

MINUTES OF THE
MEETING OF THE
JOINT SENATE AND ASSEMBLY
COMMITTEES ON TAXATION

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
April 14, 1981

The Joint Senate and Assembly Committees on Taxation were called to order by Chairman Paul May, at 2:25 p.m., Tuesday, April 14, 1981, in Room 240 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Assemblyman Paul May, Chairman
Senator Keith Ashworth, Chairman
Senator Norman D. Glaser
Senator Don Ashworth
Senator Virgil M. Getto
Senator James N. Kosinski
Senator William J. Raggio
Assemblyman Steven A. Coulter
Assemblyman Louis W. Bergevin
Assemblyman Bill D. Brady
Assemblyman Patty D. Cafferata
Assemblyman Robert G. Craddock
Assemblyman John Marvel
Assemblyman Robert E. Price
Assemblyman Robert F. Rusk
Assemblyman Jan Stewart
Assemblyman Peggy Westall

COMMITTEE MEMBER ABSENT:

Senator Floyd R. Lamb

STAFF MEMBERS PRESENT:

Dan Miles, Deputy Fiscal Analyst
Ed Shorr, Deputy Fiscal Analyst
Colleen Crum, Committee Secretary

ASSEMBLY BILL NO. 369

The chairman asked Mr. Ed Shorr, Deputy Fiscal Analyst, and Mr. Marvin Leavitt, a task force member, to explain Assembly Bill No. 369.

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Mr. Shorr and Mr. Leavitt explained the bill removes the reference to the most recent census count by the Bureau of Census as a basis for determining population for distribution of the liquor tax and cigarette tax. The Governor would certify the population of each city and county. Population estimates are presently made by the State Planning Office as a routine matter.

Senator Keith Ashworth asked for the rationale behind this change. Mr. Shorr explained a community's doubling in population should be recognized immediately and the community should receive the corresponding tax proceeds immediately rather than waiting 10 years for the Bureau of Census figures.

Mr. Shorr explained the references on pages two through seven to quarterly sales tax remittance are removed and replaced with a monthly requirement. The city-county relief tax is made mandatory rather than optional. Local governments are required to amend ordinances on this subject on page 10, line 28.

Senator Kosinski observed the counties testified there would be difficulty enacting the ordinance order. The counties requested that the legislature initially make the ordinance change by statute. Mr. Leavitt stated Senator Kosinski's observation was correct. Section 32 of the bill authorizes the change in the normal method of enacting ordinances at the county level. In Mr. Leavitt's opinion, questions of compliance would be avoided if the legislature enacted the ordinance by statute.

The chairman suggested amending the language dealing with emergency ordinances on page 17 by placing a bracket before the word "within" on line seven and by placing the closing bracket after the word "or" on line eight.

Mr. Pine, representing Clark County, explained Clark County would prefer that enactment of this particular ordinance be handled in the same process as other ordinances. The suggested amendment would allow enacting the ordinance in one day. He felt the ordinance should be handled in the same manner as other ordinances as a matter of good public policy.

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Senator Keith Ashworth stated the proposed amendment would allow counties to begin the ordinance process immediately.

Assemblyman Bergevin moved that page 17 of Assembly Bill No. 369 be amended by placing a bracket before the word "within" on line seven and by placing the closing bracket after "or" on line eight.

Assemblyman Rusk seconded the motion.

The motion carried.

Mr. Leavitt explained the city-county relief tax is increased to 1.75 percent on page 11, lines 1-2. When combined with the present state sales tax rate and the local school support tax rate, which is proposed at 1.5 percent, the total sales tax rate would be 5.75 percent. The administrative fee for collection of the sales tax is reduced to .5 percent from one percent on page 11.

Senator Kosinski asked for a comparison of the revenue generated by the collection fee under the existing law and the proposed law. Mr. Roy Nickson, Director of the Department of Taxation, said his department presently receives \$320,000. Mr. Nickson has been unable to compute the impact of the .5 percent proposal because the city-county relief tax has not been determined. A city-county relief tax of 2.25 percent would generate approximately \$750,000.

Senator Kosinski questioned whether the fee was necessary.

Assemblyman Bergevin asked whether the bill deals with the fee retailers receive for collecting the sales tax. Mr. Nickson stated NRS Chapters 372, 374, and 377 deal with the subject. Retailers receive 1.31 percent for the collection of the tax.

