a use of the ad valorem tax base to the use of a sales tax base. In 1979, the ad valorem base was lowered to \$3.64, and now the taxation committees are considering lowering this base to an even lesser amount. Any change to the ad valorem base impacts the revenue of local governments. And, this shift of income would be balanced by revenue from the sales tax. Senator Keith Ashworth said that the tax proposals have also been affected by the constitutional restraint which dictates equal and uniform taxation. And, there are several constitutional amendments in both houses of the legislature which propose to classify and tax residential properties differently from commercial properties. The senator said it is theorized that after the interim period of passing a constitutional amendment has occurred and the new ad valorem system is activated, then the sales tax will be reduced. However, he observed that in the past once a tax has been initiated, there are no reductions in the future. Senator Keith Ashworth said the three bills being heard this date are Senate Bill No. 69, Senate Bill No. 411 and Assembly Bill No. 369. Senate Bill No. 69 deals with the assessment practices in the various counties. This bill is currently being amended with suggestions from the county assessors. Senate Bill No. 411 deals with revenue expenditure and ending balance "caps" on local governments in regard to how the entities receive the funding, how much will be received, and how it will be appropriated. Assembly Bill No. 369 proposes the imposition of the increased sales tax and changes the tax base structure. The bill currently proposes having the local school support tax and city/county relief tax set at 5 3/4 percent. The senator clarified that the constitutionally established sales tax is not affected by A.B. No. 369, however the local school support

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

and city/county relief tax are commonly referred to as a "sales tax."

Assemblyman Paul May informed the audience of the following handouts which were available for their review:

- A. Tax Relief/Reform Package (Exhibit C)
- B. Taxes Used In Other States But Not In Nevada (Exhibit D)
- C. Article 10 of the Nevada Constitution (Exhibit E)
- D. Sales, Income, and Property Taxes by State Map (Exhibit F)
- E. Copies of Senate Bill No. 69 (Exhibit G-1); Senate Bill No. 411 (Exhibit G-2); and Assembly Bill No. 369 (Exhibit G-3)
- F. Indices of Senate Bill No. 69, Senate Bill No. 411, and Assembly Bill No. 369 (Exhibits H-1, H-2, and H-3)

Senator Keith Ashworth said in regard to the proposals on gasoline tax, which is not a subject for this date's meeting, the administration has presented a bill to raise gasoline taxes from its present six cents on up, on a sliding scale as the price of gasoline increases (Senate Bill No. 154). The Senate Committee on Taxation has heard S.B. No. 154 and has reported it to the floor of the Senate, and the bill is currently on the Secretary's desk pending further amendment. The senator said that next to Texas, Nevada has the lowest revenue from the sale of the gasoline in the nation. Senator Keith Ashworth said that Senate Bill No. 222 is presently before the Senate Committee on Taxation to place a sales tax on gasoline for the benefit of mass transportation. The senator summarized that the two taxation committees intend to complete the ad valorem/sales tax package and then address the other tax measures.

Mr. Jim Lien, member of the taxation committees' technical committee and Finance Officer for the Las Vegas Metropolitan Police, explained each of the bills being heard this date.

SENATE BILL NO. 69 (Exhibit G-1)

Mr. Lien said that S.B. No. 69 changes the various assessment and appraisal practices of the several county assessors. The principal change embodied in this bill would amend NRS 361.227 which establishes the factors

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

the assessors must utilize when various types of property are appraised. The purpose of this amendment is to remove the use of comparable sales in the appraisal of residential property. This change will mean that assessors can only consider the replacement value of the property and depreciate it for the age of the property in order to determine its value. However, there will be a market factor for land which cannot be appraised by replacement value. An amendment to S.B. No. 69 is being drafted which will specifically limit the appraisal of land to the use to which it is being put. Therefore, if the land is being used to house a residential or commercial improvement, the land would be appraised accordingly. On page 20, the bill states how the property owner will be taxed for this next tax year. The intent of the process is to bring all appraisals to one level -- the year 1980-81. Section 34 will be amended to give assessors the months of May and June to factor the assessment rolls at which time the rolls will be turned over to the county auditors who will extend the rolls, or apply tax rates against them, and then the rolls will be given to the tax receivers who will send out the tax bills and notices of the assessed valuation change. Mr. Lien said if the taxpayer is not satisfied with the bill and notice, he has the right of appeal in the month of August to the county board of equalization.

ASSEMBLY BILL NO. 369 (Exhibit G-3)

The primary purpose of A.B. No. 369 is to levy a supplementary county/city relief tax in order to alleviate the requirement for certain ad valorem taxes. This process will reduce the tax rate which is applied against the assessed valuations which will be factored in S.B. No. 69. The bill currently addresses a total combined tax rate of 5 3/4 percent; 2 percent of which is the general sales tax, 1 1/2 percent is the local school support tax, and the remainder is the county/city relief tax. The bill also addresses an additional 1 3/4 percent supplemental city/county relief tax. This supplemental tax would be collected by the state and then distributed to the several counties on the ratio

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

of their generated ad valorem tax need. There will be a "cap" on which governments will be allowed to secure revenue. The bill still includes a requirement of a renter "pass through." This concept means the landlord identifies his own tax savings and passes this savings on to the renter in the amount of rent charged.

SENATE BILL NO. 411 (Exhibit G-2)

The main concept of S.B. No. 411 is to place certain types of restrictions on local governments in order to prevent their increasing their ad valorem tax. The local government would first compute the amount of money it would normally receive from ad valorem levy and this amount cannot increase more than 115 percent from the existing year, up to but not exceeding a 15 percent increase over the current year. The supplemental relief tax (discussed in A.B. No. 369) will then be distributed to the 17 counties which reduces the amount of the ad valorem requirement by a certain percentage. The second year, there will be a limitation of 12 percent based upon the actual growth of the local government over the five-year period of 1976-1980.

Section 5 of S.B. No. 411 limits the license and permit fees which can be levied by local governments. Increases or new fees would have to be approved by the department of taxation, and approval would be based on the Consumer Price Index or inflation factors.

Senate Bill No. 411 also allows for an increase in the ad valorem tax by the vote of the general public.

Mr. Lien said that debt is outside of the "cap" on local revenue, and outside of the calculations which will determine the distribution of the supplemental city/county relief tax.

PUBLIC HEARING

Assemblyman Paul May opened the meeting for public testimony on the three bills: S.B. No. 69, A.B. No. 369, and S.B. No. 411.

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

Mr. William Heinrich:

Mr. Heinrich, president of Fairway Chevrolet Company in Las Vegas and president of Citizens for Private Enterprise of Southern Nevada, commented that this is the wrong time for the state to shift its tax base from a secure revenue to a volatile revenue. The value of land has not decreased and probably will continue to increase; whereas the sales tax could alter due to labor strikes, hotel/casino disasters, etc. Mr. Heinrich said Question 6 was not passed by the voters in 1980 because the citizens were now asking for less spending and more efficient government. He suggested that the proposed tax package be phased into effectiveness over a three-year period, or another alternative would be to refine the proposals and present the package to the public as a ballot issue in the next general election.

Assemblyman Craddock remarked that there are members of the committees who concur with Mr. Heinrich's statements.

Mr. Michael F. DeFloria:

Mr. DeFloria, private citizen, stated that he did not agree that the justification for an increase in the sales tax is because 87 percent of the land in Nevada is owned by the federal government and therefore not enough revenue is gained by ad valorem tax. Mr. DeFloria illustrated through his statement that Nevada does not need a sales tax because of the income derived from the gaming tax. He said that he would like to see more of the state's funds spent on public safety rather than education.

Ms. Janet MacEachern:

Ms. MacEachern, representing the League of Women Voters of Nevada, questioned why there was a "rush" to enact the proposed tax package. She stated that it is difficult for local governments to assess the package when the contents are altered almost daily by the legislature. Referencing A.B. No. 369 and S.B. No. 411, Ms. MacEachern

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

said the Legislative Counsel Bureau's study, Bulletin No. 68, states in part: "Consumer taxes tend to bear heavily on medium and low income groups and impinge little on major industry of the state." Ms. MacEachern said that "consumer taxes" are synonymous with sales taxes. She asked if this is why large industry has not complained about the proposed shift from property tax to sales tax as local government revenue.

Ms. MacEachern said in 1956, the attorney general gave the opinion that the sales tax law cannot be amended except by direct vote of the people. And, a 1963 attorney general opinion stated that an act to impose county sales tax in all counties, in addition to the sales and use tax, would be unconstitutional unless submitted to a direct vote of the people. She asked if a shift to a collected sales tax without a vote of the people is a legal "subterfuge." She also asked how a tax distribution can be termed "equitable" when the relief tax is not returned to the county where it was collected. This action "further dilutes the autonomy of local government", she said.

Ms. MacEachern asked for an explanation of Senate Bill No. 69. She suggested that rather than addressing reduction of property taxes, the legislature should be outlining efficient methods of tax assessment. She felt the proposal and assessment methods should be studied for the next two years, and then action could be taken.

Assemblyman May said that the legislative staff present at this meeting will be giving a slide presentation to specifically explain how Senate Bill No. 69 will affect the various areas of Clark County.

Assemblyman Peggy Westall commented that the public does want to know how much they will be spending for taxes. She gave an example of her sister's taxes to which Assemblyman Westall applied the proposed factors and concluded that her sister will be paying \$35 per month less under the mandate of the proposed tax package.

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

Assemblyman Westall said she would like the public to comment on how they would spend their savings from the tax proposal.

Senator William Raggio commented that any tax package which will equalize the burden among all property taxpayers is a much needed improvement over the current system.

Mr. Chic Hecht:

Mr. Hecht, private citizen, stated that he opposed increasing the sales tax to 6 cents. He suggested that the committees consider utilizing an outside consultant to study the tax issue.

Assemblyman Price said that there have been extensive studies done on this issue. And, at this point, the legislature cannot afford the "luxury" of an outside consultant because the citizens have demanded a new tax system.

Mr. Hecht said that he still did not feel the proposed package was completely acceptable to the citizens. He remarked the proposals would not bring relief to the renters who would have to pay the increased sales tax, but would not benefit by a property tax reduction.

Mr. John Foley:

Mr. Foley, private citizen, said he did not "comprehend this tax package." He felt not enough time and thought had been given to the concept. He said that the proposed tax package would not give him \$35 per month (as stated by Assemblyman Westall), but \$76 per year in savings. Mr. Foley concurred with Mr. Hecht that further study was necessary, and if completed prior to the next legislature, the package could be enacted through a special session. He also said that the increase in the sales tax, regardless of the method, should be presented to the people for consideration in the next general election.

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

He said if the proposal is not implemented through the election process, he is sure the tax will be challenged in court.

Assemblyman May stated at this time he would ask Mr. Dan Miles, fiscal analyst of the Legislative Counsel Bureau, to explain how the tax proposals would specifically affect homeowners.

Mr. Miles used a projector to illustrate his discussion of the following examples:

(1) Example of Residential Tax (Exhibit I)

Mr. Miles said that this first example describes how the factor system works in Senate Bill No. 69. The sample is based on a residence that was valued at \$50,000 in 1975 and when reappraised in 1979-80 the value would be \$100,267. Using the factoring system shown in Exhibit I, the estimated tax would be \$590.

(2) Example of Las Vegas (Clark County) (Exhibit J)

Mr. Miles said this example shows five homes each being reappraised in a different year of the last five years. Mr. Miles discussed Home #2 which was reappraised in 1976 and therefore would have the current value on the tax rolls of \$59,500. Under the current assessment practice in the City of Las Vegas the 1980-81 taxes on this home would be \$774. Under S.B. No. 69, with the proposed assessment factors applied, the estimated 1981-82 taxes would be \$597. Home #5, reappraised in 1979 for the value of \$100,267, would currently be taxed at \$1,305; under the legislative plan the estimated tax for 1981-82 would be \$597.

(3) Example of North Las Vegas (Clark County) (Exhibit K)

Mr. Miles said that Home #2, reappraised in 1976 and valued at \$59,500, will be taxed for \$774 at the current rate. Under the legislative plan, this home would be paying \$621.

As is evident by the exhibits, Mr. Miles said, the legislative plan will factor the appraisal process in order that homes appraised in the last five years will

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

have the same assessed value and taxes.

Senator Keith Ashworth said that in meeting with the assessors of each county, it is apparent that they will have difficulty in factoring all of the property in their respective counties in order to achieve the equal taxing method. To assist with this task, an amendment is being considered for S.B. No. 69 which will temporarily allow the use of another factor in lieu of an actual appraisal for 1981-82.

Senator Keith Ashworth said the Public Hearing would now be continued.

Mr. Gary Johnson:

Mr. Johnson, speaking in behalf of the Joint Legislative Committee of Henderson/Boulder City Chambers of Commerce, said that the group he represents would like to take a position on the tax package. However, the concept continues to be amended. And, Mr. Johnson said his community is not being given ample time to analyze the effect of the legislation.

Ms. Daisy Talvitie:

Ms. Talvitie, private citizen, said she concurs that it is difficult to comprehend what the effects of the legislation will be when changes are occurring daily. She said that she has had lower taxes in Nevada than any other state she has lived in. Ms. Talvitie commented "the root cause of the so-called tax rebellion in Nevada has been the inflated rate of assessment." She said that she did not support placing a "cap" on licenses and permits, as she felt this should be the responsibility of the local governments. She emphasized again that the assessment rate is reflecting the inflation rate, and this is what needs adjustment.

Assemblyman Price gave an example of how Senate Bill No. 69 will affect taxes on residences. He said that this bill only affects the property taxes and has nothing to do with the sales tax proposal.

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

Mr. Ernest Becker:

Mr. Becker, private citizen, said he could not understand how it would be possible to equally tax residences in varying marketing areas.

Assemblyman Price said that the average increase per year of inflationary value, based on current market values, is approximately 19 percent. The assemblyman said that certain areas in Clark County have far exceeded this percentage, but statewide the 19 percent is the average.

Mr. Becker said he still did not endorse the concept that every property in Clark County would increase in value on an equal basis. In regard to the sales tax increase proposal, Mr. Becker said that this would negatively affect conventions which are considering Las Vegas as a prospect. Mr. Becker said that the increase in the sales tax will also increase income to the government by 76 percent which will allow elected officials "to spend and spend."

Senator Keith Ashworth commented that S.B. No. 411 will place constraints on local government spending.

Mr. Becker concluded that he did not feel that spending and appropriations should be based on the Consumer Price Index, and he could not understand the need to create a fund with the supplemental sales tax revenue and at the same time "cap" the amount of use by local governments.

Senator James Kosinski commented that it has been frequently indicated that the proposals do not create a tax increase. However, the 1/2 cent increase in the local school support tax is designed to relieve the general fund budget and save approximately \$35 million of the fund's obligation to support Nevada's schools. The senator said, in his opinion, this equates to a \$35 million tax increase to the state general fund for other state programs.

Mr. George Pataki:

Mr. Pataki, private citizen, said the assessed value of lots in the Mount Charleston area was raised 1233 percent. Income for the average person only increased approximately 30-40 percent in the last five years. Mr. Pataki suggested

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

the total assessed value of each of the 35 districts in Clark County could be multiplied by the previous assessed value at the current rate, then multiply the new assessed value for each district with the new rate. In accord with the difference between the two values, the tax rate could be lowered. He said this would still allow Clark County to make 49 percent more in revenue than is currently collected.

Mr. Ronn Reiss:

Mr. Reiss, private citizen, suggested that the assessment rate be changed from 35 cents to 25 cents. He also suggested that a 75 percent factor of the current market value based on the appraisal could be utilized. Mr. Reiss commented that in his opinion, the assessors could improve in "public relations."

Mr. Reiss remarked in regard to the sales tax increase that individuals on fixed incomes will be purchasing less products, the merchant will be selling less products, less workers will be hired by the merchant, and this results in counteracting the free enterprise system.

Assemblyman Price stated in past sessions the legislature has considered simply reducing the assessment rate. However, this has involved several problems. This type of reduction reduces the bonding value of the entire state's property and is a particular problem for the schools.

Mr. Sam Cavnar:

Mr. Cavnar, private citizen, discussed how the proposed tax package should be compared to Question 6. Mr. Cavnar said that he has evaluated that the taxes under the legislative package for a home of approximately \$50,000 in value would be \$597; and only \$500, plus 2 percent per year under Question 6. Mr. Cavnar said that it appears not only is there a discretion in the property tax savings, but the legislature also proposes a sales tax increase.

Assemblyman Price commented that as a comparison with the tax reform movement in California, there is a new

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

tax revolt in California since the conception of Proposition 13. Because of the differences in taxation of identical houses they have now started to petition for a split-roll which would allow homes to be taxed equally, but at a lower rate.

Mr. David N. McNelis:

Mr. McNelis said that he was presenting a statement on behalf of Bob and Ann O'Connell who could not be present at the meeting. Mr. McNelis recited segments of research which had been conducted in regard to other states which have increased their sales tax. A source in Indiana reported that in 1973 that state reduced ad valorem taxes by 20 percent and increased the sales tax from 2 to 4 percent, and at that time there was no dramatic drop in retail sales. However, in the 1979-81 period, there has been a significant decrease in Indiana's sales tax collections. In Connecticut the sales tax has been recently increased from 7 to 7 1/2 percent, and it was indicated by the executive director of the state's retail association that the increase had a detrimental effect on sales.

Mr. McNelis said if approval is given to the proposed tax package a "historically sound" financing system will be greatly disturbed. And, this system has served Nevada well. Mr. McNelis said that the O'Connell's urge the legislators not to support the proposed tax package.

Mr. Charles Ivy:

Mr. Ivy, private citizen, said it is not possible to adequately project revenue from the proposed increase in sales tax. He could not rationalize how dependency could be established on a volatile sales tax as compared to a stable ad valorem taxing system.

Ms. Isabelle Gross:

Ms. Gross said she is a renter and she owns a shop at the Circus-Circus Casino. She questioned where her relief is as a renter. She said that her business depends on

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

tourism, and the increase in sales tax will directly affect her sales revenue.

Mr. Bob Dickinson:

Mr. Dickinson, private citizen, said that he is not looking for tax relief. He felt the property taxes are fair in Nevada. He said he opposed increasing the sales tax because it is an "insidious" tax.

Mr. Mike Cox:

Mr. Cox, private citizen, said he is concerned about the "haste" of enacting an increase in the sales tax. Mr. Cox suggested that the property taxes be reduced, but rather than supplement income to the local governments; the local governments should simply be asked to reduce their spending.

Assemblyman Bill Brady commented in regard to the several comments about government spending, the Assembly Committee on Ways and Means is proposing the smallest funding increase Nevada has had for the last ten years.

Mr. Cox said that he was not referencing state expenditures by his comments, but rather local governments.

Ms. Jackie Anglund (not listed on the Attendance Roster):

Ms. Anglund, private citizen, asked about Assembly Bill No. 167 which: "Consolidates and reconciles provisions for bonding and levy of special assessments." Although this is not one of the bills discussed during this meeting, Assemblyman May explained that this bill proposes to allow local government to issue a revenue bond in the event that ad valorem revenue is not sufficient to cover local bonding. This bill would permit this process without the vote of the people. However, the bill does provide that within 30 days after the bond is locally adopted, if 5 percent of the voters of that county so desire, they may petition that the bond be considered by a vote of the people. Assemblyman May clarified that if general obligation bonds are issued under the proposed tax package (being discussed this date), this matter must be approved by the vote of the people.

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

Ms. Carole Vilardo:

Ms. Vilardo, private citizen, addressed Senate Bill No. 411.

She felt that a tax package could be passed by the legislature which reduced taxes if in S.B. No. 69 the appraisal and assessment procedures were refined, and eliminate A.B. No. 369 as part of the tax package.

Ms. Vilardo said that S.B. No. 411 should be the "fine tuning" of Senate Bill No. 204 which was passed in the 1979 session. She said that enterprise bonds are not addressed in the current version of S.B. No. 411. She expressed concern that no accounting procedure for this type of bond is covered in S.B. No. 411.

Ms. Vilardo said in regard to the reduction of ad valorem, if money to invest is generated out of any fund that has ad valorem used as a basis for retiring a debt, the interest received on this money will be returned to the fund in the same proportion with which it was received for the purpose of lowering the ad valorem.

Ms. Vilardo commented that the legislature needs to evaluate each piece of legislation, in addition to the three being discussed this date, which will negatively impact the revenue of local governments.

She summarized that Senate Bill No. 69 and Senate Bill No. 411 should be "fine tuned", and Assembly Bill No. 369 should not receive any further consideration.

Mr. Floyd Hodges:

Mr. Hodges, private citizen, asked if anyone has actually researched whether the state will monetarily benefit by the passage of the bills being discussed this date.

Senator Keith Ashworth said that the surplus should remain approximately at the current status.

Mr. Hodges said if the sales tax is increased, this will result in a direct increase to his business expense of \$7,500 out of his gross proceeds which will be paid toward sales taxes. He said that the people do not want any

JOINT HEARING OF THE SENATE AND ASSEMBLY
TAXATION COMMITTEES
APRIL 11, 1981

more increases in taxes, the people want government to be run as a private business, responsible for its actions.

Prior to the adjournment of the meeting, Mr. William Heinrich expressed his "thanks" to the legislators for holding this meeting on the tax proposals.

There being no further business, the meeting adjourned at 1:15 p.m.

Respectfully submitted by:


Sheba Lynn Frost, Secretary

Approved by:


Senator Keith Ashworth, Co-Chairman


Assemblyman Paul May, Co-Chairman

A G E N D A

JOINT HEARING SENATE AND ASSEMBLY TAXATION
COMMITTEES

APRIL 11, 1981

Las Vegas City Hall
Commission Chambers

10:00 am

1. Remarks by Senator Ashworth, Chairman Senate Taxation
2. Remarks by Assemblyman May, Chairman Assembly Taxation
3. Introduction of committee members
4. Remarks by members of either committee
5. Explanation of three bills by number from Technical Committee Member Mr. Jim Lien
6. Introduction of Mr. Ed Schorr and Mr. Dan Miles, Legislative Staff, Fiscal Division
7. Review of tax relief/reform package (handout)
8. Testimony from audience

NOTE: This hearing is held primarily for the benefit of citizen/tax payer input and comment. Previous public hearings have been held in Carson City for cities, counties, school districts and assessors. We have established a time frame of approximately four hours (10:00 to 2:00pm) for this hearing and it is our desire to have everyone wishing to speak to please limit your remarks to a specific comment and/or question and keep them as relevant as possible to the three measures under discussion.

TAX RELIEF/REFORM PACKAGE

The proposals are contained in three major bills - SB 69, AB 369 and SB 411. Salient portions of these measures are:

SB 69 - Assessment and Appraisal Practices:

1. Homes, buildings and other improvements to realty are to be appraised only by the actual labor and material costs to replace the existing structures. The appraiser must also reduce that replacement cost value by any depreciation or obsolescence factors that are applicable to the existing structure due to its age and condition. Comparable sales in the vicinity will no longer be considered in the determination of value and property owners will not see their values escalate merely because a neighbor sells his home for an inflated price.
2. Land will continue to be valued at its market price. However, if the assessor utilizes comparable sales to determine that market price, such sales must fairly represent parcels of land in the same use and they must have been substantial sales to verify the value. Isolated sales in a differently zoned area can no longer be used to establish a property owner's land value.
3. The income approach to value (capitalization of income) can no longer be used to establish the value of commercial and industrial property.
4. If an owner requests or if the owner has filed a complaint on the value of his property, the assessor must, within 15 days, furnish the owner with a copy of the appraisal including an explanation of how that value was determined.
5. While the assessor must physically reappraise all property at least every five years, he is required to adjust all assessments every year to reflect an improvement's current replacement cost less normal depreciation. The Department of Taxation will, each year, develop factors that must be used by the county assessor in adjusting the value of property not physically reappraised. This will insure that all owners of like property pay identical taxes for the services they receive.
6. There is no change in the method of conducting annual appraisals of intercounty and interstate companies - railroads, airlines and utility companies.
7. All taxes collected will be for the current fiscal year and not for the prior fiscal year.
8. For the Fiscal Year 1980-81 assessment roll, residential property values are to be adjusted to the comparable level of appraisals made for commercial property. This will result in dramatic reductions of about 30 percent for property reappraised in 1980 and 15 percent for properties reappraised in 1979. All commercial properties reappraised prior to 1980 will be factored up to their 1980 value as well as residential properties last reappraised in 1976 and 1977. These actions will be completed prior to June 1, 1981 and are the initial steps toward equalizing all property values.
9. Any property owner who believes that his new value does not accurately reflect the taxable value of his property may appeal to special sessions of county boards of equalization in June 1981 and, if appropriate, appeal that board's decision to a special session of the State Board of Equalization.
10. Payment of the first installment of property taxes for Fiscal Year 1981-82 has been delayed from the third Monday in July to the first Monday in August.

AB 369 - Increase in the Sales Tax:

1. The local school support tax will be increased 1/2 percent to insure that school districts will have a local source of revenue.
2. The city/county relief tax will be increased by 1 1/4 percent to provide a significant reduction in property taxes and yet keep the local governments, other than school districts, in a healthy financial position. These are not additional funds for local government, but replacement monies for funds normally collected by the property tax. All local governments that now levy property tax will share in the increased sales tax so that uniform tax relief is actually provided to all property owners.

3. Landlords are required to pass through the full amount of the property savings to their tenants. Failure to reduce the rents in the amount required makes the landlord liable for triple damages to the affected tenants.
4. School districts must levy an ad valorem (property tax) of \$.50. This amount, coupled with the increase in the local school support sales tax and assistance from the State Distributive School Fund, will provide the fiscal needs of the educational system.
5. The increase in the sales tax from 3 1/2 percent to 5 1/4 percent will be effective on May 1, 1981. This early date is necessary to provide funding to the schools and local governments in July of 1981. Retailers do not remit their taxes to the State until 60 days after the tax is effective.
6. Retailers are required to report and remit all sales taxes on a monthly basis. Many large retailers are now on quarterly reporting.

SB 411 - Local Government Taxing Restrictions

1. Local governments (counties, cities, towns and general and special districts) will have restrictions on the amount of dollars from the sales tax and property tax that they can collect. The revenue growth is limited to the compound average increase in revenues that the local governments have experienced since 1976. In Fiscal Year 1981-82 this cannot exceed 15 percent. Future property tax revenue increases are limited to a maximum of 12 percent of property tax revenues collected the prior year. If sales tax revenues exceed projections, the property taxes must be further lowered as the restriction applies to a combination of the dollars raised by both sales and property taxes.
2. Repayment of general obligation bonds and other approved debt of the local governments are an override to the property tax restrictions. This protects bond holders and, for future bond issues, permits the voters to recognize that approval of a bond issue will mean that additional property taxes must be paid.
3. The electorate may also approve an increase in the property tax to provide specified new or additional services to the local governments.
4. Restrictions in any increase in license or permit fees are also included in the bill. In general any such increase cannot exceed 80 percent of the annual increase in the CPI.
5. Additional controls have been added to insure that recommendations made by the independent auditors of local governments are complied with and that any violations of the law are corrected.

The combination of these three measures insure:

1. Substantial property tax relief for all property owners.
2. Equalization of taxes for all Nevadans through fair and equitable property assessments.
3. A partial shift from reliance by local governments on property taxes to sales taxes.
4. Restricts large increases in local government budgets unless approved by the voters.
5. With groceries and prescription medicines exempt from all sales taxes, the economically disadvantaged will not be adversely affected by the sales tax increase.
6. Nevadans are, for the first time, given a means of self-determination of the bulk of their tax burden. They will have the choice through their buying habits to arrive at the total amount of taxes that they will pay.

TAXES USED IN OTHER STATES BUT NOT IN NEVADA

(NUMBERS IN PARENTHESES SHOW HOW MANY STATES HAVE THE TAX)

1. PERSONAL INCOME (43)
2. CORPORATE INCOME (40)
3. CORPORATE INCOME FRANCHISE (16)
4. BANK EXCISE (25)
5. BUSINESS FRANCHISE (28)
6. SPECIAL INTANGIBLES (11)
7. SEVERANCE (30)
8. ADMISSIONS (30)
9. STOCK TRANSFER (3)
10. INHERITANCE (29)
11. ESTATE (49)
12. GIFT (13)

APG/JLD: 4.1

Article 10

NEVADA CONSTITUTION

ARTICLE. 10.

TAXATION.

- Sec. 1. Uniform rates of assessment and taxation; assessment and taxation of agricultural and open-space real property; proceeds of mines; free port, motor vehicle and other exemptions; no inheritance, estate tax to be levied.
2. Total tax levy for public purposes limited.

Section 1. Uniform rates of assessment and taxation; assessment and taxation of agricultural and open-space real property; proceeds of mines; free port, motor vehicle and other exemptions; no inheritance, estate tax to be levied. The legislature shall provide by law for a uniform and equal rate of assessment and taxation, 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 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 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 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. 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. 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. 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. No inheritance or estate tax shall ever be levied, and there shall also be excepted such property as may be exempted by law for municipal, educational, literary, scientific or other charitable purposes.

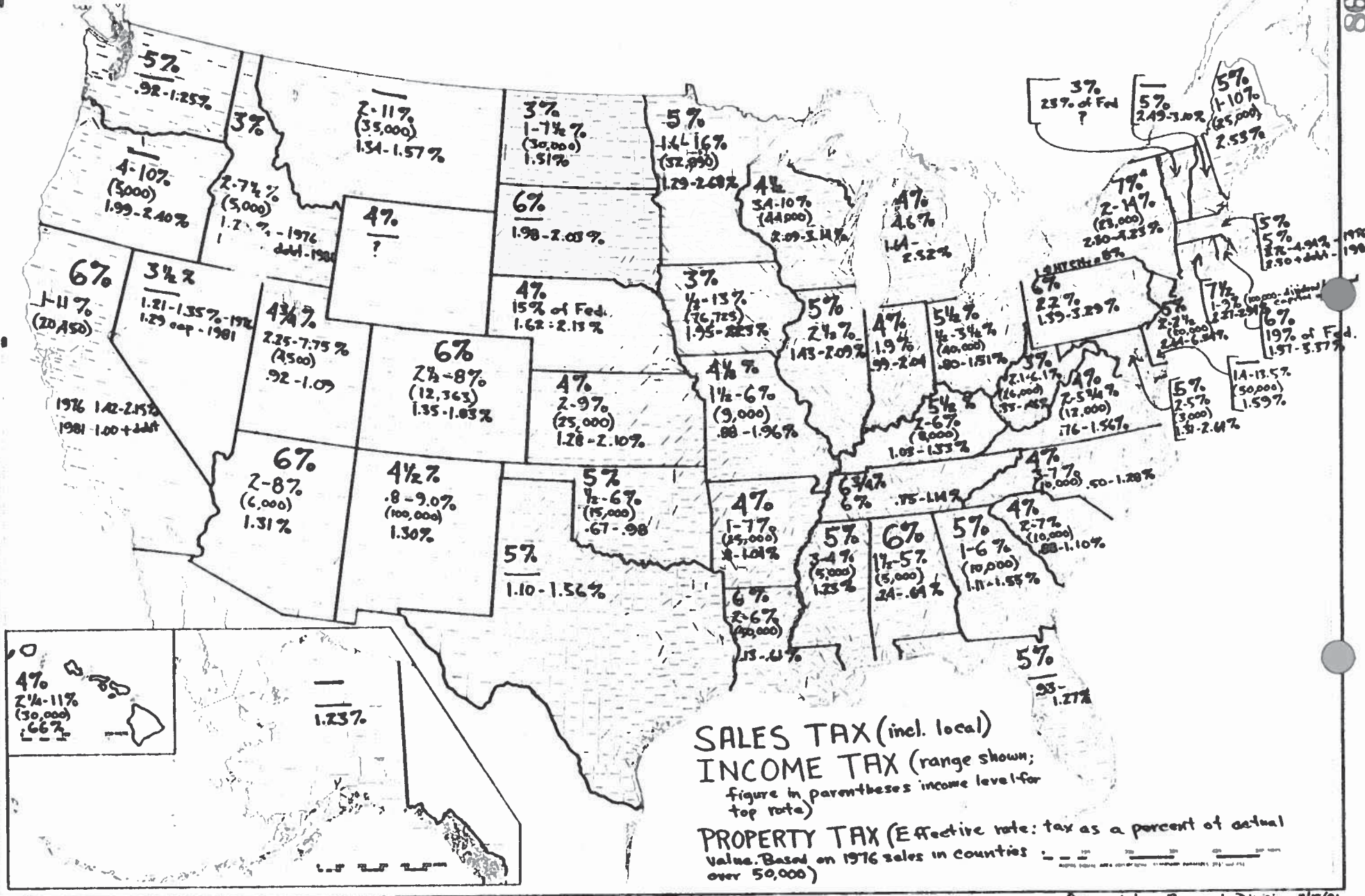
[Amended in 1902, 1906, 1942, 1960, 1962, 1974 and 1978. The first amendment was proposed and passed by the 1899 legislature; agreed to and passed by the 1901 legislature; and approved and ratified by the people at the 1902 general election. See: Statutes of Nevada 1899, p. 139; Statutes of Nevada 1901, p. 136. The second amendment was proposed and passed by the 1903 legislature; agreed to and passed by the 1905 legislature; and approved and ratified by the people at the 1906 general election. See: Statutes of Nevada 1903, p. 240; Statutes of Nevada 1905, p. 277. The third amendment was proposed and passed by the 1939 legislature; agreed to and passed by the 1941 legislature; and approved and ratified by the people at the 1942 general election. See: Statutes of Nevada 1939, p. 360; Statutes of Nevada 1941, p. 559. The fourth amendment was proposed and passed by the 1957 legislature; agreed to and passed by the 1959 legislature; and approved and ratified by the people at the 1960 general election. See: Statutes of Nevada 1957, p. 805; Statutes of Nevada 1959, p. 939. The fifth amendment was proposed and passed by the 1960 legislature; agreed to and passed by the 1961 legislature; and approved and ratified by the people at the 1962 general election. See: Statutes of Nevada 1960, p. 309; Statutes of Nevada 1961, p. 825. The sixth amendment was proposed and passed by the 1971 legislature; agreed to and passed by the 1973 legislature; and approved and ratified by the people at the 1974 general election. See: Statutes of Nevada 1971, p. 2299; Statutes of Nevada 1973, p. 1938. The seventh amendment was proposed and passed by the 1975 legislature; agreed to and passed by the 1977 legislature; and approved and ratified by the people at the 1978 general election. See: Statutes of Nevada 1975, p. 1925; Statutes of Nevada 1977, p. 1727.]

Sec. 2. Total tax levy for public purposes limited. The total tax levy for all public purposes including levies for bonds, within the state, or any subdivision thereof, shall not exceed five cents on one dollar of assessed valuation.

[Added in 1936. Proposed and passed by the 1933 legislature; agreed to and passed by the 1935 legislature; and approved and ratified by the people at the 1936 general election. See: Statutes of Nevada 1933, p. 369; Statutes of Nevada 1935, p. 428.]

SALES, INCOME, AND PROPERTY TAXES BY STATE

EXHIBIT F



SALES TAX (incl. local)
 INCOME TAX (range shown;
 figure in parentheses income level for
 top rate)
 PROPERTY TAX (Effective rate: tax as a percent of actual
 value. Based on 1976 sales in counties
 over 50,000)

Prepared by: Research Division 3/15/81

Boundaries of counties and states approximate as of January 1, 1976

EXHIBIT G-1

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

S. B. 69

SENATE BILL NO. 69—COMMITTEE ON TAXATION

JANUARY 23, 1981

Referred to Committee on Taxation

SUMMARY—Revises factors which may be used in determining full cash value of real property for taxation. (BDR 32-689)

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 property; revising the factors which must be used in determining its taxable value; changing the year for which taxes are levied; making special provisions for the fiscal year 1981-1982; 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. NRS 360.215 is hereby amended to read as follows:

2 360.215 The department may:

3 1. Assist the county assessors in appraising property within their
4 respective counties which the ratio study shows to be assessed at more
5 or less than 35 percent of its [full cash] taxable value.

6 2. Consult with and assist county assessors to develop and maintain
7 standard assessment procedures to be applied and used in all of the coun-
8 ties of the state, to the end that assessments of property by county asses-
9 sors [shall be] *are made equal* in each of the several counties of this
10 state.

11 3. Visit a selective cross-section of assessable properties within the
12 various counties in cooperation with the county assessor and examine
13 these properties and compare them with the tax roll and assist the various
14 county assessors in correcting any inequalities found to exist with factors
15 of equal value and actual assessed value considered, and place upon the
16 rolls any property found to be omitted from the tax roll.

17 4. Carry on a continuing study, the object of which is the equalization
18 of property values between counties.

19 5. Carry on a program of in-service training for county assessors
20 of the several counties of the state, and each year hold classes of
21 instruction in assessing procedure for the purpose of bringing each
22 county assessor and his authorized personnel the newest methods, pro-
23 cedures and practices in assessing property. Expenses of attending such

1 classes [shall be] *are* a proper and allowable charge by the board of
2 county commissioners in each county.

3 6. Continually supervise assessment procedures which are carried
4 on in the several counties of the [State of Nevada] *state* and advise
5 county assessors in the application of such procedures. The department
6 shall make a complete written report to each session of the legislature,
7 which [shall] *must* include all reports of its activities and findings and
8 all recommendations which it has made to the several county assess-
9 sors, and the extent to which such recommendations have been followed.

10 7. Carry on a continuing program to maintain and study the assess-
11 ment of public utilities and all other property assessed by the depart-
12 ment to the end that such assessment [shall be] *is* equalized with the
13 property assessable by county assessors.

14 8. Conduct appraisals at the request of and in conjunction with
15 any county assessor when such assessor considers such assistance neces-
16 sary. One-half of the cost of such appraisal [shall] *must* be paid by the
17 county. In lieu of a cash payment, the county may provide labor, mate-
18 rial or services having a value equal to one-half of the appraisal cost.

19 SEC. 2. Chapter 361 of NRS is hereby amended by adding thereto
20 a new section which shall read as follows:

21 "*Taxable value*" means:

22 1. *The value of shares of stock in a bank determined in the manner*
23 *provided in NRS 367.025.*

24 2. *The value of property of an interstate and intercounty nature deter-*
25 *mined in the manner provided in NRS 361.320.*

26 3. *The value of all other property determined in the manner provided*
27 *in NRS 361.227.*

28 SEC. 3. NRS 361.010 is hereby amended to read as follows:

29 361.010 [When] *As* used in this chapter, *unless the context other-*
30 *wise requires*, the words and terms defined in NRS 361.015 to 361.040,
31 inclusive, [shall] *and section 2 of this act* have the meanings [set forth
32 in NRS 361.015 to 361.040, inclusive, and no other meanings.] *ascribed*
33 *to them in those sections.*

34 SEC. 4. NRS 361.025 is hereby amended to read as follows:

35 361.025 [Except as provided in NRS 361.227, "full] "*Full cash*
36 *value*" means the amount at which the property would be appraised if
37 taken in payment of a just debt due from a solvent debtor.

38 SEC. 5. NRS 361.055 is hereby amended to read as follows:

39 361.055 1. All lands and other property owned by the state are
40 exempt from taxation, except real property acquired by the State of
41 Nevada and assigned to the department of wildlife which is or was sub-
42 ject to taxation under the provisions of this chapter at the time of
43 acquisition and except as provided in subsection 4.

44 2. In lieu of payment of taxes on each parcel of real property
45 acquired by it which is subject to assessment and taxation pursuant to
46 subsection 1, the department of wildlife shall make annual payment to
47 the county tax receiver of the county wherein each such parcel of real
48 property is located of an amount equal to the total taxes levied and
49 assessed against each such parcel of real property in the year in which
50 title to it was acquired by the State of Nevada.

1 3. Such payments in lieu of taxes must be collected and accounted for
2 in the same manner as taxes levied and assessed against real property pur-
3 suant to this chapter are collected and accounted for.

4 4. **[After July 1, 1978, all]** All real estate owned by the State of
5 Nevada located in each county must be listed in a separate tax list and
6 assessment roll book of that county at its **[full cash]** taxable value. If the
7 total taxable value of such real estate owned by the state in a county is
8 greater than 17 percent of the total taxable value of all other real estate
9 listed in the county's tax list and assessment roll books, that portion of
10 the value of the real estate owned by the state which is in excess of such
11 17 percent may be taxed by the county as other property is taxed.

12 5. Money received pursuant to this section must be apportioned each
13 year to the counties, school districts and cities wherein each such parcel
14 of real property is located in the proportion that the tax rate of each such
15 political subdivision bears to the total combined tax rate in effect for such
16 year.

17 SEC. 6. NRS 361.225 is hereby amended to read as follows:

18 361.225 Except as otherwise provided in NRS 361.249, all property
19 subject to taxation must be assessed at 35 percent of its **[full cash]** tax-
20 able value.

21 SEC. 7. Section 5 of chapter 62, Statutes of Nevada 1979, at page 79,
22 is hereby amended to read as follows:

23 Sec. 5. NRS 361.225 is hereby amended to read as follows:

24 361.225 **[Except as otherwise provided in section 2 of this act,**
25 **all]** All property subject to taxation must be assessed at 35 percent
26 of its taxable value.

27 SEC. 8. NRS 361.227 is hereby amended to read as follows:

28 361.227 1. Any person determining the **[full cash]** taxable value of
29 real property shall **[compute that value by using each of the following**
30 **factors for which information is available and shall give such weight to**
31 **each applicable factor as, in his judgment, is proper:**

32 (a) The estimate of the value of the vacant land, plus any improve-
33 ments made and minus any depreciation computed according to the esti-
34 mated life of the improvements.