Mr. Leavitt explained the local school support tax is increased from one cent to 1.5 cents on page seven, lines 14-15.

Senator Kosinski questioned why the local school support tax is increased. Mr. Leavitt stated the general opinion was that

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all increases in sales taxes should be addressed in one bill, rather than several bills. This enables all the taxes to go into effect on the same date.

Senator Keith Ashworth stated the use of the term "sales tax" in these cases is a misnomer. The sales tax is not being increased. The local school support tax and the city-county relief tax is being increased.

The question of whether the increase in the city-county relief tax and the local school support tax was actually a shift from a property tax base to a sales tax base was debated by Assemblyman Bergevin and Senator Kosinski.

Mr. Leavitt explained the population base is changed from the 10-year census estimates to annual population estimates on page 12, lines 37-39. Senator Getto noted this method would hurt the rural counties if the urban areas grow at a faster rate than rural areas.

Mr. Leavitt explained Section 26 pertains to the distribution of the supplemental city-county relief tax. Responsibility for the distribution process is given to the state controller. He noted Sub-Section Two of Section 26 must be amended to eliminate the county treasurer from the distribution process. Twenty thousand dollars is distributed to each county and additional revenues from this source are distributed on a percentage basis to certain entities as outlined in the bill. This percentage distribution is an attempt to make whole the counties and cities which would lose revenue from changing the population base from the 1980 census. Only the cities and counties which would lose money from this change receive the percentage distribution of revenue. The percentage distribution will decrease by one-tenth over a 10-year period. After 10 years, these cities and counties will lose this supplement.

The chairman noted the basis for distributing the sales tax was changed from an ad valorem base to a population base. He asked for a comparison of both bases. Mr. Leavitt explained both methods work out approximately the same. The supplemental

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city-county relief tax is designed to replace property taxes. The distribution of the supplemental city-county relief tax is determined by multiplying the factored up assessed valuation by last year's tax rate. This method allows relatively even distribution in relationship to the property taxes presently being collected. Additional language will be required to handle this provision in a clearer manner.

Mr. Leavitt explained Sub-Section Three of Section 25 defines basic ad valorem and provides two exceptions as it relates to the fire district in Douglas County. Section 27 relates to renter rebates.

Senator Getto asked whether there were any known cases where the landlord was forced to pay the penalty of triple the rebate. Mr. Nickson stated there were three verified cases in Washoe County.

Mr. Leavitt explained Section 28 deals with the 30 cents used in the computation of school monies. The computation of school monies in Sub-Section Five (c) as it relates to the .003 multiplier is repealed.

Mr. Leavitt explained Section 29 eliminates the section which authorized the \$1.50 tax levy formerly in effect for school districts. Section 30 levies a 50-cent tax for schools. This levy is not capped. It will grow as the assessed valuation in the community grows.

Senator Keith Ashworth asked what was the previous tax rate. Mr. Leavitt stated it was 60 cents and was capped.

Assemblyman Rusk asked for the rationale behind leaving the 50 cent levy uncapped. Senator Keith Ashworth explained increases in property assessments impact schools. Additional schools must be built to handle the increase in population. The cap instituted under Senate Bill No. 204 of the 60th Session hurt the schools.

Assemblyman Rusk stated the same rationale could be made for local governments.

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Senator Getto stated uncapping the 50-cent tax will give an advantage to the school district in an area with great population growth opposed to the school district which does not grow. Assemblyman Bergevin disagreed with Senator Getto's remark. He said a tremendous increase in assessed value creates a tremendous increase in student population.

Mr. Leavitt explained Section 31 repeals two sections which relate to school financing. Section 32 provides an enactment of an emergency ordinance by each Board of County Commissioners to increase the city-county relief tax. Sections 33-36 relate to penalties for nonpayment of the various taxes. Section 37 is a reprint of language contained in Senate Bill No. 411. Mr. Frank Daykin, Legislative Counsel, has assured the task force this section will be eliminated from Assembly Bill No. 369. Section 38 deals with the effective dates.

The repeal of NRS 387.199 and 387.328 was discussed. Mr. Leavitt explained NRS 387.199 is the cap on the school district ad valorem levy. NRS 387.428 is the school district building reserve fund.