35 (b) The market value of the property, as evidenced by:

36 (1) Comparable sales in the vicinity;

37 (2) The price at which the property was sold to the present owner;
38 and

39 (3) The value of the property for the use to which it was actually
40 put during the fiscal year of assessment.

41 (c) The value of the property estimated by capitalization of the fair
42 economic income expectancy.

43 2. The county assessor shall, upon request of the owner, furnish
44 within 15 days to the owner a copy of the most recent appraisal of the
45 property.

46 3. **]** appraise:

47 (a) The land at its present full cash value. If comparable sales in the
48 vicinity are used as evidence of the full cash value of the land, those sales
49 must be:

- 1 (1) Fairly representative of the value of the land in the use to which
2 it is being put; and
3 (2) Substantial in their relation to the aggregate of all other property
4 to which they are applied.
5 For the purposes of this paragraph, the county assessor shall each year
6 compile the recorded sales of similar property in similar areas of the
7 county.
8 (b) Any improvements made on the land by subtracting from the cost
9 of replacing the improvements all applicable depreciation and obsoles-
10 cence.

11 2. In determining the [full cash] taxable value of a merchant's or
12 dealer's stock in trade, the county assessor shall use the average full cash
13 value over the 12 months immediately preceding the date of assessment.
14 For this purpose, the county assessor may require from the merchant or
15 dealer a verified report of the value of his stock in trade at any time or
16 reasonable number of times during the year.

17 3. The taxable value of other taxable personal property must be
18 determined by subtracting from the cost of replacing the property any
19 depreciation computed according to the estimated life of the property.

20 4. The Nevada tax commission shall by regulation establish:

21 (a) Standards for determining the cost of replacement of improvements
22 and personal property of various kinds.

23 (b) Schedules of depreciation for all depreciable property.

24 Each county assessor shall adhere strictly to these standards and sched-
25 ules.

26 5. The county assessor shall, upon the request of the owner, furnish
27 within 15 days to the owner:

28 (a) A copy of the most recent appraisal of the property; and

29 (b) If the owner has filed a complaint with the county board of equali-
30 zation concerning the assessment an explanation how the taxable value
31 of the property was determined. This explanation must include all the
32 information available to the person making the determination, and show
33 how each step required by this section was performed.

34 SEC. 9. Section 6 of chapter 62, Statutes of Nevada 1979, at page
35 79, is hereby amended to read as follows:

36 Sec. 6. NRS 361.227 is hereby amended to read as follows:

37 361.227 1. Any person determining the taxable value of real
38 property shall appraise:

39 (a) The land at its present full cash value. If comparable sales
40 in the vicinity are used as evidence of the full cash value of the
41 land, those sales must be:

42 (1) Fairly representative of the value of the land in the use to
43 which it is being put; and

44 (2) Substantial in their relation to the aggregate of all other
45 property to which they are applied.

46 For the purposes of this paragraph, the county assessor shall each
47 year compile the recorded sales of similar property in similar areas
48 of the county.

49 (b) Any improvements made on the land by subtracting from the

1 cost of replacing the improvements all applicable depreciation and
2 obsolescence.

3 2. [In determining the taxable value of a merchant's or dealer's
4 stock in trade, the county assessor shall use the average full cash
5 value over the 12 months immediately preceding the date of assess-
6 ment. For this purpose, the county assessor may require from the
7 merchant or dealer a verified report of the value of his stock in
8 trade at any time or reasonable number of times during the year.

9 3.] The taxable value of other taxable personal property must
10 be determined by subtracting from the cost of replacing the property
11 any depreciation computed according to the estimated life of the
12 property.

13 4. The Nevada tax commission shall by regulation establish:

14 (a) Standards for determining the cost of replacement of improve-
15 ments and personal property of various kinds.

16 (b) Schedules of depreciation for all depreciable property.

17 Each county assessor shall adhere strictly to these standards and sched-
18 ules.

19 5. The county assessor shall, upon the request of the owner, furnish
20 within 15 days to the owner:

21 (a) A copy of the most recent appraisal of the property; and

22 (b) If the owner has filed a complaint with the county board of equal-
23 ization concerning the assessment an explanation how the taxable value
24 of the property was determined. This explanation must include all the
25 information available to the person making the determination, and show
26 how each step required by this section was performed.

27 SEC. 10. NRS 361.249 is hereby amended to read as follows:

28 361.249 1. The section applies to:

29 (a) Personal property held for sale by a merchant;

30 (b) Personal property held for sale by a manufacturer;

31 (c) Raw materials and components held by a manufacturer for manu-
32 facture into products, and supplies to be consumed in the process of
33 manufacture; and

34 (d) Livestock held for business purposes.

35 2. The personal property described in subsection 1 must be assessed
36 as follows:

37 (a) In the fiscal year 1979-80, at 28 percent of its [full cash] taxable
38 value;

39 (b) In the fiscal year 1980-81, at 21 percent of its [full cash] taxable
40 value;

41 (c) In the fiscal year 1981-82, at 14 percent of its [full cash] taxable
42 value; and

43 (d) In the fiscal year 1982-83, at 7 percent of its [full cash] taxable
44 value.

45 SEC. 11. NRS 361.260 is hereby amended to read as follows:

46 361.260 1. Between July 1 and December 15 in each year, the
47 county assessor, except when otherwise required by special enactment,
48 shall ascertain by diligent inquiry and examination all real and personal
49 property in his county subject to taxation, and also the names of all per-
50 sons, corporations, associations, companies or firms owning the property.

1 He shall then determine the **[[full cash]] taxable** value of all such property
2 and he shall then list and assess it to the person, firm, corporation, associ-
3 ation or company owning it.

4 2. In arriving at the *taxable* value of all public utilities of an intra-
5 county nature, the intangible or franchise element must be considered as
6 an addition to the physical value and a portion of the **[[full cash]] taxable**
7 value.

8 3. In addition to the inquiry and examination required in subsection
9 1, **[[the county assessor shall appraise property using standards approved**
10 **by the department and reappraise all property at least once every 5 years**
11 **thereafter using the same standards. Such appraisals and reappraisals at**
12 **5-year intervals must be accepted as the examinations required under**
13 **subsection 1, for the intervening 4 years.]]** *for any property not physically*
14 *reappraised in the current assessment year, the county assessor shall*
15 *determine its assessed value for that year by applying to the assessed value*
16 *derived from the last preceding physical appraisal or reappraisal a factor*
17 *established by regulation of the Nevada tax commission which reason-*
18 *ably represents the increase, if any, in the value of the property or of*
19 *similar property in the area that appraisal or reappraisal and taking into*
20 *account all applicable depreciation and obsolescence. The county assessor*
21 *shall physically reappraise all property at least once every 5 years.*

22 **SEC. 12. NRS 361.300 is hereby amended to read as follows:**

23 **361.300** 1. On or before January 1 of each year, the county assessor
24 shall post at the front door of the courthouse and publish in a newspaper
25 published in the county a notice to the effect that the tax roll is completed
26 and open for inspection by interested persons of the county.

27 2. Except as otherwise provided in subsection 3, each board of
28 county commissioners shall by resolution, **[[prior to]]** *before* December 1
29 of any fiscal year in which assessment is made, require the county assessor
30 to prepare a list of all the taxpayers in the county and the total valuation
31 of property on which they severally pay taxes and direct the county
32 assessor:

33 (a) To cause such list and valuations to be printed and delivered by
34 the county assessor or mailed by him on or before January 1 of the
35 fiscal year in which assessment is made to each taxpayer in the county; or

36 (b) To cause such list and valuations to be published once on or
37 before January 1 of the fiscal year in which assessment is made in a
38 newspaper of general circulation in the county.

39 3. A board of county commissioners may, in the resolution required
40 by subsection 2, authorize the county assessor not to deliver or mail the
41 list, as provided in paragraph (a) of subsection 2, to taxpayers whose
42 property is assessed at \$1,000 or less and direct the county assessor to
43 mail to each such taxpayer a statement of the amount of his assessment.
44 Failure by a taxpayer to receive such a mailed statement **[[shall]]** *does*
45 not invalidate any assessment.

46 4. The several boards of county commissioners in the state **[[are**
47 **authorized to]]** *may* allow the bill contracted with their approval by the
48 county assessor under this section on a claim to be allowed and paid as
49 are other claims against the county.

50 5. Whenever property is *physically* appraised or reappraised pursuant

1 to NRS 361.260, the county assessor shall, on or before January 1 of the
2 fiscal year in which the appraisal or reappraisal is made, deliver or mail
3 to each owner of such property a written notice stating its assessed valua-
4 tion as determined from the appraisal or reappraisal. Failure by the tax-
5 payer to receive such notice **[shall]** does not invalidate the appraisal or
6 reappraisal.

7 SEC. 13. (There is no section 13.)

8 SEC. 14. NRS 361.320 is hereby amended to read as follows:

9 361.320 1. At the regular session of the Nevada tax commission
10 commencing on the 1st Monday in October of each year, the Nevada tax
11 commission shall establish the valuation for assessment purposes of any
12 property of an interstate and intercounty nature, which shall in any event
13 include the property of all interstate or intercounty railroad, sleeping car,
14 private car, street railway, traction, telegraph, water, telephone, air trans-
15 port, electric light and power companies, together with their franchises,
16 and the property and franchises of all railway express companies operat-
17 ing on any common or contract carrier in this state. Such valuation
18 **[shall]** *must* not include the value of vehicles as defined in NRS 371.020.

19 2. Except as otherwise provided in subsections 3 and 4, the foregoing
20 **[shall]** *must* be assessed as follows: The Nevada tax commission shall
21 establish and fix the valuation of the franchise, if any, and all physical
22 property used directly in the operation of any such business of any such
23 company in this state, as a collective unit; and if operating in more than
24 one county, on establishing such unit valuation for the collective prop-
25 erty, the Nevada tax commission shall then determine the total aggregate
26 mileage operated within the state and within its several counties, and
27 apportion the mileage upon a mile-unit valuation basis, and the number
28 of miles apportioned to any county shall be subject to assessment in that
29 county according to the mile-unit valuation established by the Nevada tax
30 commission.

31 3. Where 75 percent or more of the physical property of an electric
32 light and power company is devoted to the generation or transmission of
33 electricity for use outside the State of Nevada and the physical property
34 also includes three or more operating units which are not interconnected
35 at any point within the State of Nevada, the Nevada tax commission shall
36 successively:

37 (a) Determine separately the valuation of each operating unit, using
38 the valuation criteria provided in subsection 2.

39 (b) Apportion 15 percent of the valuation of each operating unit
40 which generates electricity predominantly for use outside Nevada to each
41 other operating unit within the State of Nevada.

42 (c) Apportion the valuation of each operating unit, adjusted as
43 required by paragraph (b) upon a mile-unit basis among the counties in
44 which such operating unit is located.

45 4. Where 75 percent or more of the physical property of an electric
46 light and power company is devoted to the generation or transmission of
47 electricity for use outside the State of Nevada and the physical property
48 also includes two but not more than two operating units which are not
49 interconnected at any point within the State of Nevada, the Nevada tax
50 commission shall successively:

1 (a) Determine separately the valuation of each operating unit, using
2 the valuation criteria provided in subsection 2.

3 (b) Apportion 20 percent of the valuation of each operating unit
4 which generates electricity predominantly for use outside Nevada to each
5 other operating unit within the State of Nevada.

6 (c) Apportion the valuation of each operating unit, adjusted as
7 required by paragraph (b) upon a mile-unit basis among the counties in
8 which such operating unit is located.

9 5. The Nevada tax commission shall adopt formulas, and cause them
10 to be incorporated in its records, providing the method or methods pur-
11 sued in fixing and establishing the [full cash] taxable value of all fran-
12 chises and property assessed by it. The formulas [shall] *must* be adopted
13 and may be changed from time to time upon its own motion or when
14 made necessary by judicial decisions, but the formulas [shall] *must* in
15 any event show all the elements of value considered by the Nevada tax
16 commission in arriving at and fixing the value for any class of property
17 assessed by it. *These formulas must take into account, as indicators of*
18 *value, the company's income, the market value of its capital stock, the*
19 *amount of its debt, and the cost of its assets.*

20 6. As used in this section the word "company" means any person, [or
21 persons,] company, corporation or association engaged in the business
22 described.

23 7. In case of an omission by the Nevada tax commission to establish
24 a valuation for assessment purposes upon the property mentioned in this
25 section, the county assessors of any counties wherein the property is
26 situated shall assess it.

27 8. All other property [shall] *must* be assessed by the county asses-
28 sors, except as provided in NRS 362.100 and except that the valuation of
29 land, livestock and mobile homes [shall] *must* be established for assess-
30 ment purposes by the Nevada tax commission as provided in NRS
31 361.325.

32 9. On or before the 1st Monday in December the department shall
33 transmit to the several county assessors the assessed valuation found on
34 such classes of property as are enumerated in this section, except for pri-
35 vate car lines, together with the apportionment of each county of the
36 assessment. The several county assessors shall enter on the roll all such
37 assessments transmitted to them by the department.

38 10. On or before November 1 of each year the department shall for-
39 ward a tax statement to each private car line company based on the val-
40 uation established pursuant to this section and in accordance with the
41 tax levies of the several districts in each county. The company shall remit
42 the ad valorem taxes due on or before December 15 to the department
43 which shall allocate the taxes due each county on a mile-unit basis and
44 remit the taxes to the counties no later than January 31. The portion of
45 the taxes which is due the state [shall] *must* be transmitted directly to
46 the state treasurer. As an alternative to any other method of recovering
47 delinquent taxes provided by this chapter, the attorney general may bring
48 a civil action in a court of competent jurisdiction to recover delinquent
49 taxes due under this subsection in the manner provided in NRS 361.560.

50 SEC. 15. NRS 361.333 is hereby amended to read as follows:

1 361.333 1. Not later than May 1 of each year, the department shall:
2 (a) Determine the ratio of the assessed value of each type or class of
3 property for which the county assessor has the responsibility of assessing
4 in each county to:

5 (1) The assessed value of comparable property in the remaining
6 counties.

7 (2) The **[[full cash]] taxable** value of such type or class of property
8 within that county.

9 (b) Publish and certify to the county assessors and the boards of
10 county commissioners of the counties of this state:

11 (1) The average ratio of assessed valuation to the **[[full cash]] tax-**
12 **able** value of property in each county and the state.

13 (2) The **[[adjusted]]** average ratio of assessed valuation to the **[[full**
14 **cash]] taxable** value of property in each county.

15 The department may take into account the interval between the current
16 determination and the last **[[assessment]] physical reappraisal** of property
17 by the county assessor, and it may appropriately discount or otherwise
18 adjust the **[[full cash]] taxable** valuation determined by it or take any
19 other appropriate action.

20 2. The ratio study must be conducted on nine counties in one year
21 and eight counties in the next year with the same combination of counties
22 being tested in alternate years.

23 3. The formulas and standard procedures used by the department in
24 conducting the ratio study must include a random sampling of property
25 and sales and the use of the mean, median, standard deviation and any
26 other statistical criteria that will indicate an accurate ratio of **[[full cash]]**
27 **taxable** value to assessed value and an accurate measure of assessment
28 equality. The formulas and standard procedures are the mandatory for-
29 mulas and procedures to be used by the county assessors.

30 4. During the month of May of each year, the Nevada tax commission
31 shall meet with the board of county commissioners and the county asses-
32 sor of each county. The board of county commissioners and the county
33 assessor shall:

34 (a) Present evidence to the Nevada tax commission of the steps taken
35 to insure that all property subject to taxation within the county has been
36 assessed as required by law.

37 (b) Demonstrate to the Nevada tax commission that any adjustments
38 in assessments ordered in the preceding year as a result of the appraisal
39 procedure provided in paragraph (c) of subsection 5 have been complied
40 with.

41 5. At the conclusion of each meeting with the board of county com-
42 missioners and the county assessor, the Nevada tax commission shall:

43 (a) If it finds that all property subject to taxation within the county has
44 been assessed at the proper percentage, take no further action.

45 (b) If it finds that any class of property, as designated in the segrega-
46 tion of the tax roll filed with the secretary of the state board of equaliza-
47 tion pursuant to NRS 361.390, is assessed at less or more than the proper
48 percentage, and if the board of county commissioners approves, order a
49 specified percentage increase or decrease in the assessed valuation of such
50 class on the succeeding tax list and assessment roll.

1 (c) If it finds the existence of underassessment or overassessment
2 wherein the ratio of assessed value to **[full cash] taxable** value is less
3 than 30 percent or more than 37½ percent within each of the several
4 classes of property of the county which are required by law to be assessed
5 at 35 percent of their **[full cash] taxable** value, or if the board of county
6 commissioners does not agree to an increase or decrease in assessed value
7 as provided in paragraph (b), order the board of county commissioners
8 to employ forthwith one or more qualified appraisers approved by the
9 department. The payment of such appraisers' fees is a proper charge
10 against the funds of the county notwithstanding that the amount of such
11 fees has not been budgeted in accordance with law. The appraisers shall
12 determine whether or not the county assessor has assessed all real and
13 personal property in the county subject to taxation at the rate of assess-
14 ment required by law. The appraisers may cooperate with the department
15 in making their determination if so agreed by the appraisers and the
16 department, and shall cooperate with the department in preparing a
17 report to the Nevada tax commission. The report to the Nevada tax com-
18 mission must be made on or before October 1 following the date of the
19 order. If the report indicates that any real or personal property in the
20 county subject to taxation has not been assessed at the rate required by
21 law, a copy of the report must be transmitted to the board of county
22 commissioners by the department before November 1. The board of
23 county commissioners shall then order the county assessor to raise or
24 lower the assessment of such property to the rate required by law on the
25 succeeding tax list and assessment roll.

26 6. The Nevada tax commission may adopt regulations reasonably
27 necessary to carry out the provisions of this section.

28 7. Any county assessor who refuses to increase or decrease the
29 assessment of any property pursuant to an order of the Nevada tax com-
30 mission or the board of county commissioners as provided in this section
31 is guilty of malfeasance in office.

32 SEC. 16. NRS 361.345 is hereby amended to read as follows:

33 361.345 1. The county board of equalization **[shall have power to]**
34 *may* determine the valuation of any property assessed by the county
35 assessor, and may change and correct any valuation found to be incorrect
36 either by adding thereto or deducting therefrom such sum as **[shall be]** *is*
37 **necessary** to make it conform to the **[actual or full cash] taxable** value
38 of the property assessed, whether such valuation was fixed by the owner
39 or the county assessor. Where the person complaining of the assessment
40 of his property has refused to give the county assessor his list under oath,
41 as required by this chapter, no reduction **[shall]** *may* be made by the
42 county board of equalization from the assessment of the county assessor.

43 2. If the county board of equalization finds it necessary to add to the
44 assessed valuation of any property on the assessment roll, it shall direct
45 the clerk to give notice to the person so interested by registered or certi-
46 fied letter, **[deposited in the post office,]** or by personal service, naming
47 the day when it **[shall]** *will* act on the matter **[,]** and allowing a reason-
48 able time for the interested person to appear.

49 SEC. 17. NRS 361.355 is hereby amended to read as follows:

1 361.355 1. Any person, firm, company, association or corporation,
2 claiming overvaluation or excessive valuation of its property in the state,
3 whether assessed by the Nevada tax commission or by the county assessor
4 or assessors, by reason of undervaluation for taxation purposes of the
5 property of any other person, firm, company, association or corporation
6 within any county of the state or by reason of any such property not being
7 so assessed, shall appear before the county board of equalization of the
8 county or counties wherein such undervalued or nonassessed property
9 may be and make complaint concerning [the same] *it* and submit proof
10 thereon. The complaint and proof [shall] *must* show the name of the
11 owner or owners, the location, the description, and the [full cash] *tax-*
12 *able* value of the property claimed to be undervalued or nonassessed.

13 2. The county board of equalization forthwith shall examine such
14 proof and all data and evidence submitted by the complainant, together
15 with any evidence submitted thereon by the county assessor or any other
16 person. If the county board of equalization determines that the complain-
17 ant has just cause for making such complaint it shall immediately make
18 such increase in valuation of the property complained of as shall conform
19 to its [full cash] *taxable* value, or cause such property to be placed on
20 the assessment roll at its [full cash] *taxable* value, as the case may be,
21 and make proper equalization thereof.

22 3. Except as provided in subsection 4 and NRS 361.403, any such
23 person, firm, company, association or corporation failing to make a
24 complaint and submit proof to the county board of equalization of each
25 county wherein it is claimed property is undervalued or nonassessed as
26 provided in this section, shall not thereafter be permitted to make com-
27 plaint of or offer proof concerning such undervalued or nonassessed prop-
28 erty to the state board of equalization.

29 4. If the fact that there is such undervalued or nonassessed property
30 in any county has become known to the complainant after the final
31 adjournment of the county board of equalization of that county for that
32 year, the complainant may make its complaint by the 4th Monday of
33 February to the state board of equalization and submit its proof as pro-
34 vided in this section at a session of the state board of equalization, upon
35 complainant proving to the satisfaction of the state board of equalization it
36 had no knowledge of such undervalued or nonassessed property prior to
37 the final adjournment of the county board of equalization. The state
38 board of equalization shall proceed in the matter in like manner as pro-
39 vided in this section for a county board of equalization in such case, and
40 cause its order thereon to be certified to the county auditor with direction
41 therein to change the assessment roll accordingly.

42 SEC. 18. NRS 361.395 is hereby amended to read as follows:

43 361.395 1. During the annual session of the state board of equaliza-
44 tion beginning on the 1st Monday in February of each year, the state
45 board of equalization shall:

46 (a) Equalize property valuations in the state, including the valuation
47 of livestock theretofore established by the Nevada tax commission.

48 (b) Review the tax rolls of the various counties as corrected by the
49 county boards of equalization thereof and raise or lower, equalizing and

1 establishing the [full cash] taxable value of the property, for the purpose
2 of the valuations therein established by all the county assessors and
3 county boards of equalization and the Nevada tax commission, of any
4 class or piece of property in whole or in part in any county, including
5 also livestock and those classes of property enumerated in NRS 361.320.
6 2. If the state board of equalization proposes to increase the valuation
7 of any property on the assessment roll, it shall give 10 days' notice
8 to interested persons by registered or certified mail or by personal service.
9 The notice shall state the time when and place where the person may
10 appear and submit proof concerning the valuation of the property. A per-
11 son waives the notice requirement if he personally appears before the
12 board and is notified of the proposed increase in valuation.

13 SEC. 19. NRS 361.420 is hereby amended to read as follows:

14 361.420 1. Any property owner whose taxes are in excess of the
15 amount which the owner claims justly to be due may pay each installment
16 of taxes as it becomes due under protest in writing. [, which protest
17 shall] *The protest must* be in triplicate and filed with the county treas-
18 urer at the time of the payment of the installment of taxes. The county
19 treasurer forthwith shall forward one copy of the protest to the attorney
20 general and one copy to the state controller.

21 2. The property owner, having protested the payment of taxes as
22 provided in subsection 1 and having been denied relief by the state board
23 of equalization, may commence a suit in any court of competent jurisdic-
24 tion in the State of Nevada against the state and county in which the
25 taxes were paid, and, in a proper case, both the Nevada tax commission
26 and the department may be joined as a defendant for a recovery of the
27 difference between the amount of taxes paid and the amount which the
28 owner claims justly to be due, and the owner may complain upon any of
29 the grounds contained in subsection 4.

30 3. Every action commenced under the provisions of this section
31 [shall] *must* be commenced within 3 months after the date of the pay-
32 ment of the last installment of taxes, and if not so commenced [shall be]
33 *is* forever barred. If the tax complained of is paid in full and under the
34 written protest provided for in this section, at the time of the payment of
35 the first installment of taxes, suit for the recovery of the difference
36 between the amount paid and the amount claimed to be justly due [shall]
37 *must* be commenced within 3 months after the date of the full payment of
38 the tax, and if not so commenced [shall be] *is* forever barred.

39 4. In any suit brought under the provisions of this section, the person
40 assessed may complain or defend upon any of the following grounds:

41 (a) That the taxes have been paid before the suit;

42 (b) That the property is exempt from taxation under the provisions of
43 the revenue or tax laws of the state, specifying in detail the claim of
44 exemption;

45 (c) That the person assessed was not the owner and had no right, title
46 or interest in the property assessed at the time of assessment;

47 (d) That the property is situate in and has been [duly] assessed in
48 another county, and the taxes thereon paid;

49 (e) That there was fraud in the assessment or that the assessment is

1 out of proportion to and above the [actual] taxable cash value of the
2 property assessed;

3 (f) That the assessment is out of proportion to and above the valuation
4 fixed by the Nevada tax commission for the year in which the taxes were
5 levied and the property assessed; or

6 (g) That the assessment complained of is discriminatory in that it is
7 not in accordance with a uniform and equal rate of assessment and taxa-
8 tion, but is at a higher rate of the [full cash] taxable value of the property
9 so assessed than that at which the other property in the state is assessed.

10 5. In a suit based upon any one of the grounds mentioned in para-
11 graphs (e) to (g), inclusive, of subsection 4, the court shall conduct the
12 trial without a jury and confine its review to the record before the state
13 board of equalization. Where procedural irregularities by the board are
14 alleged and are not shown in the record, the court may take evidence
15 respecting the allegation and, upon the request of either party, shall hear
16 oral argument and receive written briefs on the matter.

17 6. In all cases mentioned in this section where the complaint is based
18 upon any grounds mentioned in subsection 4, the entire assessment
19 [shall] must not be declared void but [shall only be void] is void only
20 as to the excess in valuation.

21 7. In any judgment recovered by the taxpayer under this section, the
22 court may provide for interest thereon not to exceed 6 percent per annum
23 from and after the date of payment of the tax complained of.

24 SEC. 19.3. NRS 361.450 is hereby amended to read as follows:

25 361.450 1. Except as provided in subsection 3, every tax levied
26 under the provisions of or authority of this chapter [shall be] is a per-
27 petual lien against the property assessed until [such taxes] the tax and
28 any penalty charges and interest which may accrue thereon [shall be] are
29 paid.

30 2. The lien [shall attach on the 1st Monday in September prior to the
31 date on] attaches on July 1 of the year for which the taxes are levied,
32 [and shall be] upon all property then within the county. The lien [shall
33 attach] attaches upon all other property on the day it is moved into the
34 county [.] whether or not the owner has real estate within the county of
35 sufficient value to pay the taxes on both his real and personal property. If
36 real and personal property are assessed against the same owner, a lien
37 [shall attach] attaches upon such real property also for the tax levied
38 upon the personal property within the county; and a lien for taxes on per-
39 sonal property [shall also attach] also attaches upon real property
40 assessed against the same owner in any other county of the state from the
41 date on which a certified copy of any unpaid property assessment is filed
42 for record with the county recorder in the county in which the real prop-
43 erty is situated.

44 3. All liens for taxes levied under this chapter which have already
45 attached to a mobile home expire on the date when the mobile home is
46 sold, except the liens for personal property taxes due in the county in
47 which the mobile home was situate at the time of sale, for any part of the
48 12 months immediately preceding the date of sale.

49 4. All special taxes levied for city, town, school, road or other pur-
50 poses throughout the different counties of this state [shall be] are a lien

1 on the property so assessed, and [shall] *must* be assessed and collected
2 by the same officer at the same time and in the same manner as the state
3 and county taxes are [now or may hereafter be] assessed and collected.

4 SEC. 19.5. NRS 361.505 is hereby amended to read as follows:

5 361.505 1. Each county assessor, when he assesses the property of
6 any person [or persons, company or corporation] liable to taxation who
7 does not own real estate within the county of sufficient value, in the
8 county assessor's judgment, to pay the taxes on both his [or their] real
9 and personal property, shall proceed immediately to collect the taxes on
10 the personal property so assessed, except as to mobile homes as provided
11 in subsection 3 of NRS 361.483.

12 2. The county assessor shall prorate the tax on personal property
13 brought into or entering the state or county for the first time during the
14 fiscal year by reducing the tax one-twelfth for each full month which has
15 elapsed since the beginning of the fiscal year. *Where such property is*
16 *owned by a person who does own real estate in the county of sufficient*
17 *value in the county assessor's judgment to pay the taxes on both his real*
18 *and personal property, the tax on the personal property for the fiscal year*
19 *in which the property was moved into the state or county, prorated, may*
20 *be collected all at once or by installments as permitted by NRS 361.483*
21 *for property assessed upon the real property tax roll.*

22 3. The person paying such taxes [shall not be] *is not* thereby
23 deprived of his right to have such assessment equalized, and if, upon
24 such equalization, the value is reduced, the taxes paid [shall] *must* be
25 refunded to such person from the county treasury, upon the order of the
26 board of county commissioners, in proportion to the reduction of the
27 value made.

28 [2. If, at the time of such assessment of personal property, the
29 board of county commissioners has not as yet levied the tax based upon
30 the full combined tax rate for the taxable year to which such assessment
31 is applicable, the total amount of the tax to be collected by the county
32 assessor shall be determined by use of the then current state ad valorem
33 tax rate and the regular combined tax rate for the county, city and
34 school district as levied and applied for the preceding taxable year. The
35 county treasurer shall apportion the tax as other taxes are apportioned.

36 3. Nothing contained] 4. *Nothing* in this section or any other
37 statute [shall be construed as prohibiting] *prohibits* the county assessor
38 from prorating the count on livestock situated within the state for a por-
39 tion of a year.

40 SEC. 19.7. NRS 361.562 is hereby amended to read as follows:

41 361.562 1. If the purchaser of a mobile home or slide-in camper
42 does not pay the personal property tax thereon, upon taking possession,
43 he shall, within 30 days from the date of its purchase:

44 (a) Pay to the county assessor all personal property taxes which the
45 assessor is required to collect against such mobile home or slide-in
46 camper and its contents, except as provided in subsection 3 of NRS
47 361.483; or

48 (b) Satisfy the county assessor that he owns real estate within the
49 county of sufficient value, in the county assessor's judgment, to pay the
50 taxes on both his real and personal property. *In this case, the personal*

1 *property taxes which the county assessor is required to collect against*
2 *the mobile home or slide-in camper and its contents for the fiscal year in*
3 *which it is purchased, may be collected all at once or by installments as*
4 *permitted by NRS 361.483 for property assessed upon the real property*
5 *tax roll.*

6 2. The county assessor shall collect the tax required to be paid by
7 subsection 1, in the manner prescribed by law for the collection of other
8 personal property taxes, *except as provided in paragraph (b) of subsec-*
9 *tion 1 and except as to mobile homes as provided in subsection 3 of NRS*
10 *361.483.*

11 SEC. 20. NRS 361.695 is hereby amended to read as follows:

12 361.695 The defendant may answer [], which answer shall be veri-
13 fied:] *by a verified pleading:*

14 1. That the taxes and penalties have been paid before suit.

15 2. That the taxes with penalties and costs have been paid since suit,
16 or that such property is exempt from taxation under the provisions of
17 this chapter.

18 3. Denying all claim, title or interest in the property assessed at the
19 time of the assessment.

20 4. That the land is situate in, and has been [duly] assessed in,
21 another county, and the taxes thereon paid.

22 5. Fraud in the assessment, or that the assessment is out of propor-
23 tion to and above the [actual cash] taxable value of the property
24 assessed. [In the last-mentioned case, where] *Where* the defense is based
25 upon the ground that the assessment is above the [actual cash] taxable
26 value of the property, the defense [shall only be] *is only* effectual as to
27 the proportion of the tax based upon such excess of valuation; but in no
28 such case [shall] *may* an entire assessment be declared void.

29 SEC. 21. NRS 361A.020 is hereby amended to read as follows:

30 361A.020 1. "Agricultural real property" means:

31 (a) Land:

32 (1) Devoted exclusively for at least 3 consecutive years immediately
33 preceding the assessment date to:

34 (I) Agricultural use; or

35 (II) Activities which prepare the land for agricultural use; and

36 (2) Having a greater value for another use than for agricultural use.

37 For the purposes of this subparagraph, agricultural land devoted to agri-
38 cultural use has a greater value for another use if its [full cash] taxable
39 value determined pursuant to NRS 361.227 and 361.260 exceeds its
40 value for agricultural use determined on the basis provided in NRS 361.-
41 325.

42 (b) The improvements on such land which support accepted agricul-
43 tural practices except any structures or any portion of a structure used
44 primarily as a human dwelling.

45 The term does not apply to any land with respect to which the owner has
46 granted and has outstanding any lease or option to buy the surface rights
47 for other than agricultural use, except leases for the exploration of geo-
48 thermal resources as defined in NRS 361.027, mineral resources or other
49 subsurface resources, or options to purchase such resources, if such explo-
50 ration does not interfere with the agricultural use of the land.

1 2. As used in this section, "accepted agricultural practices" means a
2 mode of operation that is common to farms or ranches of a similar nature,
3 necessary for the operation of such farms or ranches to obtain a profit in
4 money and customarily utilized in conjunction with agricultural use.

5 SEC. 22. NRS 361A.130 is hereby amended to read as follows:

6 361A.130 1. If the property is found to be agricultural real property,
7 the county assessor shall determine its value for agricultural use and
8 assess it *for taxes to be collected in the ensuing fiscal year* at 35 percent
9 of that value. At the same time the assessor shall make a separate deter-
10 mination of its **["full cash"] taxable** value pursuant to NRS 361.227 and
11 361.260 if he determines that the property is located in a higher use area.
12 If the assessor determines that the property is not located in a higher use
13 area, he shall make the agricultural use assessment only, and shall not
14 make the **["full cash"] taxable** value assessment, except as provided in
15 NRS 361A.155.

16 2. The **["full cash"] taxable** value assessment **["shall"] must** be main-
17 tained in the assessor's records, and **["shall"] must** be made available to
18 any person upon request. The property owner shall be notified of the
19 **["full cash"] taxable** value assessment each year the property is reap-
20 praised, together with the agricultural use assessment, in the manner pre-
21 scribed by the department.

22 3. The entitlement of agricultural real property to agricultural use
23 assessment **["shall"] must** be determined as of the first Monday in Septem-
24 ber in each year. If the property becomes disqualified for such assessment
25 prior to the first Monday in September in the same year, it **["shall"] must**
26 be assessed as all other real property is assessed **["."] and taxed in the ensu-**
27 *ing fiscal year upon the basis of this regular assessment.*

28 SEC. 23. NRS 361A.155 is hereby amended to read as follows:

29 361A.155 1. When any agricultural real property whose **["full cash"]**
30 *taxable* value as determined pursuant to NRS 361.227 and 361.260 has
31 not been separately determined for each year in which agricultural use
32 assessment was in effect for the property is:

33 (a) Determined by the county assessor to be located in a higher use
34 area; or

35 (b) Converted in whole or in part to a higher use,
36 the county assessor shall determine its **["full cash"] taxable** value at the
37 time the location in a higher use area is determined or at the time of
38 conversion, respectively, and discount that valuation as appropriate to
39 determine the valuation against which to compute the deferred tax.

40 2. The department shall prescribe by regulation an appropriate pro-
41 cedure for determining **["full cash"] taxable** value assessment under this
42 section.

43 SEC. 24. NRS 361A.160 is hereby amended to read as follows:

44 361A.160 1. The determination of use, the agricultural use assess-
45 ment and the **["full cash"] taxable** value assessment in each year are final
46 unless appealed in the manner provided in chapter 361 of NRS for com-
47 plaints of overvaluation, excessive valuation or undervaluation.

48 2. Any person desiring to have his property assessed for agricultural
49 use who fails to file a timely application may petition the county board

1 of equalization which, upon good cause shown, may accept an applica-
2 tion, and, if appropriate, allow that application. The assessor shall then
3 assess the property consistently with the decision of the county board of
4 equalization on the next assessment roll.

5 SEC. 25. NRS 361A.220 is hereby amended to read as follows:

6 361A.220 1. If the property is found by the board of county commis-
7 sioners to be open-space real property, the county assessor shall deter-
8 mine its value for open-space use and assess it *for taxes to be collected in*
9 *the ensuing fiscal year* at 35 percent of that value. At the same time, the
10 assessor shall make a separate determination of its **[[full cash]] taxable**
11 value pursuant to NRS 361.227 and 361.260.

12 2. The **[[full cash]] taxable** value assessment **[[shall]] must** be main-
13 tained in the assessor's records and **[[shall]] must** be made available to any
14 person upon request. The property owner shall be notified of the **[[full**
15 **cash]] taxable** value assessment each year the property is reappraised,
16 together with the open-space use assessment in the manner prescribed by
17 the department.

18 3. The entitlement of open-space real property to open-space use
19 assessment **[[shall]] must** be determined as of the first Monday in Septem-
20 ber in each year. If the property becomes disqualified for open-space
21 assessment prior to the first Monday in September in the same year, it
22 **[[shall]] must** be assessed as all other real property is assessed **[[.]] and**
23 *taxed in the ensuing fiscal year upon the basis of this regular assessment.*

24 SEC. 26. NRS 361A.240 is hereby amended to read as follows:

25 361A.240 1. The determination of use, the open-space use assess-
26 ment and the **[[full cash]] taxable** value assessment in each year are final
27 unless appealed.

28 2. The applicant for open-space assessment is entitled to:

29 (a) Appeal the determination made by the board of county commis-
30 sioners to the district court in the county where the property is located, or
31 if located in more than one county, in the county in which the major por-
32 tion of the property is located, as provided in NRS 278.027.

33 (b) Equalization of both the open-space use assessment and the **[[full**
34 **cash]] taxable** value assessment in the manner provided in chapter 361 of
35 NRS for complaints of overvaluation, excessive valuation or undervalua-
36 tion.

37 SEC. 27. NRS 361A.280 is hereby amended to read as follows:

38 361A.280 1. When agricultural or open-space real property which is
39 receiving agricultural or open-space use assessment is converted to a
40 higher use, there shall be added to the tax extended against the property
41 on the next property tax statement, an amount equal to the sum of the
42 following:

43 (a) The deferred tax, which is the difference between the taxes paid or
44 payable on the basis of the agricultural or open-space use assessment and
45 the taxes which would have been paid or payable on the basis of the
46 **[[full cash]] taxable** value determination for each year in which agricul-
47 tural or open-space use assessment was in effect for the property, up to
48 84 months immediately preceding the date of conversion from agricul-
49 tural or open-space use. The 84-month period includes the most recent

1 year of agricultural or open-space use assessment but does not include
2 any period before July 1, 1976.

3 (b) A penalty equal to 20 percent of the accumulated deferred tax for
4 each year in which the owner failed to give the notice required by NRS
5 361A.270.

6 2. The deferred tax and penalty are a perpetual lien until paid as
7 provided in NRS 361.450; but if the property is not converted to a
8 higher use within 84 months after the date of attachment, the lien for
9 that earliest year then expires.

10 3. Each year a statement of liens attached pursuant to this section
11 must be recorded with the county recorder by the tax receiver in a form
12 prescribed by the department upon completion of the tax statement.

13 4. If agricultural or open-space real property receiving agricultural or
14 open-space use assessment is sold or transferred to an ownership making
15 it exempt from ad valorem property taxation between July 1 and the first
16 Monday in September, inclusive, in any year, a lien for a proportional
17 share of the deferred taxes that would otherwise have been due in the
18 following year, attaches on the day preceding the sale or transfer. The
19 lien [shall] *must* be enforced against the property when it is converted to
20 a higher use, even though the owner at the time of conversion enjoys an
21 exemption from taxation.

22 SEC. 28. NRS 367.025 is hereby amended to read as follows:

23 367.025 For the purposes of this chapter, the [full cash] *taxable*
24 value of a share of stock in a bank is its proportionate part of the aggre-
25 gate taxable capital. Such aggregate taxable capital [shall] *must* be
26 determined in the following manner:

27 1. The average of each of the following factors [shall] *must* be com-
28 puted for the fiscal year preceding the valuation, using the respective
29 amounts as of the end of each calendar quarter:

- 30 (a) Cash;
- 31 (b) Demand deposits;
- 32 (c) Time deposits; and
- 33 (d) Total deposits.

34 2. From the average cash [shall] *must* be subtracted an appropriate
35 cash reserve, which [shall] *must* be the sum of:

36 (a) Average demand deposits multiplied by that percentage established
37 by the Board of Governors of the Federal Reserve System as a required
38 cash reserve for member banks, as of the close of the fiscal year preceding
39 the valuation.

40 (b) Average time deposits multiplied by that percentage established by
41 the Board of Governors of the Federal Reserve System as a required cash
42 reserve for member banks as of the close of the fiscal year preceding valu-
43 ation.

44 The appropriate cash reserve [shall] *must* be computed in the same
45 manner for all banks, whether or not they are members of the Federal
46 Reserve System.

47 3. From the average total deposits [shall] *must* be subtracted the
48 excess cash, which is the difference obtained pursuant to subsection 2, if
49 any.

1 4. The difference obtained pursuant to subsection 3 [shall] *must* be
2 multiplied by 9 percent, to obtain the capital equivalent of the deposits.

3 5. From the capital equivalent obtained pursuant to subsection 4
4 [shall] *must* be subtracted the [full cash] *taxable* value of all real
5 property assessed to the bank. The difference so obtained is the aggregate
6 taxable capital of the bank.

7 SEC. 29. NRS 367.030 is hereby amended to read as follows:

8 367.030 1. All shares of stock in banks, including shares subscribed
9 but not issued, existing by authority of the United States, or of the State
10 of Nevada, or of any other state, territory or foreign government, and
11 located within the State of Nevada, [shall] *must* be assessed to the own-
12 ers thereof in the county, city, town or district where such banks are
13 located, and not elsewhere, in the assessment of all state, county, town or
14 special taxes, imposed and levied in such place, whether such owner is a
15 resident of the county, city, town or district, or not.

16 2. All such shares [shall] *must* be assessed at 35 percent of their
17 [full cash] *taxable* value determined as of July 1.