Assemblyman Craddock asked whether there was a provision for a school reserve fund in Assembly Bill No. 369. The reserve fund could be generated by the uncapped 50-cent tax. Mr. Leavitt stated there was no provision for a school reserve fund. Assemblyman Craddock stated the uncapping of the tax did not make good sense if the additional revenues were not put in a capital improvement reserve fund. Assemblyman Bergevin explained the 50-cent tax revenues would be used totally for the functions of the schools. Schools will still experience a shortfall under this system. Revenues for capital improvement must be generated by bond redemptions of general obligation bonds.

The chairman asked for the definition of the phrase, "50 cents uncapped." Mr. Leavitt explained the assessed valuation is multiplied each year by 50 cents to determine the total amount of money available to school districts. No percentage limitations are imposed.

Senator Kosinski stated local governments' ad valorem rate increases will be capped. One-third of the total property

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tax bill could increase without any constraints because of the uncapped 50-cent school tax. He asked for data projecting the impact of the uncapped 50-cent tax.

Mr. Douglas A. Sever, Director, Fiscal Services, Department of Education, stated Washoe, Douglas, and Nye counties would become wealthy off the uncapped 50-cent school tax. The Department of Education plans to reduce the distributive school fund basic support level of these three counties. A "negative wealth factor" will be employed.

Senator Glaser asked whether school funding is indirectly capped through the distributive school fund. Mr. Sever stated the distributive school fund serves as an indirect cap.

Senator Kosinski stated he was surprised and alarmed to learn the Department of Education is given so much discretionary authority over the distributive school fund. He suggested capping the amount of increases in the schools' ad valorem tax rate rather than allow the money to spill into the distributive school fund either for redistribution or accumulation in the reserve fund.

Mr. Sever stated educational funding is decreased \$17 million the first year and \$23 million the second year under the Governor's proposed budget. Senator Kosinski's suggestion would result in less money being redistributed to the counties.

Senator Kosinski stated it would be better to design a system which would serve education over the long term rather than to try to skew the Governor's proposal.

Senator Getto stated the tax would be controlled indirectly because it ties into the assessed valuation, which is addressed in Senate Bill No. 69.

Mr. Ed Greer, Clark County School District Business Manager, stated the schools were doubly capped last biennium. The setting of the distributive school support rate by legislative action can pinpoint the total expenditures the legislature will permit.

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Senator Kosinski asked whether the Board of Education considered the ad valorem tax revenues available to the local school district when it sets the distributive school formula. Mr. Greer stated ad valorem tax revenues are considered. The level of need is predicted and all revenues are projected.

Senator Kosinski asked whether an increase in the local school support tax increases the revenue available for education in any one county. Mr. Sever stated an increase in the local school support tax does not increase the revenue available for education in any one county.

Senator Kosinski asked whether local school support tax revenue is used to reduce the burden in the General Fund. Mr. Sever stated Mr. Kosinski's statement was correct.

Senator Kosinski asked whether the .5 cent increase in the local school support tax would increase revenues for schools. Mr. Sever stated the schools would realize an increase in revenues.

Senator Kosinski noted Mr. Sever's answers to the last two questions conflicted. Mr. Greer explained the Governor's budget was based on a 1.3-cent sales tax. Assembly Bill No. 369 increases the sales tax to 1.5 cents and increases the ability of the Governor to raise the school support level by .2 cent. If the 1.5 cent collection exceeds the projected school support level, the amount the state pays to the local school district is reduced.

Senator Don Ashworth asked whether the 12 percent growth limitation on the ad valorem rate in Senate Bill No. 411 applied to schools. Assemblyman Bergevin state Senate Bill No. 411 makes the lone exception of school districts in placing the 12 percent limitation.

Assemblyman Rusk suggested placing a liberal, minimum cap on the school districts in Senate Bill No. 411.

Assemblyman Price moved that Assembly Bill No. 369 be amended on page 16, line 45 to place a bracket

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after the word "district" and to delete the bracket on line 47.

Assemblyman Westall seconded the motion.

The motion carried after the following discussion.

Assemblyman Price explained this amendment would clean up the language pertaining to the 50-cent school tax.

The Senate Committee on Taxation concurred with the motion.

Assemblyman Rusk moved that the 50-cent school tax be capped so as not to exceed the previous year's revenues by more than 12 percent as it relates to the ad valorem tax only.

Assemblyman Westall seconded the motion.

After the following discussion, the Assembly Committee on Taxation approved the motion; the Senate Committee on Taxation defeated the motion. The chairman stated the question would go before a conference committee. (Assemblymen Craddock, Marvel, Stewart, Coulter and May and Senators Don Ashworth, Keith Ashworth, Getto and Glaser voted "No"; Senator Raggio was absent for the vote.)

Mr. Greer opposed the motion because he felt the legislature presently possesses the means to totally control the expenditures by school districts. He felt schools would be further burdened by this proposal.

Senator Keith Ashworth asked whether Assemblyman Rusk would agree to guaranteeing a 12 percent increase every year. Assemblyman Rusk did not agree to the suggestion.

Senator Glaser opposed the motion because it went against the concept of developing more local autonomy for school

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districts. He opposed putting additional restrictions on school districts.

Landlord and renter rebates were discussed.

Assemblyman Marvel moved that renter rebates be deleted from Assembly Bill No. 369.

Assemblyman Westall seconded the motion.

The motion failed after the following discussion.
(Assemblymen May, Coulter, Craddock, Stewart, Bergevin, Brady, Cafferata, and Rusk voted "No"; Assemblyman Price was absent for the vote.)

Assemblyman Bergevin stated he was philosophically opposed to renter rebates but felt the rebates should remain in the bill from a politically pragmatic standpoint.

Assemblyman Coulter noted the landlord association in Reno had proposed that the landlord be permitted to keep 25 percent of the tax savings.

Assemblyman Rusk moved that the landlord be permitted to retain 10 percent of the proposed renter tax rebate.

Assemblyman Coulter seconded the motion.

The motion carried after the following discussion.

Senator Kosinski questioned how the 10 percent figure was determined.

The impact of vacancies on landlord's tax savings was debated. Assemblyman Rusk stated some landlords are losing revenue because of a large amount of vacancies. The legislature

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is telling the landlord he must rebate the so called windfall in property tax savings, regardless of the fact he is losing money. Senator Don Ashworth stated the landlord would receive the entire tax savings in the case of a vacancy because there is no renter to which to rebate the savings. The landlord also has considered the tax in his profit picture and rental rates reflect the projected tax.

The Senate Committee on Taxation did not concur with the motion and the chairman stated the question would go before a conference committee.

The fee retailers are permitted to keep for collecting the sales tax was discussed. The retailers are presently allowed to keep 1.375 cents of the tax they collect.

Assemblyman Price moved that Assembly Bill No. 369 be amended to allow retailers to keep two percent of the sales tax collected.

Assemblyman Cafferata seconded the motion.

The motion failed after the following discussion.
(Assemblymen May, Craddock, Stewart, Westall, Bergevin, Cafferata, and Rusk voted "No"; Assemblyman Coulter abstained; Assemblyman Brady was absent for the vote.)

Mr. Nickson clarified that retailers fill out only one form which contains three sections to handle different exemptions in the local school support tax law and the basic sales tax law.

Assemblyman Rusk stated the retailers would receive an increase without the amendment because an increased sales tax would result in an increase of revenue generated by the percentage fee.

Assemblyman Craddock stated the sales tax should be determined prior to deciding whether the retailers collection fee should be increased.

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Mr. Nickson stated a five-cent sales tax would result in the retailers retaining \$3.5 million.

Ms. Carole Vilaro, representing the Nevada Retailers Association, stated small businesses would be hurt by the requirement to file collection reports monthly. Large businesses presently file reports monthly. She stated the retailers' bonds would have to be increased. Some small retailers have been unable to get the bonds and have been forced to use either their savings certificates or their cash pledges.

Assemblyman Craaddock disputed Ms. Vilaro's statement that the bond would increase. He said the change from reporting collections quarterly to monthly would result in reporting less money than is presently reported quarterly. Ms. Vilaro stated those large businesses, which presently report monthly, would be affected.