18 3. The proportionate parts of the shares of stock in a bank having
19 branches in one or more counties, cities, towns or districts, [shall]
20 *must* be assessed as provided [herein] *in this section* in such counties,
21 cities, towns or districts where such bank or branches may be situated,
22 such proportionate parts to be assessed in each such county, town, city
23 or district being determined by the ratio which the total deposits, both
24 time and demand, at the close of banking hours on the last business
25 day of the preceding fiscal year in the bank or branch situated in such
26 county, city, town or district bear to the total of such deposits on the
27 last business day of the preceding fiscal year in all of the banks and
28 branches thereof, ownership of which is represented by the shares of
29 stock so assessed.

30 4. The persons or corporations who appear from the records of the
31 banks to be the owners of shares at the close of the business day on
32 July 1, or if July 1 is not a business day then the next-succeeding busi-
33 ness day, in each year shall be [taken and] deemed to be the owners
34 thereof for the purposes of this section.

35 SEC. 30. NRS 367.050 is hereby amended to read as follows:

36 367.050 1. On or before August 1 of each year, each bank which
37 is located or has a branch located in this state shall report to the depart-
38 ment, upon forms which shall be prescribed by the department:

39 (a) The quarterly amounts of its cash, demand deposits, time depos-
40 its and total deposits for the preceding fiscal year; and

41 (b) A list showing the total deposits in its principal office and in
42 each of its branches at the close of the last business day of the preceding
43 fiscal year, segregated according to the county in which such office and
44 each branch is situated.

45 2. On or before September 1 of each year, each county assessor
46 shall transmit to the department a list showing the [full cash] *taxable*
47 value of each parcel of real property in his county which is assessed to
48 a bank for the current fiscal year.

49 3. The department shall annually, at its regular meeting beginning
50 on the 1st Monday in October, determine:

1 (a) The aggregate taxable capital of each bank which is located or
2 has a branch located in this state; and

3 (b) The proportion of such aggregate taxable capital which is
4 required to be assessed in each county of the state.

5 4. On or before the 1st Monday in December, the department shall
6 transmit to each county assessor the amount of the aggregate taxable
7 capital of each bank which is required to be assessed in his county, and
8 each assessor shall adopt as the **[[full cash]] taxable value** of the shares of
9 stock of each such bank the amounts so shown.

10 **SEC. 31.** 1. Notwithstanding the provisions of NRS 361.225, except
11 as provided in section 32 of this act, all property subject to taxation must
12 be assessed at 35 percent of its adjusted cash value. The adjusted cash
13 value is calculated by multiplying the full cash value of the property by
14 the factor shown in the following table for the class and for the fiscal year
15 in which the property was most recently appraised:

16		<i>Factor for</i>	<i>Factor for</i>
17	<i>Year of Appraisal</i>	<i>Residential Property</i>	<i>Commercial Property</i>
18	<i>1976-1977 or earlier</i>	<i>1.416</i>	<i>1.438</i>
19	<i>1977-1978</i>	<i>1.190</i>	<i>1.313</i>
20	<i>1978-1979</i>	<i>1.000</i>	<i>1.199</i>
21	<i>1979-1980</i>	<i>0.840</i>	<i>1.095</i>
22	<i>1980-1981</i>	<i>0.706</i>	<i>1.000</i>

23 The Nevada tax commission shall establish by emergency regulation the
24 factor for vacant land not assessed by the commission which must be
25 applied for each of the years of appraisal enumerated in this section to
26 place such vacant land appraised in that year on a parity with commercial
27 property appraised in 1980-1981.

28 2. The assessment provided in subsection 1 must be used only for the
29 levying of taxes to be collected during the fiscal year 1981-1982 on all
30 property to which they apply.

31 **SEC. 32.** The provisions of section 31 of this act do not apply to the
32 assessment of:

- 33 1. Any personal property;
- 34 2. Any property assessed by the Nevada tax commission pursuant to
35 NRS 361.320;
- 36 3. Any land assessed by the Nevada tax commission pursuant to
37 NRS 361.325;
- 38 4. Any real property assessed pursuant to chapter 361A of NRS; or
- 39 5. Shares of stock in banks pursuant to chapter 367 of NRS,
40 or to the assessment or taxation of mining claims or the net proceeds of
41 mines under chapter 362 of NRS.

42 **SEC. 33.** The legislature finds that:

43 1. The factors prescribed in section 31 of this act for the respective
44 years of appraisal have the approximate effect of placing property
45 appraised before the fiscal year 1980-1981 on a parity with property
46 appraised during that fiscal year, and the respective classes of real prop-
47 erty separately specified in that section on a parity with one another.

48 2. Such an approximation is necessary in order to permit the orderly
49 collection of taxes ad valorem during the fiscal year 1981-1982.

1 3. Each of the classes of property excluded from the operation of sec-
2 tion 31 of this act is assessed pursuant to NRS in such a manner that no
3 adjustment is required to place all property within that class on a parity.

4 **SEC. 34. 1. Before June 30, 1981, each county assessor shall:**

5 (a) Determine the required assessment for each parcel of real property
6 assessed according to its adjusted cash value pursuant to section 31 of
7 this act.

8 (b) Deliver or mail to each owner of property subject to the provisions
9 of paragraph (a) a written notice stating its assessed valuation as deter-
10 mined under that paragraph and the factor applied in that determination.
11 Failure of the property owner to receive the notice does not invalidate
12 the valuation.

13 2. Each county auditor, with the assistance of the county assessor as
14 appropriate, shall immediately revise the tax roll as prepared for collec-
15 tion during the fiscal year 1981-1982 to reflect the assessments made
16 under subsection 1, or add the appropriate amounts if the roll has been
17 extended.

18 3. Any person who believes the factor applied under subsection 1 to
19 determine the current full cash value of his property is incorrect or
20 unjust or was improperly applied may complain and present proof to
21 the county board of equalization no later than 10 days after the notice
22 was delivered or mailed to him pursuant to subsection 1. The county
23 board of equalization of each county shall hold special hearings on
24 these complaints throughout June 1981. The board may adjust the valua-
25 tion of any property as warranted by the data and evidence submitted
26 by the complainant, the county assessor or any other person.

27 4. Any person who is aggrieved at the action of the county board of
28 equalization in adjusting, or failing to adjust, the valuation of his prop-
29 erty, or a county assessor, may appeal to the state board of equalization
30 not later than 5 days after the action of the county board of equaliza-
31 tion. The state board of equalization shall hold special hearings as often
32 as is necessary to determine these appeals as expeditiously as possible.
33 These hearings must be concluded no later than July 15, 1981. The sec-
34 retary of the state board of equalization shall immediately as each
35 change in the assessed valuation of property is made by the board, certify
36 the change to the county auditor who shall forthwith enter the change
37 on the 1980-81 assessment roll and prepare the property tax statement
38 accordingly.

39 **SEC. 35. 1. Each local government shall, with the approval of the**
40 **department of taxation, revise its budget for the fiscal year commencing**
41 **July 1, 1981, if and to the extent necessary to comply with the provisions**
42 **of this act.**

43 2. The taxes on real property otherwise due under NRS 361.483 on
44 the 1st or 3rd Monday of July, 1981, are due on the 1st Monday of
45 August, 1981.

46 **SEC. 36. The lien for taxes upon real property payable:**

47 1. During the fiscal year commencing July 1, 1981; or

48 2. As deferred taxes under NRS 361A.280,

49 which attached on the first Monday in September 1980, expires on July 1,

1 1981, and is superseded by the lien for such taxes which attaches on July
2 1, 1981, as provided in NRS 361.450.

3 SBC. 37. Each county shall pay the necessary expenses of the county
4 assessor in fulfilling his duties under subsection 1 of section 34 of this
5 act. These expenses must be paid first out of any resources not legally
6 prohibited for this purpose. If no such resources are available, the county
7 may, without regard to any statutory limitation on expenditures or on the
8 use of taxes ad valorem, use any balances available on or before June 30,
9 1981, in any fund, except a debt service fund, for the purpose of this
10 section.

11 SBC. 38. 1. This section and sections 31 to 37, inclusive, of this act,
12 shall become effective upon passage and approval.

13 2. Sections 1 to 30, inclusive, of this act shall become effective on
14 July 30, 1981.



EXHIBIT G-2

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 411

SENATE BILL NO. 411—COMMITTEE ON TAXATION

MARCH 13, 1981

Referred to Committee on Taxation

SUMMARY—Makes substantial revisions in law relating to governmental finance. (BDR 32-1395)

FISCAL NOTE: Effect on Local Government: Yes.
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 governmental finance; fixing statutory limits on revenue of local governments derived from taxes ad valorem and the city-county relief tax and on the increase of fees imposed for regulation or revenue; removing statutory limits on expenditure by local governments; revising the distribution of certain taxes; 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 354 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 8, inclusive, of this act.
3 SEC. 2. "*Supplemental city-county relief tax*" means the fees, taxes,
4 interest and penalties which derive from that portion of the city-county
5 relief tax which exceeds the original tax levied at the rate of one-half of 1
6 percent.
7 SEC. 3. 1. The amount of money which a local government, except
8 a school district, is entitled to receive from taxes ad valorem, other than
9 those levied for the payment of bonded indebtedness and interest thereon
10 incurred as a general or short-term obligation of the issuer, must be
11 calculated by:
12 (a) First multiplying the tax rate certified for that local government for
13 the fiscal year ending on June 30, 1981, by its assessed valuation as
14 equalized for the collection of taxes during the fiscal year beginning on
15 July 1, 1981.
16 (b) Then subtracting the estimated amount to be received by that
17 local government from the supplemental city-county relief tax for the
18 fiscal year for which the tax ad valorem is to be levied. For the fiscal
19 years beginning on and after July 1, 1982, the executive director of the
20 department of taxation shall provide this estimate to the local govern-
21 ment on or before December 1 preceding the fiscal year to which it
22 applies.

1 (c) Then reducing the amount resulting from paragraphs (a) and (b) if
2 necessary to bring it within any applicable limit provided in this section.

3 2. For the fiscal years beginning on and after July 1, 1982, the com-
4 bined amounts received by the local government from the supplemental
5 city-county relief tax and taxes ad valorem must not exceed the product
6 calculated pursuant to paragraph (a) of subsection 1 by more than the
7 average compounded percentage of increase from the fiscal year begin-
8 ning on July 1, 1976, to the fiscal year beginning on July 1, 1980, of its
9 revenues from all sources for all funds receiving taxes ad valorem, exclud-
10 ing opening and closing balances and funds for debt service, as certified
11 by the department of taxation, further compounded to the fiscal year for
12 which this limit is applied. If the local government levies a tax ad
13 valorem for debt service upon an obligation which has previously been
14 repaid from another source, the combined amount which it may receive
15 pursuant to this subsection is reduced by the amount of that tax ad
16 valorem.

17 3. For each fiscal year beginning on or after July 1, 1982, the reve-
18 nue of the local government from taxes ad valorem, except those levied
19 for debt service, must not exceed by more than 12 percent the same
20 revenue for the preceding fiscal year.

21 4. The local government may exceed the respective limits imposed
22 by this section upon combined amounts received and upon receipts from
23 taxes ad valorem only if its governing body proposes to its registered
24 voters an additional levy ad valorem, specifying the amount of money to
25 be derived, the purpose for which it is to be expended, and the duration
26 of the levy, and the proposal is approved by a majority of the voters vot-
27 ing on the question at a general election or a special election called for
28 that purpose. The governing body may discontinue the levy before it
29 expires and may not thereafter reimpose it without following the proce-
30 dure required for its original imposition.

31 SEC. 4. 1. If actual receipts from the supplemental city-county relief
32 tax for any fiscal year exceed the estimate previously made by the execu-
33 tive director of the department of taxation, the excess receipts must be
34 deposited in the reserve fund for the supplemental city-county relief tax
35 which is hereby created in the state treasury. There must also be depos-
36 ited in this fund any proceeds of that tax which became available when
37 for any local government the supplemental city-county relief tax other-
38 wise distributable to it exceeds the combined amount allowable to it from
39 the supplemental city-county relief tax and taxes ad valorem. Money in
40 this fund must not be used for any purpose other than distribution to local
41 governments pursuant to this section. The interest earned upon the money
42 in the fund must be added to the principal of the fund.

43 2. The money in this fund must be used to increase the distribution
44 to local governments when the actual receipts from the supplemental
45 city-county relief tax are less than the estimates previously made by the
46 director of the department of taxation. Whenever the money in the fund
47 at the beginning of any fiscal year exceeds 10 percent of the actual reve-
48 nues from the supplemental city-county relief tax in the preceding fiscal
49 year, this excess must be distributed to local governments in the following
50 fiscal year in the same proportion as current receipts are distributed for

1 that fiscal year. This distribution must be included in the executive direc-
2 tor's estimate of money to be received by each local government from the
3 supplemental city-county relief tax.

4 SEC. 5. 1. A local government shall not increase any fee for a license
5 or permit or adopt a fee for a license or permit or impose a service charge
6 not previously assessed, including without limitation every license or per-
7 mit issued for revenue or regulation or both, such as business licenses,
8 liquor licenses, gaming licenses, and building and zoning permits, except
9 as permitted by this section.

10 2. The rate structure of any fee for a license or permit in effect on the
11 date of passage and approval of this act is the base from which any
12 increase in such license or permit fee must be calculated. On February 1
13 of each year the executive director of the department of taxation shall
14 certify the increase in the Consumer Price Index for the preceding calen-
15 dar year and shall furnish this information to each local government.
16 Subject to the further limitation imposed by subsection 3, no fee for a
17 permit or license may be increased at any time by an amount more than
18 the base rate multiplied by 80 percent of the increase in the Consumer
19 Price Index since January 1, 1981.

20 3. A local government must submit any proposal to impose a new
21 charge for service and must submit a proposal to increase a fee for a
22 license or permit to the executive director of the department of taxation
23 for approval if:

24 (a) The method of computation of a fee for a license or permit is
25 changed;

26 (b) The method of computation existing on the date of passage and
27 approval of this act relates the license fee to the gross revenue of the busi-
28 ness;

29 (c) The classification of a type of business is changed or new categories
30 of business are added; or

31 (d) The license fee for which increases are proposed has been increased
32 between July 1, 1979, and the date of passage and approval of this act.

33 A local government may appeal the decision of the executive director of
34 the department of taxation to the legislative commission. The executive
35 director and the commission shall evaluate the proposal to determine
36 whether the proposed change is consistent with the limitations of this sec-
37 tion.

38 4. A local government may submit an application for exemption from
39 the provisions of this section to the legislative commission, which may
40 grant the exemption if it finds that:

41 (a) Services of the local government are in danger of deteriorating
42 because of the difficulties caused by the limitation;

43 (b) The local government has not previously charged a fee for a license
44 or permit or imposed a service charge; or

45 (c) The last increase was not recent and the rates of the fees charged by
46 the local government are at a significantly lower level than those of other
47 similar local governments in the state.

48 5. The provisions of this section apply to any license or permit for
49 any purpose regardless of the fund to which the revenue from it is

1 assigned. An ordinance or resolution enacted by a local government in
2 violation of provisions of this section is void.

3 SEC. 6. Any ending balance of the general or a special revenue fund
4 other than those established solely for the purpose of administering fed-
5 eral or state grants in aid which exceeds the sum of the money appropri-
6 ated for the opening balance of that fund for the succeeding fiscal year
7 and one-twelfth of the expenditures from that fund for the fiscal year
8 just ended may only be used to augment the appropriations of the suc-
9 ceeding year upon the favorable vote of a majority of the members of
10 the governing body and upon the consent of the executive director of the
11 department of taxation. The executive director shall not approve such an
12 application for augmentation unless it is for the sole purpose of replac-
13 ing an identifiable appropriation for a specified purpose which lapsed at
14 the end of the fiscal year and which has not been reappropriated in the
15 year in which the augmentation is to become effective, except where the
16 health and safety of persons or property in the territory of the local gov-
17 ernment would otherwise be in jeopardy. The local government may
18 appeal the decision of the executive director to the legislative commis-
19 sion, whose decision is final.

20 SEC. 7. 1. The department of taxation shall review each audit report
21 to determine whether it complies with regulations adopted pursuant to
22 NRS 354.594. Any report, whether upon financial position and results
23 of operations or upon internal financial controls, which the department
24 believes may not comply with those regulations must be referred by the
25 department to the state board of accountancy for investigation and such
26 action in respect to the issuing accountant as the board may find appro-
27 priate in the circumstances.

28 2. In its review of the report submitted, the department shall identify
29 all violations of statute and regulation reported therein. Within 60 days
30 after the delivery of the audit report to the local government, the gov-
31 erning body shall advise the department what action has been taken to
32 prevent recurrence of each violation of law or regulation or to correct
33 each continuing violation. The department shall evaluate the local gov-
34 ernment's proposed plan of correction and, if the plan is satisfactory,
35 shall so advise the governing body. If the plan is not satisfactory, the
36 department shall advise the governing body that it deems the plan inade-
37 quate and propose an alternative plan. Within 30 days thereafter the
38 governing body shall report its assent to the department's plan or request
39 a hearing before the Nevada tax commission. This hearing must be held
40 within 30 days of such request and the determination of the Nevada
41 tax commission is final.

42 3. If the executive director determines that the plan established is
43 not being complied with, he must, through the office of the attorney gen-
44 eral, seek a writ from a court of competent jurisdiction to compel the
45 correction of the violation.

46 SEC. 8. If a local government provides a fund for self-insurance of
47 property, for any form of insurance for the benefit of its employees, or
48 for any other risk that it is permitted by law to assume, the reserves or
49 balance of a fund thus provided must not be expended for any purpose
50 other than that for which the fund was established, except that when the

1 governing body deems the reserve or balance to be no longer required,
2 either in whole or in part, it may apply to the department of taxation for
3 authority to transfer the excess balance to the general fund of the local
4 government. Money so transferred is not available as a basis for augmen-
5 tation of the local government's budget during the year of transfer.

6 SEC. 9. NRS 354.470 is hereby amended to read as follows:

7 354.470 NRS 354.470 to 354.626, inclusive, and sections 2 to 8,
8 inclusive, of this act, may be cited as the Local Government Budget Act.

9 SEC. 10. NRS 354.598 is hereby amended to read as follows:

10 354.598 1. At the time and place advertised for public hearing, or
11 at any time and place to which the public hearing is from time to time
12 adjourned, the governing body shall hold a public hearing on the tenta-
13 tive budget, at which time interested persons [shall] must be given an
14 opportunity to be heard.

15 2. At the public hearing, the governing body shall indicate changes,
16 if any, to be made in the tentative budget, and shall adopt a final budget
17 by the favorable votes of a majority of all members of the governing
18 body. The final budget must be adopted on or before May 1 of each
19 year. Should the governing body fail to adopt a final budget that com-
20 plies with the requirements of law and the regulations of the department
21 of taxation on or before the required date, the budget adopted and
22 approved by the department of taxation for the current year, adjusted
23 as to content and rate in such manner as the department of taxation may
24 consider necessary, automatically becomes the budget for the ensuing
25 fiscal year. When a budget has been so adopted by default, the govern-
26 ing body may not reconsider the budget without the express approval
27 of the department of taxation. [If such a default budget exceeds the
28 expenditure permitted by NRS 354.5981, the Nevada tax commission
29 shall reduce the total expenditure to the permitted amount.] If the default
30 budget creates a combined ad valorem tax rate in excess of the limit
31 imposed by NRS 361.453, the Nevada tax commission shall adjust the
32 budget as provided in NRS 361.455.

33 3. The final budget must be certified by a majority of all members of
34 the governing body and a copy of it, together with an affidavit of proof of
35 publication of the notice of the public hearing, must be transmitted to
36 the Nevada tax commission. If a tentative budget is adopted by default as
37 provided in subsection 2, the clerk of the governing body shall certify the
38 budget and transmit to the Nevada tax commission a copy of the budget,
39 together with an affidavit of proof of the notice of the public hearing, if
40 that notice was published. Certified copies of the final budget must be
41 distributed as determined by the department of taxation.

42 4. Upon the adoption of the final budget or the amendment of the
43 budget in accordance with NRS 354.606, the several amounts stated in
44 it as proposed expenditures are appropriated for the purposes indicated
45 in the budget.

46 5. No governing body may adopt any budget which appropriates for
47 any fund any amount in excess of the budget resources of that fund.

48 SEC. 11. NRS 354.599 is hereby amended to read as follows:

49 354.599 1. In any year in which the legislature by law increases or
50 decreases the revenues of a local government, and that increase or

1 decrease was not included or anticipated in the local government's final
2 budget as adopted pursuant to NRS 354.598, the governing body of any
3 such local government may, before July 15 of the budget year, file an
4 amended budget with the department of taxation increasing or decreasing
5 its anticipated revenues and expenditures from that contained in its final
6 budget to the extent of the actual increase or decrease of revenues result-
7 ing from the legislative action.

8 2. In any year in which the legislature enacts a law requiring an
9 increase or decrease in expenditures of a local government, which was
10 not anticipated or included in its final budget as adopted pursuant to
11 NRS 354.598, the governing body of any such local government may,
12 before July 15 of the budget year, file an amended budget with the
13 department of taxation providing for an increase or decrease in expendi-
14 tures from that contained in its final budget to the extent of the actual
15 amount made necessary by the legislative action.