Assemblyman Bergevin asked Mr. Nickson whether a business would be protected from the new sales tax if it had executed a contract prior to passage of the new sales tax. Mr. Nickson said the old tax rate would not be protected. A written statement from the Deputy Attorney General indicated that tax would be at the new rate even if there is a written contract before passage of the law because the portion of the law dealing with this subject has been removed.

Senator Glaser moved that the retailers be allowed to keep 1.5 percent of the sales tax collected.

Senator Getto seconded the motion.

The motion carried after the following discussion.
(Senators Don Ashworth and Kosinski voted "No".)

Senator Kosinski expressed his concern that the figure proposed was arbitrary and was not based on firm data.

Assemblyman Bergevin moved that the retailers be allowed to keep 1.5 percent of the sales tax collected.

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Assemblyman Cafferata seconded the motion.

The motion carried.

The meeting recessed at 4:44 p.m. and reconvened at 4:58 p.m.

Mr. Ernest Newton, representing the Nevada Taxpayers Association, stated Nevada presently has one of the finest tax programs in the country. It is an unpopular program, however. The perception is that property taxes must be reduced. The acceptable method for reducing property taxes is a shift from property taxes to sales taxes.

The chairman asked whether Mr. Newton was speaking for the Nevada Taxpayers Association. Mr. Newton stated he was speaking for the Executive Committee of the Nevada Taxpayers Association.

Mr. Newton stated the tax decision is a political decision. He recommended raising the sales tax rate to 5.75 cents. A 5.75-cent sales tax would enable the legislature to reduce property taxes by approximately 60 percent. A 5.25-cent sales tax would allow a 45-50 percent reduction in property taxes.

Senator Keith Ashworth asked whether the Nevada Taxpayers Association Board of Directors had changed its opinion of the tax shift. Mr. Newton stated it had not changed its stance.

Senator Keith Ashworth asked whether the legislature should delay action on this issue for three years until a constitutional amendment is passed. Mr. Newton stated delaying action for three years would be an unpopular move.

Senator Keith Ashworth asked whether Mr. Newton felt the legislature had acted too fast on the tax package and had not been able to communicate properly with the people. Mr. Newton stated the legislature, if anything, has been moving too slow.

The rate of property tax reduction, based on sales tax ranging from 4.5 cents to 5.75 cents, using Washoe County and Sparks

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as examples, was presented to the committee by task force member, Mr. Jim Lien. (See Exhibit C.)

Mr. Lien stated a general rule of thumb is that every additional 25 cents in sales tax results in a six percent property tax savings.

Senator Kosinski noted the new figures conflicted with figures distributed earlier by the task force. (See Exhibit D.) Mr. Lien explained the method of computing the original figures resulted in slight percentage errors.

Assemblyman Westall questioned the differences in the tax rate between Mr. Lien's present handout and Exhibit K, which was handed out at a previous meeting. Mr. Lien explained a calculation error was made in Exhibit K.

Senator Keith Ashworth asked whether there was any area in Nevada which would not experience a property tax reduction under a five-cent sales tax. Mr. Lien stated there would be some reduction in most areas simply because of the method by which the supplemental city-county relief tax will be distributed. He said it would be doubtful that every piece of property in the state would receive a property tax reduction.

Senator Don Ashworth stated the property owner who has not been reassessed since 1976-1977 has paid a lower property tax rate while all other property was taxed at a higher rate during a period of rapid growth in the state. Consequently, there is no way this property will receive a 45-50 percent reduction in property taxes.

Assemblyman Price moved that the sales tax be set at 4.75 cents.

Assemblyman Craddock seconded the motion.

The motion failed after the following discussion.
(Assemblymen May, Coulter, Westall, Berevin, Cafferata, Marvel and Rusk voted "No".)

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Assemblyman Rusk opposed the motion because it would result in only a 35 percent property tax reduction, which doesn't approach the committee's goals.

Assemblyman Craddock supported the motion because he had not felt pressure from property owners to reduce their taxes.

Assemblyman Bergevin moved that the sales tax be set a 5.75 cents.

Assemblyman Westall seconded the motion.

The motion carried. (Assemblymen May, Craddock, Price, Stewart and Brady voted "No".)

Senator Don Ashworth moved that the sales tax be set at 5.75 cents.

Senator Raggio seconded the motion.

The motion carried after the following discussion.
(Senator Kosinski voted "No".)