16 3. The amended budget, as approved by the department of taxation,
17 is the budget of the local government for the current fiscal year.

18 [4. The provisions of this section do not increase the permissible
19 expenditure of a local government from its general fund.]

20 SEC. 12. NRS 354.615 is hereby amended to read as follows:

21 354.615 1. If resources actually available during a budget period
22 exceed those estimated, a local government may augment a budget in the
23 manner provided below:

24 (a) If it is desired to augment the appropriations of an appropriation
25 fund, the governing body shall, by majority vote of all members of the
26 governing body, adopt a resolution reciting the appropriations to be aug-
27 mented, and the nature of the unbudgeted resources intended to be used
28 for the augmentation.

29 (b) Before the adoption of [such] the resolution, the governing body
30 shall publish notice of its intention to act thereon in a newspaper of
31 general circulation in the county for at least one publication. No vote
32 may be taken upon [such a] the resolution until 10 days after the
33 publication of the notice.

34 (c) If it is desired to augment the budget of any other fund, the gov-
35 erning body shall adopt, by majority vote of all members of the governing
36 body, a resolution providing therefor at a regular meeting of the body.

37 2. A budget augmentation becomes effective upon delivery to the
38 department of taxation of a certified copy of the resolution providing
39 therefor.

40 [3. A governing body shall not increase the budgeted expenditures
41 from its general fund beyond the amount permitted by NRS 354.5981.]

42 SEC. 13. NRS 354.624 is hereby amended to read as follows:

43 354.624 1. Each local government shall provide for an annual audit
44 of all funds and separate accounts in banks or savings and loan associa-
45 tions, established under NRS 354.603, of that local government, and may
46 provide for more frequent audits as it deems necessary. Each annual
47 audit [shall] must be concluded and the audit report submitted to the
48 governing body as provided in subsection 4 not later than 5 months from
49 the close of the fiscal year for which the audit is conducted. An exten-
50 sion of this time may be granted by the department of taxation to any

1 local government which makes application for such extension. If the
2 local government fails to provide for an audit in accordance with the
3 provisions of this section, the department of taxation shall cause such
4 audit to be made at the expense of the local government. All audits
5 **[shall] must** be made by a public accountant certified or registered or by
6 a partnership registered under the provisions of chapter 628 of NRS.

7 2. The governing body may, without requiring competitive bids, des-
8 ignate **[such] the** accountant or firm annually. The accountant or firm
9 **[shall] must** be designated not later than 3 months **[prior to]** *before* the
10 close of the fiscal year for which the audit is to be made.

11 3. Each annual audit **[shall] must** cover the business of the local
12 government during the full fiscal year. It **[shall] must** be a comprehen-
13 sive audit of the affairs of the local government, including comment on
14 the balance sheets accounts, results of operations, compliance with
15 statutes and regulations, recommendations for improvements, and any
16 other comments deemed pertinent by the auditor, and including his
17 expression of opinion as to the adequacy of the financial presentation.
18 The form of the financial statements **[shall] must** be prescribed by the
19 department of taxation, and the chart of accounts **[shall] must** be as
20 nearly as possible the same as that used in the preparation and publica-
21 tion of the annual budget. The audit **[shall] report must** compare
22 operations of the local government with the approved budget **[.**
23 **Included shall be]** *and include* a statement from the auditor that pre-
24 viously noted deficiencies in operations and previously made recom-
25 mendations for improvements contained in previous audit reports have
26 been acted upon by adoption as recommended, adoption with modifi-
27 cations, or rejection.

28 4. The recommendation and the summary of the narrative comments
29 of the audit report **[shall] must** be read in full at a meeting of the
30 governing body held not more than 15 days after the report is sub-
31 mitted **[.] to it**. Immediately thereafter, the entire audit report **[shall]** ,
32 *together with any related letter to the governing body required by gen-
33 erally accepted auditing standards or by regulations adopted pursuant to
34 NRS 354.594, must* be filed as a public record with:

- 35 (a) The clerk or secretary of the governing body;
36 (b) The county clerk; *and*
37 (c) The department of taxation; *and*
38 (d) In the case of school districts, the **[state]** department of educa-
39 tion.

40 5. The governing body shall act upon the audit recommendations
41 *within 6 months following receipt of the audit report, except as prompter
42 action is required concerning violations of law or regulation, by setting
43 forth in its minutes its intention to adopt the recommendations, to adopt
44 them with modifications or to reject them for reasons shown in the min-
45 utes. [Such action shall be taken within 6 months following receipt of the
46 audit.]*

47 SEC. 14. Chapter 279 of NRS is hereby amended by adding thereto a
48 new section which shall read as follows:

49 *Any redevelopment plan may contain a provision for the issuance of*

1 *bonds payable from taxes ad valorem levied for the support of the agency*
 2 *upon taxable property in the redevelopment area.*

3 SEC. 15. NRS 279.460 is hereby amended to read as follows:

4 279.460 1. Each redevelopment agency exercises governmental func-
 5 tions and has the powers prescribed in NRS 279.382 to 279.680, inclu-
 6 sive.

7 2. *If the redevelopment plan contains the provision authorized by*
 8 *section 14 of this act, the agency constitutes a separate political subdivi-*
 9 *sion of this state for the purpose of taxation.*

10 SEC. 16. NRS 279.636 is hereby amended to read as follows:

11 279.636 1. An agency may issue such types of bonds as it may deter-
 12 mine, including bonds on which the principal and interest are payable:

13 (a) Exclusively from the income and revenues of the redevelopment
 14 projects financed with the proceeds of the bonds, or with such proceeds
 15 together with financial assistance from the state or Federal Government
 16 in aid of the projects.

17 (b) Exclusively from the income and revenues of certain designated
 18 redevelopment projects whether or not they were financed in whole or in
 19 part with the proceeds of the bonds.

20 (c) In whole or in part from taxes allocated to, and paid into a special
 21 fund of, the agency pursuant to the provisions of NRS 279.674 to 279.-
 22 680, inclusive.

23 (d) *In whole or in part from taxes levied for the support of the agency.*

24 (e) From its revenues generally.

25 ~~[(e)]~~ (f) From any contributions or other financial assistance from
 26 the state or Federal Government.

27 ~~[(f)]~~ (g) By any combination of these methods.

28 2. Any of such bonds may be additionally secured by a pledge of any
 29 revenues or by an encumbrance by mortgage, deed of trust or otherwise
 30 of any redevelopment project or other property of the agency or by a
 31 pledge of the taxes referred to in subsection 1.

32 3. *Bonds payable from taxes levied for the support of the agency may*
 33 *be additionally secured by a pledge of the full faith and credit of the*
 34 *community whose legislative body has declared the need for the agency to*
 35 *function. Each such legislative body is hereby empowered to make this*
 36 *pledge.*

37 SEC. 17. NRS 279.638 is hereby amended to read as follows:

38 279.638 1. Neither the members of an agency nor any persons exe-
 39 cuting the bonds are liable personally on the bonds by reason of their
 40 issuance.

41 2. ~~[(The)]~~ *Unless the full faith and credit of a community is pledged,*
 42 *the bonds and other obligations of any agency are not a debt of the*
 43 *community, the state or any of its political subdivisions and neither the*
 44 *community, the state nor any of its political subdivisions is liable on*
 45 *them, nor in any event shall the bonds or obligations be payable out of*
 46 *any funds or properties other than those of the agency; and such bonds*
 47 *and other obligations shall so state on their face. [(The)]* *Unless the full*
 48 *faith and credit of a community is pledged, the bonds do not constitute*
 49 *an indebtedness within the meaning of any constitutional or statutory*
 50 *debt limitation or restriction.*

1 SEC. 18. NRS 369.173 is hereby amended to read as follows:
 2 369.173 The state controller shall distribute, on a monthly basis,
 3 five-nineteenths of that portion of the moneys collected during the pre-
 4 ceding month under NRS 369.330 which is derived from the tax on
 5 liquor containing more than 22 percent of alcohol by volume among
 6 [Carson City and the counties of this state in proportion to their respec-
 7 tive populations as determined by the last preceding national census of
 8 the Bureau of the Census of the United States Department of Commerce
 9 and shall apportion such moneys within the counties as follows:

10 1. If there are no incorporated cities within the county, the entire
 11 amount shall go into the county treasury.

12 2. If there is one incorporated city within the county the money
 13 shall be apportioned between the city and the county on the basis of the
 14 population of such city and the population of such county excluding the
 15 population of such city, as determined by the last preceding national
 16 census of the Bureau of the Census of the United States Department of
 17 Commerce.

18 3. If there are two or more incorporated cities within the county, the
 19 entire amount shall be apportioned among such cities in proportion to
 20 their respective populations as determined by the last preceding national
 21 census of the Bureau of the Census of the United States Department of
 22 Commerce.

23 In Carson City the entire amount shall go into the city treasury.] *the*
 24 *counties and the cities within them in the following percentages respec-*
 25 *tively:*

<i>Political</i>	<i>Percentage</i>
<i>Subdivision</i>	
28 Carson City.....	3.16
29 Churchill County.....	1.55
30 Fallon.....	0.61
31 Clark County.....	None
32 Boulder City.....	1.59
33 Henderson.....	4.99
34 Las Vegas.....	38.30
35 North Las Vegas.....	11.04
36 Douglas County.....	1.42
37 Elko County.....	None
38 Carlin.....	0.37
39 Elko.....	2.17
40 Wells.....	.31
41 Esmeralda County.....	.13
42 Eureka County.....	.19
43 Humboldt County.....	.57
44 Winnemucca.....	.73
45 Lander County.....	.55
46 Lincoln County.....	.34
47 Caliente.....	.19
48 Lyon County.....	1.27
49 Yerington.....	.41
50 Mineral County.....	1.44

	<i>Political Subdivision</i>	<i>Percentage</i>
1		
2		
3	<i>Nye County</i>	<i>97</i>
4	<i>Gabbs</i>	<i>18</i>
5	<i>Pershing County</i>	<i>22</i>
6	<i>Lovelock</i>	<i>32</i>
7	<i>Storey County</i>	<i>14</i>
8	<i>Washoe County</i>	<i>None</i>
9	<i>Reno</i>	<i>18.60</i>
10	<i>Sparks</i>	<i>6.17</i>
11	<i>White Pine County</i>	<i>81</i>
12	<i>Ely</i>	<i>1.26</i>

13 **SEC. 19. NRS 370.260 is hereby amended to read as follows:**
14 **370.260 1. All taxes and license fees imposed by this chapter, less**
15 **any refunds granted as provided by law, [shall] must be paid to the**
16 **department in the form of remittances payable to the department.**

17 **2. The department shall:**

18 **(a) As compensation to the state for the costs of collecting the taxes**
19 **and license fees, transmit on a monthly basis such sum as the legislature**
20 **[shall specify] specifies from the remittances made to it pursuant to sub-**
21 **section 1 during the preceding month to the state treasurer, who shall**
22 **deposit [the same] it to the credit of the department. [Such deposited**
23 **moneys shall] The money so deposited must be expended by the depart-**
24 **ment in accordance with its work program established pursuant to law.**

25 **(b) Transmit the balance of such payments each month to the state**
26 **treasurer to be deposited in the state treasury to the credit of the cigarette**
27 **tax fund.**

28 **(c) Report to the state controller monthly the amount of collections.**

29 **3. The money in the cigarette tax fund is hereby appropriated to**
30 **[Carson City and to each of the counties in proportion to their respective**
31 **populations as determined by the last preceding national census of the**
32 **Bureau of the Census of the United States Department of Commerce;**
33 **the amount in such fund which was collected during the preceding month**
34 **shall be apportioned and distributed by the state treasurer as follows:**

35 **(a) In counties having a population of 5,000 or more:**

36 **(1) If there are no incorporated cities within the county, the entire**
37 **amount shall go into the county treasury.**

38 **(2) If there is one incorporated city within the county the money**
39 **shall be apportioned between the city and the county on the basis of the**
40 **population of such city and the population of such county excluding the**
41 **population of such city, as determined by the last preceding national cen-**
42 **sus of the Bureau of the Census of the United States Department of Com-**
43 **merce.**

44 **(3) If there are two or more incorporated cities within the county,**
45 **the entire amount shall be apportioned among such cities in proportion**
46 **to their respective populations as determined by the last preceding**
47 **national census of the Bureau of the Census of the United States Depart-**
48 **ment of Commerce.**

49 **(b) In counties having a population of less than 5,000:**

1 (1) If there are no incorporated cities or unincorporated towns
2 within the county, the entire amount shall go into the county treasury.

3 (2) If there is one incorporated city or one unincorporated town
4 within the county the money shall be apportioned between the city or
5 town and the county on the basis of the population of such city or town
6 and the population of such county excluding the population of such city
7 or town, as determined by the last preceding national census of the
8 Bureau of the Census of the United States Department of Commerce,
9 regardless of the form of government of such city or town at the time such
10 census was conducted.

11 (3) If there are two or more incorporated cities or unincorporated
12 towns or an incorporated city and an unincorporated town within the
13 county, the entire amount shall be apportioned among such cities or
14 towns in proportion to their respective populations as determined by the
15 last preceding national census of the Bureau of the Census of the United
16 States Department of Commerce, regardless of the form of government of
17 such city or town at the time such census was conducted.

18 (c) In Carson City the entire amount shall go into the city treasury.

19 4. For the purposes of this section, "unincorporated town" means
20 only those towns governed by the town boards organized pursuant to
21 NRS 269.016 to 269.019, inclusive.] *the counties and the cities within*
22 *them in the following percentages respectively:*

<i>Political</i>	<i>Percentage</i>
<i>Subdivision</i>	
24 Carson City.....	3.16
25 Churchill County.....	1.55
26 Fallon.....	.61
27 Clark County.....	None
28 Boulder City.....	1.59
29 Henderson.....	4.99
30 Las Vegas.....	38.30
31 North Las Vegas.....	11.04
32 Douglas County.....	1.42
33 Elko County.....	None
34 Carlin.....	.37
35 Elko.....	2.17
36 Wells.....	.31
37 Esmeralda County.....	.13
38 Eureka County.....	.19
39 Humboldt County.....	.57
40 Winnemucca.....	.73
41 Lander County.....	.55
42 Lincoln County.....	.34
43 Caliente.....	.19
44 Lyon County.....	1.27
45 Yerington.....	.41
46 Mineral County.....	1.44
47 Nye County.....	.97
48 Gabbs.....	.18

1	Political	Percentage
2	Subdivision	
3	Pershing County.....	.22
4	Lovelock.....	.32
5	Storey County.....	.14
6	Washoe County.....	None
7	Reno.....	18.60
8	Sparks.....	6.17
9	White Pine County.....	.81
10	Ely.....	1.26

11 SEC. 20. Chapter 377 of NRS is hereby amended by adding thereto
 12 a new section which shall read as follows:

13 *The state controller, acting upon the collection data furnished by the*
 14 *department, shall monthly distribute that portion of the amount remain-*
 15 *ing, after the state's compensation is transferred to the state general fund,*
 16 *which derives from that portion of the tax levied at the rate of one-half*
 17 *of 1 percent among the counties and the cities within them in the follow-*
 18 *ing percentages respectively:*

19	Political	Percentage
20	Subdivision	
21	Carson City.....	3.16
22	Churchill County.....	1.55
23	Fallon.....	.61
24	Clark County.....	None
25	Boulder City.....	1.59
26	Henderson.....	4.99
27	Las Vegas.....	38.30
28	North Las Vegas.....	11.04
29	Douglas County.....	1.42
30	Elko County.....	None
31	Carlin.....	.37
32	Elko.....	2.17
33	Wells.....	.31
34	Esmeralda County.....	.13
35	Eureka County.....	.19
36	Humboldt County.....	.57
37	Winnemucca.....	.73
38	Lander County.....	.55
39	Lincoln County.....	.34
40	Caliente.....	.19
41	Lyon County.....	1.27
42	Yerington.....	.41
43	Mineral County.....	1.44
44	Nye County.....	.97
45	Gabbs.....	.18
46	Pershing County.....	.22
47	Lovelock.....	.32
48	Storey County.....	.14

1	<i>Political</i>	
2	<i>Subdivision</i>	<i>Percentage</i>
3	<i>Washoe County</i>	<i>None</i>
4	<i>Reno</i>	<i>18.60</i>
5	<i>Sparks</i>	<i>6.17</i>
6	<i>White Pine County</i>	<i>.81</i>
7	<i>Ely</i>	<i>1.26</i>

8 SEC. 21. NRS 377.050 is hereby amended to read as follows:

9 377.050 1. All fees, taxes, interest and penalties imposed and all
10 amounts of tax required to be paid to counties under this chapter [shall]
11 *must* be paid to the department in the form of remittances made payable
12 to the department.

13 2. The department shall [transmit] *deposit* the payments [to] *with*
14 the state treasurer [to be deposited in the state treasury to the credit of]
15 *for credit to the city-county relief tax fund which is hereby created.*

16 3. The state controller, acting upon the collection data furnished by
17 the department, shall monthly [

18 (a) Transfer] *transfer* from the city-county relief tax fund 1 percent
19 of all fees, taxes, interests and penalties collected in each county during
20 the preceding month to the *state general fund* [in the state treasury] as
21 compensation to the state for the cost of collecting the tax for the coun-
22 ties.

23 [(b) Determine for each county an amount of money equal to the
24 sum of:

25 (1) Any fees, taxes, interest and penalties collected in that county
26 pursuant to this chapter during the preceding month, less the amount
27 transferred to the general fund of the state pursuant to paragraph (a) of
28 this subsection; and

29 (2) That portion of the total amount of taxes collected pursuant to
30 this chapter during the preceding month from out-of-state businesses not
31 maintaining a fixed place of business within this state which the popula-
32 tion of that county bears to the total population of all counties which
33 have in effect a city-county relief tax ordinance.

34 (c) Remit the amount determined for each county in the following
35 manner:

36 (1) If there is one incorporated city in the county, apportion such
37 moneys between the city and the county general fund in proportion to
38 the respective populations of the city and the unincorporated area of the
39 county.

40 (2) If there are two or more cities in the county, apportion all such
41 moneys among the cities in proportion to their respective populations.

42 (3) If there are no incorporated cities in the county, remit the entire
43 amount to the county treasurer for deposit in the county general fund.

44 4. The provisions of subsection 3 do not apply to Carson City, where
45 the treasurer shall deposit the entire amount determined to the city and
46 received from the state controller in the general fund.

47 5. Population shall be determined by the last preceding national cen-
48 sus of the Bureau of the Census of the United States Department of
49 Commerce.]

1 SEC. 22. NRS 354.5981, 354.5983, 354.5985 and 370.330 are
2 hereby repealed.

3 SEC. 23. 1. Section 24 of Assembly Bill No. 369 is hereby amended
4 to read as follows:

5 Sec. 24. Chapter 377 of NRS is hereby amended by adding
6 thereto the provisions set forth as section 26 of this act.

7 2. Sections 23 and 25 of Assembly Bill No. 369 are hereby
8 repealed.

9 SEC. 24. 1. The executive director of the department of taxation
10 shall provide his estimate of the amount which each local government
11 is to receive from the supplemental city-county relief tax to that local
12 government as soon as feasible after the passage and approval of this act.

13 2. For the fiscal year beginning July 1, 1981, the combined amount
14 to be received by a local government from the supplemental city-county
15 relief tax and taxes ad valorem must not exceed the smaller of:

16 (a) The product calculated pursuant to paragraph (a) of subsection 1
17 of section 3 of this act; or

18 (b) One hundred and fifteen percent of its total receipts from taxes
19 ad valorem during the fiscal year beginning July 1, 1980, except taxes
20 levied for debt service.

21 SEC. 25. Any city in which a redevelopment agency has issued and
22 sold bonds to whose payment a portion of the taxes collected upon prop-
23 erty in a redevelopment project has been pledged pursuant to NRS 279.-
24 676 may, with the consent of the holder or holders of those bonds:

25 1. Amend its ordinance adopting the redevelopment plan and require
26 the agency to amend its resolution authorizing the issuance of the bonds
27 so as to make them payable from taxes levied for the support of the
28 agency; and

29 2. Pledge the full faith and credit of the city as additional security
30 for the payment of the bonds.

31 The methods of payment authorized by this section apply to both princi-
32 pal and interest.

33 SEC. 26. The legislature declares that this bill, Senate Bill No. 69
34 and Assembly Bill No. 369 constitute an integrated plan for the relief
35 of the residents of this state from excessive property taxes while pro-
36 viding revenue for the necessary services of local government, that their
37 provisions are not severable. If any provision of any of these bills which
38 becomes law, or the application thereof to any person, thing or circum-
39 stance is held invalid, the other provisions of each of these bills become
40 ineffective, and all statutes repealed by any of these bills are revived.

41 SEC. 27. 1. This section and sections 23 to 26, inclusive, of this act
42 shall become effective upon passage and approval.

43 2. Sections 1 to 22, inclusive, of this act shall become effective upon
44 passage and approval for the purposes of preparing budgets and calculat-
45 ing levies.

46 3. For all other purposes, sections 1 to 22, inclusive, of this act shall
47 become effective July 1, 1981.

EXHIBIT G-3

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 369

ASSEMBLY BILL NO. 369—COMMITTEE ON TAXATION

MARCH 18, 1981

Referred to Committee on Taxation

SUMMARY—Increases rate of local school support tax and city-county relief tax and provides for adjustment of certain property valuations. (BDR 32-1834)

FISCAL NOTE: Effect on Local Government: Yes.
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 taxation; increasing the rate of the local school support tax and the city-county relief tax; requiring monthly collection of sales and related taxes; fixing the rate of property tax for the operation of public schools; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 372.355 is hereby amended to read as follows:
2 372.355 ~~["The"]~~ *Except as provided in NRS 372.380, the taxes*
3 *imposed by this chapter are payable to the department ["quarterly]*
4 *monthly on or before the last day of the month next succeeding each*
5 *["quarterly period."] month.*
6 SEC. 2. NRS 372.360 is hereby amended to read as follows:
7 372.360 1. On or before the last day of the month following each
8 ~~["quarterly period of 3 months,"]~~ *reporting period, a return for the preced-*
9 *ing ["quarterly"] period must be filed with the department in such form as*
10 *the department may prescribe.*
11 2. For purposes of the sales tax a return must be filed by each seller.
12 For purposes of the use tax a return must be filed by each retailer main-
13 taining a place of business in the state and by each person purchasing
14 tangible personal property, the storage, use or other consumption of
15 which is subject to the use tax, who has not paid the use tax due to a
16 retailer required to collect the tax.
17 3. Returns must be signed by the person required to file the return
18 or by his ~~["duly"]~~ authorized agent but need not be verified by oath.
19 SEC. 2.5. NRS 372.380 is hereby amended to read as follows:
20 372.380 The department, if it deems ~~["it"]~~ *this action necessary in*
21 *order to insure payment to or facilitate the collection by the state of the*
22 *amount of taxes, may require returns and payment of the amount of taxes*

1 for [quarterly] periods other than calendar [quarters,] months, depend-
2 ing upon the principal place of business of the seller, retailer or purchaser,
3 as the case may be, or for other than [quarterly] monthly periods.

4 SEC. 3. NRS 372.405 is hereby amended to read as follows:

5 372.405 The amount of the determination, exclusive of penalties,
6 bears interest at the rate of one-half of 1 percent per month, or fraction
7 of a month, from the last day of the month following the [quarterly]
8 period for which the amount or any portion of it should have been
9 returned until the date of payment.

10 SEC. 4. NRS 372.430 is hereby amended to read as follows:

11 372.430 1. Except in the case of fraud, intent to evade this chapter
12 or [authorized regulations issued] regulations adopted under it, a failure
13 to make a return, or of a claim for additional amount pursuant to NRS
14 372.485, every notice of a deficiency determination must be personally
15 served or mailed within 3 years after the last day of the calendar month
16 following the [quarterly] period for which the amount is proposed to be
17 determined or within 3 years after the return is filed, whichever period
18 expires the later. In the case of a failure to make a return, or a claim for
19 additional amount pursuant to NRS 372.485, every notice of determina-
20 tion must be mailed or personally served within 8 years after the last day
21 of the calendar month following the [quarterly] period for which the
22 amount is proposed to be determined.

23 2. The limitation specified in this section does not apply in case of
24 a sales tax proposed to be determined with respect to sales of property
25 for the storage, use or other consumption of which notice of a defi-
26 ciency determination has been or is given pursuant to NRS 372.425,
27 372.455 and 372.465, and to subsection 1 of this section. The limitation
28 specified in this section does not apply in case of an amount of use tax
29 proposed to be determined with respect to storage, use or other con-
30 sumption of property for the sale of which notice of a deficiency deter-
31 mination has been or is given pursuant to NRS 372.425, 372.455 and
32 372.465, and to subsection 1 of this section.

33 3. If, before the expiration of the time prescribed in this section for
34 the mailing of a notice of deficiency determination, the taxpayer has
35 consented in writing to the mailing of the notice after that time, the
36 notice may be mailed at any time before the expiration of the period
37 agreed upon. The period so agreed upon may be extended by subse-
38 quent agreements in writing made before the expiration of the period
39 previously agreed upon.

40 SEC. 5. NRS 372.445 is hereby amended to read as follows:

41 372.445 The amount of the determination, exclusive of penalties,
42 bears interest at the rate of one-half of 1 percent per month, or fraction
43 of a month, from the last day of the month following the [quarterly]
44 period for which the amount or any portion of it should have been
45 returned until the date of payment.

46 SEC. 6. NRS 372.510 is hereby amended to read as follows:

47 372.510 1. The department, whenever it deems it necessary to
48 insure compliance with this chapter, may require any person subject to
49 the chapter to place with it such security as the department may deter-
50 mine. The department shall fix the amount of the security which, except

1 as noted below, may not be greater than [twice the estimated average
2 liability of persons filing returns for quarterly periods or] three times the
3 estimated average liability of persons [required to file] filing returns for
4 monthly periods, determined in such manner as the department deems
5 proper, or \$10,000, whichever amount is the lesser.

6 2. In the case of persons who are habitually delinquent in their obli-
7 gations under this chapter, the amount of the security may not be greater
8 than [three times the average liability of persons filing returns for quar-
9 terly periods or] five times the average liability of persons [required to
10 file] filing returns for monthly periods, or \$10,000, whichever amount is
11 the lesser.

12 3. The limitations provided in this section apply regardless of the type
13 of security placed with the department.

14 4. The amount of the security may be increased or decreased by the
15 department subject to the limitations provided in this section.

16 5. The department may sell the security at public auction if it becomes
17 necessary [so to do in order] to recover any tax or any amount required
18 to be collected, interest or penalty due. Notice of the sale may be served
19 upon the person who placed the security personally or by mail; if by mail,
20 service must be made in the manner prescribed for service of a notice of
21 a deficiency determination and must be addressed to the person at his
22 address as it appears in the records of the department. Security in the
23 form of a bearer bond issued by the United States or the State of Nevada
24 which has a prevailing market price may be sold by the department at a
25 private sale at a price not lower than the prevailing market price.

26 6. Upon any sale any surplus above the amounts due must be
27 returned to the person who placed the security.

28 SEC. 7. NRS 372.635 is hereby amended to read as follows:

29 372.635 1. No refund may be allowed unless a claim for it is filed
30 with the department within 3 years from the last day of the month fol-
31 lowing the close of the [quarterly] period for which the overpayment
32 was made, or, with respect to determinations made under NRS 372.400
33 to 372.455, inclusive, within 6 months after the determinations become
34 final, or within 6 months from the date of overpayment, whichever period
35 expires later.

36 2. No credit may be allowed after the expiration of the period speci-
37 fied for filing claims for refund unless a claim for credit is filed with the
38 department within that period, or unless the credit relates to a period for
39 which a waiver is given pursuant to NRS 372.430.

40 SEC. 8. NRS 372.660 is hereby amended to read as follows:

41 372.660 1. Interest must be paid upon any overpayment of any
42 amount of tax at the rate of one-half of 1 percent per month from the
43 last day of the calendar month following the [quarterly] period for
44 which the overpayment was made. No refund or credit may be made
45 of any interest imposed upon the person making the overpayment with
46 respect to the amount being refunded or credited.

47 2. The interest must be paid:

48 (a) In the case of a refund, to the last day of the calendar month
49 following the date upon which the person making the overpayment, if

1 he has not already filed a claim, is notified by the department that a
2 claim may be filed or the date upon which the claim is certified to the
3 state board of examiners, whichever is earlier.

4 (b) In the case of a credit, to the same date as that to which interest
5 is computed on the tax or amount against which the credit is applied.

6 SEC. 9. NRS 372.775 is hereby amended to read as follows:

7 372.775 In the determination of any case arising under this chapter,
8 the rule of *res judicata* is applicable only if the liability involved is for
9 the same [quarterly] period as was involved in another case previously
10 determined.

11 SEC. 10. NRS 374.110 is hereby amended to read as follows:

12 374.110 For the privilege of selling tangible personal property at
13 retail a tax is hereby imposed upon all retailers at the rate of [1] 1.5
14 percent of the gross receipts of any retailer from the sale of all tangible
15 personal property sold at retail in a county. [on or after July 1, 1967.]

16 SEC. 11. NRS 374.190 is hereby amended to read as follows:

17 374.190 An excise tax is hereby imposed on the storage, use or other
18 consumption in a county of tangible personal property purchased from
19 any retailer [on or after July 1, 1967,] for storage, use or other con-
20 sumption in the county at the rate of [1] 1.5 percent of the sales price of
21 the property.

22 SEC. 12. NRS 374.360 is hereby amended to read as follows:

23 374.360 [The] *Except as provided in NRS 374.385, the taxes*
24 *imposed by this chapter are due and payable to the department [quarter-*
25 *ly] monthly on or before the last day of the month next succeeding*
26 *each [quarterly period.] month.*

27 SEC. 13. NRS 374.365 is hereby amended to read as follows:

28 374.365 1. On or before the last day of the month following each
29 [quarterly period of 3 months,] *reporting period, a return for the preced-*
30 *ing [quarterly period shall] period must be filed with the department in*
31 *such form as the department may prescribe.*

32 2. For purposes of the sales tax a return [shall] *must* be filed by
33 every seller. For purposes of the use tax a return [shall] *must* be filed by
34 every retailer maintaining a place of business in the county and by every
35 person purchasing tangible personal property, the storage, use or other
36 consumption of which is subject to the use tax, who has not paid the use
37 tax due to a retailer required to collect the tax.

38 3. Returns [shall] *must* be signed by the person required to file the
39 return or by his [duly] authorized agent but need not be verified by oath.

40 SEC. 13.5. NRS 374.385 is hereby amended to read as follows:

41 374.385 The department, if it deems [it] *this action* necessary in
42 order to insure payment to or facilitate the collection by the county of the
43 amount of taxes, may require returns and payment of the amount of taxes
44 for [quarterly] periods other than calendar [quarters,] *months, depend-*
45 *ing upon the principal place of business of the seller, retailer or purchaser*
46 *as the case may be, or for other than [quarterly] monthly periods.*

47 SEC. 14. NRS 374.410 is hereby amended to read as follows:

48 374.410 The amount of the determination, exclusive of penalties,
49 [shall bear] *bears* interest at the rate of one-half of 1 percent per month,

1 or fraction [thereof,] of a month, from the last day of the month follow-
2 ing the [quarterly] period for which the amount or any portion [thereof]
3 of it should have been returned until the date of payment.

4 SEC. 15. NRS 374.435 is hereby amended to read as follows:

5 374.435 1. Except in the case of fraud, intent to evade this chapter
6 or [authorized rules and regulations issued thereunder,] the regulations
7 adopted under it, a failure to make a return, or of a claim for additional
8 amount pursuant to NRS 374.490, every notice of a deficiency deter-
9 mination [shall] must be personally served or mailed within 3 years
10 after the last day of the calendar month following the [quarterly] period
11 for which the amount is proposed to be determined or within 3 years after
12 the return is filed, whichever period expires the later. In the case of a
13 failure to make a return, or a claim for additional amount pursuant to
14 NRS 374.490, every notice of determination [shall] must be mailed or
15 personally served within 8 years after the last day of the calendar month
16 following the [quarterly] period for which the amount is proposed to be
17 determined.

18 2. The limitation specified in this section does not apply in case of a
19 sales tax proposed to be determined with respect to sales of property for
20 the storage, use or other consumption of which notice of a deficiency
21 determination has been or is given pursuant to NRS 374.430, 374.460
22 and 374.470, and to subsection 1 of this section. The limitation specified
23 in this section does not apply in case of an amount of use tax proposed to
24 be determined with respect to storage, use or other consumption of prop-
25 erty for the sale of which notice of a deficiency determination has been
26 or is given pursuant to NRS 374.430, 374.460 and 374.470, and to
27 subsection 1 of this section.

28 3. If, before the expiration of the time prescribed in this section for
29 the mailing of a notice of deficiency determination, the taxpayer has con-
30 sented in writing to the mailing of the notice after [such] that time, the
31 notice may be mailed at any time [prior to] before the expiration of the
32 period agreed upon. The period so agreed upon may be extended by sub-
33 sequent agreements in writing made before the expiration of the period
34 previously agreed upon.

35 SEC. 16. NRS 374.450 is hereby amended to read as follows:

36 374.450 The amount of the determination, exclusive of penalties,
37 [shall bear] bears interest at the rate of one-half of 1 percent per month,
38 or fraction [thereof,] of a month, from the last day of the month follow-
39 ing the [quarterly] period for which the amount [,] or any portion
40 [thereof,] of it should have been returned until the date of payment.

41 SEC. 17. NRS 374.515 is hereby amended to read as follows:

42 374.515 1. The department, whenever it deems it necessary to insure
43 compliance with this chapter, may require any person subject [thereto]
44 to the chapter to place with it such security as the department may deter-
45 mine. The amount of the security [shall] must be fixed by the department
46 but, except as noted below, [shall] may not be greater than [twice the
47 estimated average liability of persons filing returns for quarterly periods
48 or] three times the estimated average liability of persons [required to
49 file] filing returns for monthly periods, determined in such manner as the
50 department deems proper, or \$5,000, whichever amount is the lesser.

1 2. In case of persons habitually delinquent in their obligations under
2 this chapter, the amount of the security [shall] *must* not be greater than
3 [three times the average liability of persons filing returns for quarterly
4 periods or] five times the average liability of persons [required to file]
5 filing returns for monthly periods, or \$5,000, whichever amount is the
6 lesser.

7 3. The limitations [herein] provided in this section apply regardless
8 of the type of security placed with the department.

9 4. The amount of the security may be increased or decreased by the
10 department subject to the limitations [herein provided.] in this section.

11 5. The department may sell the security at public auction if it
12 becomes necessary [so to do in order] to recover any tax or any
13 amount required to be collected, interest or penalty due. Notice of the
14 sale may be served upon the person who placed the security personally
15 or by mail; if by mail, service [shall] *must* be made in the manner pre-
16 scribed for service of a notice of a deficiency determination and [shall]
17 *must* be addressed to the person at his address as it appears in the rec-
18 ords of the department. Security in the form of a bearer bond issued by
19 the United States or the State of Nevada which has a prevailing market
20 price may [, however,] be sold by the department at a private sale at a
21 price not lower than the prevailing market price. [thereof.]

22 6. Upon any sale any surplus above the amounts due [shall] *must*
23 be returned to the person who placed the security.

24 SEC. 18. NRS 374.640 is hereby amended to read as follows:

25 374.640 1. No refund [shall] *may* be allowed unless a claim
26 [thereof] for it is filed with the department within 3 years from the last
27 day of the month following the close of the [quarterly] period for which
28 the overpayment was made, or, with respect to determinations made
29 under NRS 374.405 to 374.460, inclusive, within 6 months after the
30 determinations become final, or within 6 months from the date of over-
31 payment, whichever period expires [the] later.

32 2. No credit [shall] *may* be allowed after the expiration of the
33 period specified for filing claims for refund unless a claim for credit is
34 filed with the department within [such] that period, or unless the credit
35 relates to a period for which a waiver is given pursuant to NRS 374.435.

36 SEC. 19. NRS 374.665 is hereby amended to read as follows:

37 374.665 1. Interest [shall] *must* be paid upon any overpayment of
38 any amount of tax at the rate of one-half of 1 percent per month from the
39 last day of the calendar month following the [quarterly] period for which
40 the overpayment was made; but no refund or credit [shall] *may* be made
41 of any interest imposed upon the person making the overpayment with
42 respect to the amount being refunded or credited.

43 2. The interest [shall] *must* be paid as follows:

44 (a) In the case of a refund, to the last day of the calendar month fol-
45 lowing the date upon which the person making the overpayment, if he
46 has not already filed a claim, is notified by the department that a claim
47 may be filed or the date upon which the claim is certified to the board of
48 county commissioners, whichever date is [the] earlier.

49 (b) In the case of a credit, to the same date as that to which interest is
50 computed on the tax or amount against which the credit is applied.

1 SEC. 20. NRS 374.780 is hereby amended to read as follows:
2 374.780 In the determination of any case arising under this chapter,
3 the rule of res judicata is applicable only if the liability involved is for the
4 same [quarterly] period as was involved in another case previously deter-
5 mined.

6 SEC. 21. NRS 377.030 is hereby amended to read as follows:

7 377.030 [1. Upon petition by the majority of the governing body of
8 each city within a county, the] 1. The board of county commissioners
9 shall enact an ordinance imposing a city-county relief tax. [The board
10 shall not enact such ordinance unless all cities within the county so peti-
11 tion.

12 2. The board of supervisors of Carson City may on its own motion
13 enact an ordinance imposing a city-county relief tax.

14 3. The board of county commissioners of a county having no incor-
15 porated cities may on its own motion enact an ordinance imposing a city-
16 county relief tax.

17 4. Any] 2. The ordinance enacted pursuant to this section [shall]
18 must provide that the city-county relief tax [shall] be imposed on the
19 first day of the first [calendar quarter] month following the effective date
20 of the ordinance. [, or on July 1, 1969, whichever is later.

21 5. An ordinance so enacted shall not be repealed, except by the
22 board of supervisors of Carson City, unless a majority of the govern-
23 ing body of each city within the county petitions for its repeal. In the case
24 of an ordinance adopted pursuant to subsection 3, the provisions thereof
25 may be repealed by proper action of the board of county commis-
26 sioners.]

27 SEC. 22. NRS 377.040 is hereby amended to read as follows:

28 377.040 [Any] The city-county relief tax ordinance enacted under
29 this chapter [shall] must include provisions in substance as follows:

30 1. A provision imposing a tax upon retailers at the rate of [one-half
31 of 1] 1.75 percent of the gross receipts of any retailer from the sale of all
32 tangible personal property sold at retail, or stored, used or otherwise con-
33 sumed, in a county.

34 2. Provisions substantially identical to those of the Local School Sup-
35 port Tax Law, insofar as applicable.

36 3. A provision that all amendments to the provisions of the Local
37 School Support Tax Law subsequent to the date of enactment of the
38 ordinance, not inconsistent with this chapter, [shall] automatically
39 become a part of the city-county relief tax ordinance of the county.

40 4. A provision that the county shall contract [prior to] before the
41 effective date of the city-county relief tax ordinance with the department
42 to perform all functions incident to the administration or operation of
43 the city-county relief tax.

44 SEC. 23. NRS 377.050 is hereby amended to read as follows:

45 377.050 1. All fees, taxes, interest and penalties imposed and all
46 amounts of tax required to be paid to counties under this chapter [shall]
47 must be paid to the department in the form of remittances made payable
48 to the department.

49 2. The department shall [transmit] deposit the payments [to] with

1 the state treasurer [to be deposited in the state treasury to the credit of]
2 for credit to the city-county relief tax fund which is hereby created.

3 3. The state controller, acting upon the collection data furnished by
4 the department, shall monthly [:

5 (a) Transfer] transfer from the city-county relief tax fund 1 percent
6 of all fees, taxes, interests and penalties collected in each county during
7 the preceding month to the state general fund [in the state treasury] as
8 compensation to the state for the cost of collecting the tax for the
9 counties.

10 [(b) Determine for each county an amount of money equal to the
11 sum of:

12 (1) Any fees, taxes, interest and penalties collected in that county
13 pursuant to this chapter during the preceding month, less the amount
14 transferred to the general fund of the state pursuant to paragraph (a)
15 of this subsection; and

16 (2) That portion of the total amount of taxes collected pursuant to
17 this chapter during the preceding month from out-of-state businesses not
18 maintaining a fixed place of business within this state which the popula-
19 tion of that county bears to the total population of all counties which
20 have in effect a city-county relief tax ordinance.

21 (c) Remit the amount determined for each county in the following
22 manner:

23 (1) If there is one incorporated city in the county, apportion such
24 moneys between the city and the county general fund in proportion to the
25 respective populations of the city and the unincorporated area of the
26 county.

27 (2) If there are two or more cities in the county, apportion all such
25 moneys among the cities in proportion to their respective populations.

29 (3) If there are no incorporated cities in the county, remit the entire
30 amount to the county treasurer for deposit in the county general fund.

31 4. The provisions of subsection 3 do not apply to Carson City, where
32 the treasurer shall deposit the entire amount determined to the city and
33 received from the state controller in the general fund.

34 5. Population shall be determined by the last preceding national census
35 of the Bureau of the Census of the United States Department of
36 Commerce.]

37 SEC. 24. Chapter 377 of NRS is hereby amended by adding thereto
38 the provisions set forth as sections 25 and 26 of this act.

39 SEC. 25. 1. The state controller, acting upon the collection data fur-
40 nished by the department, shall monthly:

41 (a) Determine for each county an amount of money equal to the sum of:

42 (1) Any fees and any taxes, interest and penalties which derive from
43 that portion of the tax levied at the rate of one-half of 1 percent collected
44 in that county pursuant to this chapter during the preceding month, less
45 the amount transferred to the state general fund pursuant to subsection 3
46 of NRS 377.050; and

47 (2) That proportion of the total amount of taxes which derive from
48 that portion of the tax levied at the rate of one-half of 1 percent collected
49 pursuant to this chapter during the preceding month from out-of-state
50 businesses not maintaining a fixed place of business within this state which

1 the population of that county bears to the total population of all counties
2 which have in effect a city-county relief tax ordinance.

3 (b) Remit the amount determined for each county in the following man-
4 ner:

5 (1) If there is one incorporated city in the county, apportion the
6 money between the city and the county general fund in proportion to
7 the respective populations of the city and the unincorporated area of the
8 county.

9 (2) If there are two or more cities in the county, apportion all such
10 money among the cities in proportion to their respective populations.

11 (3) If there are no incorporated cities in the county, remit the entire
12 amount to the county treasurer for deposit in the county general fund.

13 2. The provisions of paragraph (b) of subsection 1 do not apply to
14 Carson City, where the treasurer shall deposit the entire amount deter-
15 mined to the city and received from the state controller in the general
16 fund.

17 SEC. 26. 1. The state controller, acting upon the relevant information
18 furnished by the department, shall monthly from the fees, taxes, interest
19 and penalties which derive from that portion of the tax levied at the rate
20 of 1.25 percent collected in all counties and from out-of-state businesses
21 during the preceding month:

22 (a) Distribute \$425,000 equally among all counties, except that no
23 county may receive more than its basic ad valorem revenue.

24 (b) Distribute the remainder among the counties in the proportion
25 which each county's basic ad valorem revenue bears to the total basic ad
26 valorem revenue of all the counties, except that no county may receive
27 under paragraph (a) and this paragraph more than its basic ad valorem
28 revenue.

29 2. Each county treasurer shall apportion the money distributed to his
30 county among the several local governments in the county, including the
31 county itself and excluding the school district, in the proportion which
32 each local government's basic ad valorem revenue bears to the total
33 basic ad valorem revenue of all these local governments.

34 3. As used in this section, the "basic ad valorem revenue:"

35 (a) Of each local government is its assessed valuation for the year of
36 distribution, multiplied by the rate levied on its behalf for the fiscal year
37 ending June 30, 1981, for purposes other than paying the interest on
38 and principal of its general obligations.

39 (b) Of the county for the distribution under subsection 1 is the sum of
40 its individual basic ad valorem revenue and those of the other local
41 governments within it, excluding the school district.

42 SEC. 27. NRS 118.165 is hereby amended to read as follows:

43 118.165 1. Unless exempted by subsection 3, every landlord of real
44 property leased or otherwise rented to a tenant shall deliver to the tenant
45 in July of each year, and whenever the periodic rent changes, a state-
46 ment which shows separately for each periodic payment of rent:

47 (a) The amount which represents property taxes paid by the land-
48 lord; and

49 (b) The remainder of that payment.

50 2. If the property rented is one of several upon which the landlord

1 pays taxes together, the amount which represents property taxes must be
2 calculated by:

3 (a) Apportioning the total property tax paid for the year upon the
4 entire property among the individual properties rented according to
5 their respective areas.

6 (b) Reducing the amount so apportioned to each particular property
7 for the year by the appropriate fraction to correspond to the period for
8 which rent on it is paid.

9 3. This section does not apply to:

10 (a) Any property covered by a written agreement which requires the
11 tenant to pay the property tax or otherwise provides for calculation and
12 notice to the tenant of its amount.

13 (b) Any lodging unless it contains its own cooking and toilet facilities,
14 separate from other living quarters.

15 (c) Any room in a hotel or motel.

16 (d) Any concession within a larger commercial enterprise, or any
17 other property not customarily used separately from adjacent units.

18 (e) Any property for which the rent is a share of sales or profit.

19 4. The statements required in July [1979] 1981 by subsection 1
20 must show, in addition to the information required as of the date the
21 statement is prepared, the comparable information as of July [1978.]
22 1980. Each landlord of property which is subject to this section shall
23 reduce the periodic rent otherwise payable by an amount equal to any
24 reduction from [1978 to 1979] 1980 to 1981 of the amount which
25 represents property taxes as shown in the statements required by that
26 subsection.

27 5. This section does not purport to regulate the total amount of
28 rent payable.

29 6. A landlord who fails to reduce the periodic rent in accordance
30 with subsection 4 is liable to each tenant whose rent was not properly
31 reduced for an amount equal to three times the amount which was over-
32 paid by the tenant, unless the landlord shows good cause for the failure.

33 Sec. 28. NRS 387.1233 is hereby amended to read as follows:

34 387.1233 1. Except as otherwise provided in subsection 2, basic
35 support of each school district must be computed by:

36 (a) Multiplying the basic support guarantee per pupil established for
37 that school district for that school year by the sum of:

38 (1) Six-tenths the count of pupils enrolled in the kindergarten
39 department on the last day of the first school month of the school year.

40 (2) The count of pupils enrolled in grades 1 to 12, inclusive, on
41 the last day of the first school month of the school year.

42 (3) The count of handicapped minors receiving special education
43 pursuant to the provisions of NRS 388.440 to 388.520, inclusive, on the
44 last day of the first school month of the school year.

45 (4) The count of children detained in detention homes and juvenile
46 forestry camps receiving instruction pursuant to the provisions of NRS
47 388.550 to 388.570, inclusive, on the last day of the first school month of
48 the school year.

49 (5) One-fourth the average daily attendance—highest 3 months of

1 part-time pupils enrolled in classes and taking courses necessary to
2 receive a high school diploma.

3 (b) Multiplying the number of special education program units main-
4 tained and operated by the amount per program established for that
5 school year.

6 (c) [Multiplying the assessed valuation of property in the school dis-
7 trict, as certified by the department of taxation for the concurrent school
8 year, by .003 or a greater or lesser multiplier which corresponds to 80
9 cents for each \$100 of assessed valuation minus the rate levied for the
10 current fiscal year pursuant to subsection 1 of NRS 387.195.

11 (d)] Adding the amounts computed in paragraphs (a) [, (b) and
12 (c).] and (b).

13 2. If the sum of the counts prescribed in subparagraphs (1) to (4),
14 inclusive, of paragraph (a) of subsection 1 is less than the sum similarly
15 obtained for the immediately preceding school year, the larger sum must
16 be used in computing basic support.

17 3. Pupils who are excused from attendance at examinations or have
18 completed their work in accordance with the rules of the board of trustees
19 must be credited with attendance during that period.

20 SEC. 29. NRS 387.1245 is hereby amended to read as follows:

21 387.1245 1. The board of trustees of any school district in this state
22 whose estimated receipts from all sources provided by this chapter and
23 chapter 374 of NRS are less than the total estimated receipts from such
24 sources in the final approved budget for such fiscal year, and which can-
25 not therefore provide a minimum program of education and meet its con-
26 tract obligations, may apply for emergency financial assistance from the
27 state distributive school fund. [and may be granted such assistance upon
28 compliance with the following conditions and procedures:

29 1. The tax levy for the applying district shall be the maximum of
30 \$1.50 for operating costs as authorized by law, not including any special
31 tax authorized by the provisions of NRS 387.328.

32 2. Such application shall] 2. *The application must be made to the*
33 *state board of education in [such form as shall be] the form prescribed*
34 *by the superintendent of public instruction, and in accordance with guide-*
35 *lines for evaluating needs for emergency financial assistance as established*
36 *by the state board of education.*

37 3. Before acting on any such application, the state board of education
38 and state board of examiners, jointly, shall determine the difference
39 between the total amount of money appropriated and authorized for
40 expenditure during the current biennium from the state distributive
41 school fund and the total amount of money estimated to be payable from
42 that fund during the biennium, and shall make no distribution in excess
43 of that difference.

44 4. The state board of education shall review each application and
45 shall by resolution find the least amount of additional money, if any,
46 which it deems necessary to enable the board of trustees of the applying
47 school district to provide a minimum educational program and meet its
48 irreducible contract obligations. In making such determination, the state

1 board of education shall consider also the amount available in the distrib-
2 utive school fund and the anticipated amount of future applications, so
3 that no deserving school district will be wholly denied relief.

4 5. If the state board of education finds that emergency assistance
5 should be granted to an applying school district, it shall transmit its reso-
6 lution finding such amount to the state board of examiners, along with a
7 report of its then current estimate of the total requirements to be paid
8 from the state distributive school fund during the then current fiscal year.

9 6. The state board of examiners shall independently review each reso-
10 lution so transmitted by the state board of education, may require the
11 submission of such additional justification as it deems necessary, and shall
12 find by resolution the amount of emergency assistance, if any, to be
13 granted. The board may defer, and subsequently grant or deny, any part
14 of a request.

15 7. The state board of examiners shall transmit one copy of its find-
16 ing to the state board of education and one copy to the state controller.
17 Upon receipt of a claim pursuant to a grant of emergency assistance,
18 [such claim shall] *the claim must* be paid from the state distributive
19 school fund as other claims against the state are paid.

20 8. Money received by a school district pursuant to a grant of relief
21 may be expended only in accordance with the approved budget of such
22 school district for the fiscal year for which such grant is made. No formal
23 action to incorporate the money so received in the approved budget is
24 required, but [such receipts shall] *the receipts must* be reported as other
25 receipts are reported and explained in a footnote as short-term financing
26 is explained.

27 9. The state board of education shall transmit to the legislature a
28 report of each grant of emergency assistance paid pursuant to this section.

29 SEC. 30. NRS 387.195 is hereby amended to read as follows:

30 387.195 1. [When recommended by the board of trustees of the
31 county school district, each] *Each* board of county commissioners shall
32 levy a tax [:

33 (a) Not more than] of 50 cents on each \$100 of assessed valuation of
34 taxable property within the county for the support of the public schools
35 within the county school district or a lesser or greater amount fixed by
36 the state board of examiners if the state board of examiners is directed
37 by law to fix a lesser or greater amount for that fiscal year. [; or

38 (b) The rate which will produce the revenue permitted by NRS 387.-
39 199,
40 whichever is lower.]

41 2. In addition to any tax levied in accordance with subsection 1,
42 each board of county commissioners shall levy a tax for the payment
43 of interest and redemption of outstanding bonds of the county school
44 district.

45 SEC. 31. NRS 387.199 and 387.328 are hereby repealed.

46 SEC. 32. Each board of county commissioners shall adopt or amend
47 the ordinance required by this act within 7 days after this act becomes
48 effective or before May 1, 1981, whichever is earlier, as an emergency
49 measure notwithstanding any contrary provision of law. Any defect or

1 informality in the adoption or amendment, or failure by a board to act,
2 does not prevent the tax from becoming effective on May 1, 1981, at the
3 rate prescribed in this act.

4 SEC. 33. Section 5 of chapter 56, Statutes of Nevada 1981, is hereby
5 amended to read as follows:

6 Sec. 5. NRS 372.405 is hereby amended to read as follows:

7 372.405 The amount of the determination, exclusive of penal-
8 ties, bears interest at the rate of [one-half of 1] 1.5 percent per
9 month, or fraction of a month, from the last day of the month fol-
10 lowing the period for which the amount or any portion of it should
11 have been returned until the date of payment.

12 SEC. 34. Section 6 of chapter 56, Statutes of Nevada 1981, is hereby
13 amended to read as follows:

14 Sec. 6. NRS 372.445 is hereby amended to read as follows:

15 372.445 The amount of the determination, exclusive of penal-
16 ties, bears interest at the rate of [one-half of 1] 1.5 percent per
17 month, or fraction of a month, from the last day of the month fol-
18 lowing the period for which the amount or any portion of it should
19 have been returned until the date of payment.

20 SEC. 35. Section 12 of chapter 56, Statutes of Nevada 1981, is
21 hereby amended to read as follows:

22 Sec. 12. NRS 374.410 is hereby amended to read as follows:

23 374.410 The amount of the determination, exclusive of penal-
24 ties, bears interest at the rate of [one-half of 1] 1.5 percent per
25 month, or fraction of a month, from the last day of the month fol-
26 lowing the period for which the amount or any portion of it should
27 have been returned until the date of payment.

28 SEC. 36. Section 13 of chapter 56, Statutes of Nevada 1981, is hereby
29 amended to read as follows:

30 Sec. 13. NRS 374.450 is hereby amended to read as follows:

31 374.450 The amount of the determination, exclusive of penal-
32 ties, bears interest at the rate of [one-half of 1] 1.5 percent per
33 month, or fraction of a month, from the last day of the month fol-
34 lowing the period for which the amount or any portion of it should
35 have been returned until the date of payment.

36 SEC. 37. 1. Sections 1 to 26, inclusive, of this act, shall become effec-
37 tive on May 1, 1981.

38 2. Sections 27 to 31, inclusive, of this act shall become effective upon
39 passage and approval for the purpose of levying taxes and preparing the
40 required statements, and on July 1, 1981, for all other purposes.

41 3. This section and sections 32 through 36 of this act shall become
42 effective upon passage and approval.

S.B. 69
Second Reprint

1. Term "full cash value" replaced with "taxable value" - p. 1, line 5 and throughout bill.
2. "Taxable value" defined - p. 2, lines 21-27.
3. Valuation of land - p. 3, line 47 through p. 4, line 7.
4. Valuation of improvements - p. 4, lines 8-10.
5. Valuation of personal property - p. 4, lines 17-19.
6. Regulations on depreciation by Tax Commission - p. 4, lines 20-25.
7. Parallel amendments to law repealing Business Inventory Tax - p. 4, line 34 through p. 5, line 44.
8. Annual factoring beginning tax year 1982-83 - p. 6, lines 13-21.
9. Valuation of centrally assessed property - p. 8, lines 17-19.
10. Lien date changed - p. 13, lines 30-35.
11. Quarterly payments for personal property - p. 14, lines 15-21.
12. Quarterly payments for mobile homes & campers - p. 15, lines 1-5.
13. Adjustment factors for tax year 1981-82 - p. 20, lines 16-22.
14. Exceptions to adjustment - p. 20, lines 33-41.
15. Adjustment of 1980-81 roll required - p. 21, lines 4-38.
16. Local budgets for 1981-82 must comply - p. 21, lines 39-42.
17. July 1981 Property Tax collection delayed 1 month - p. 21, lines 43-45.
18. Counties must pay assessor's costs - p. 22, lines 3-4.

S.B. 411
First Reprint

1. Supplemental City/County Relief Tax defined - p. 1, lines 3-6.
2. Cap on ad valorem revenue - p. 1, line 7 through p. 2, line 2.
3. Director of Department of Taxation to provide estimate of CCRT beginning 7/1/82 - p. 1, lines 18-22.
4. Cap on combined CCRT and ad valorem - p. 2, lines 3-16.
5. Limit on growth of ad valorem revenue - p. 2, lines 17-20.
6. Voter override on ad valorem limit - p. 2, lines 21-30.
7. Reserve fund for excess CCRT created - p. 2, lines 31-42.
8. Use of excess CCRT reserve - p. 2, line 43 through p. 3, line 3.
9. Limit on license and permit fee increase - p. 3, lines 16-19.
10. Approval of new fee by Director of Taxation - p. 3, lines 20-23.
11. Appeal on new fee to Legislative Commission - p. 3, lines 33-34.
12. Exemptions from fee limitation by Legislative Com. - p. 3, lines 38-39.
13. Limitation on use of ending balance - p. 4, lines 3-9.
14. Ending balance to be spent with consent of Director of Taxation - p. 4, lines 10-17.
15. Appeal on ending balance to Legislative Com. - P. 4, lines 17-19.
16. Dept. of Taxation to review audits and require compliance - p. 4, lines 20-45.
17. Use of insurance reserve limited - p. 4, line 46 through p. 5, line 5.
18. Time limit to comply with audit report - p. 7, line 41.
19. Amendments to redevelopment agency law - p. 7, line 47 through p. 8, line 50.
20. Distribution of Liquor Tax - p. 9, line 23 through p. 10, line 12.
21. Distribution of Cigarette Tax - p. 11, line 21 through p. 12, line 10.
22. Distribution of 1/2¢ CCRT - p. 12, line 13 through p. 13, line 7.
23. Local government spending cap removed - p. 14, line 1.
24. Repeal of provision limiting taxation of cigarettes - p. 14, line 1.
25. Distribution of 1/2¢ CCRT removed from A.B. 369 - p. 14, lines 3-8.
26. FY 1981-82 only limit on supplemental CCRT and ad valorem tax - p. 14, lines 9-20.
27. S.B. 69, A.B. 369, S.B. 411 not severable - p. 14, lines 33-37.

A.B. 369
First Reprint

1. Sales Tax remittance monthly - pp. 1-7.
2. LSST increased to 1.5¢ - p. 4, lines 13 & 20.
3. CCRT made mandatory - p. 7, lines 7-11.
4. CCRT increased to 1.75¢ - p. 7, line 31.
5. Distribution of 1/2¢ CCRT (unchanged) - p. 8, line 10 through p. 9, line 16.
6. Distribution of 1 1/4¢ CCRT established - p. 9, lines 17-33.
7. "Basic ad valorem revenue" defined - p. 9, lines 34-41.
8. Landlord to renter pass through - p. 10, lines 19-24.
9. School fund property tax replacement repeal - p. 11, lines 6-10.
10. 50¢ levy by schools required - p. 12, lines 30-40.
11. School cap removed - p. 12, line 45.
12. School building reserve repealed - p. 12, line 45.
13. CCRT increase effective 5/1/81 - p. 12, lines 46-49.
14. Sales Tax delinquency rate increased - p. 13, lines 7-32.

EXAMPLE OF RESIDENTIAL TAX

Assume:

1975 Vaue \$50,000
Reappraised 1979-80 \$100,267

Actual Value	\$100,267
Factor	.84
Taxable Value	<u>\$ 84,224</u>
Ratio	35%
Assessed Value	<u>\$ 29,490</u>
Rate	2.00
Estimated Tax	<u>\$ 590</u>

Last Appraisal

Residential Factors

Commercial Factor

1976-77	1.416	1.438
1977-78	1.190	1.313
1978-79	1.000	1.199
1979-80	.840	1.095
1980-81	.706	1.000

LAS VEGAS (CLARK COUNTY)

ASSUMPTIONS:

	<u>Home #1</u> 1980	<u>Home #2</u> 1976	<u>Home #3</u> 1977	<u>Home #4</u> 1978	<u>Home #5</u> 1979	<u>Estimated</u> <u>Rate</u>
1975 Value \$50,000 Year Reappraised Reappraised Value	\$119,318	\$59,500	\$70,805	\$84,258	\$100,267	
1979-80 Assessed Value	\$ 17,500	\$20,825	\$24,782	\$29,490	\$ 35,093	
1980-81 Taxes	\$ 651	\$ 774	\$ 921	\$ 1,097	\$ 1,305	\$3.7183
1981-82 Taxes (Estimated)	\$ 1,553	\$ 758	\$ 902	\$ 1,073	\$ 1,277	\$3.6400

LEGISLATIVE PLAN - 5 3/4%:

Assessed Value	\$29,490	\$29,490	\$29,490	\$29,490	\$29,490	\$2.0252
Estimated 1981-82 Taxes	\$ 597	\$ 597	\$ 597	\$ 597	\$ 597	
Variation from 1980-81 Tax	\$ (54)	\$ (177)	\$ (324)	\$ (500)	\$ (708)	
Variation from 1980-81 Tax	(8%)	(23%)	(36%)	(46%)	(54%)	

EXHIBIT J

NORTH LAS VEGAS (CLARK COUNTY)

ASSUMPTIONS:

	<u>Home #1</u> 1980	<u>Home #2</u> 1976	<u>Home #3</u> 1977	<u>Home #4</u> 1978	<u>Home #5</u> 1979	<u>Estimated</u> <u>Rate</u>
1975 Value \$50,000 Year Reappraised Reappraised Value	\$119,318	\$59,500	\$70,805	\$84,258	\$100,267	
1979-80 Assessed Value	\$ 17,500	\$20,825	\$24,782	\$29,490	\$ 35,093	
1980-81 Taxes	\$ 651	\$ 774	\$ 921	\$ 1,097	\$ 1,305	\$3.7183
1981-82 Taxes (Estimated)	\$ 1,553	\$ 758	\$ 902	\$ 1,073	\$ 1,277	\$3.6400

LEGISLATIVE PLAN - 5 3/4%:

Assessed Value	\$ 29,490	\$29,490	\$29,490	\$29,490	\$ 29,490	
Estimated 1981-82 Taxes	\$ 621	\$ 621	\$ 621	\$ 621	\$ 621	\$2.1044
Variation from 1980-81 Tax	\$ (30)	\$ (153)	\$ (300)	\$ (476)	\$ (684)	
Variation from 1980-81 Tax	(5%)	(20%)	(33%)	(43%)	(52%)	

EXHIBIT K