Senator Kosinski stated some members of the committee had met with Governor List prior to this meeting. Senator Kosinski observed Governor List had reiterated his position that property taxes should be reduced by 65-75 percent. The legislature is proposing a 50 percent property tax reduction. He asked whether Governor List had changed his position on this issue.

Senator Don Ashworth explained Governor List stated that his 65-75 percent reduction was not calculated on the same basis as the legislature's 50 percent reduction. The Governor said he would be willing to abide by a 50 percent reduction over last year's taxes.

Senator Kosinski noted the committee had received conflicting property tax reduction estimates from Mr. Lien and Mr. Newton.

Senator Raggio stated the greater the percentage of property tax relief, the greater the sales tax. What is the most prop-

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erty tax relief the legislature can grant to the citizens of Nevada is the issue. A mandate by the people has instructed the legislature to give substantial, across-the-board property tax relief, to equalize assessment practices in the state, and to cut the growth of government at all levels. The committee needs to bite the bullet and to quit posturing on political positions.

Mr. Nickson gave figures of the additional total taxes the citizens would pay, based on Internal Revenue Service tables, at different sales tax increments. The figures follow:

<u>Sales Tax Rate</u>	<u>Additional Taxes</u>
4.75 cents	\$49
5.00 cents	61
5.50 cents	78
5.75 cents	88

Mr. Nickson stated the additional sales tax, when added to the property tax savings, computes to little tax relief to the individual.

The chairman stated he would fully support the recommended 5.75-cent sales tax even though he, personally, wanted a lower sales tax rate.

SENATE BILL NO. 411

Mr. Leavitt presented recommended amendments to Senate Bill No. 411. (See Exhibit E.)

Mr. Leavitt explained the amendment on page one, line eight exempts redevelopment agencies as it relates to the revenue limitation. There were no objections to the amendment and it was approved. The committee later rescinded its approval.

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Mr. Leavitt explained the amendment on page one, line 15 relates to timing. There were no objections to the amendment and it was approved.

Mr. Leavitt noted the amendment on page two, line 12 was approved at the April 13, 1981 hearing.

Mr. Leavitt explained the committees needed to decide the percentage limit to be amended into the bill on page two, line 35.

Assemblyman Rusk suggested setting the limit at six percent. He said the spirit of the tax package is the assurance to the people that the annual assessed valuation increases do not exceed six percent. There are escape clauses if the six percent limitation proves to be too limiting.

Senator Don Ashworth moved that the limit be set at six percent on page two, line 35 of Senate Bill No. 411.

Senator Getto seconded the motion.

Senator Raggio stated people are asking for assurances about the increases which will be permitted on ad valorem revenues. The technical committee had assured Senator Raggio that the six percent limit would not pose a problem for local governments unless there is an unexpected shortfall in other revenues.

Mr. Leavitt proposed using a formula similar to the one used for controlling the city-county relief tax to control the total ad valorem revenue. The total of the previous year's assessed valuation would be increased by the suggested six percent and the new property coming onto the roll would be added to this calculation. This method would protect rapidly growing entities.

Senator Don Ashworth amended his motion to include Mr. Leavitt's proposal and changed the percentage limitation to five percent.

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Senator Getto amended his second.

The motion carried. (Senator Keith Ashworth voted "No".)

Assembly Bergevin disagreed with the five percent limitation. He told the committee not to confuse the value with the total ad valorem take.

Senator Ashworth stated the formulas were being confused. The formula presently being addressed is the percentage of the previous year's revenues local governments can exceed. The legislature is trying to assure property owners that their property taxes won't increase more than a certain percentage. The five percent limitation is too restrictive. He suggested setting a percentage and eliminating Mr. Leavitt's formula.

Senator Don Ashworth moved that the previous vote be rescinded.

Senator Getto seconded the motion.

The motion carried.

Senator Don Ashworth moved that the limit be set at six percent on page two, line 35 of Senate Bill No. 411.

Senator Getto seconded the motion.

The motion carried. (Senator Keith Ashworth voted "No".)

The motion carried before the Assembly Committee on Taxation. (Assemblymen Coulter, Craddock, Westall, Bergevin, and Marvel voted "No".)

Mr. Leavitt suggested enlarging the limitations on page four, line 29 be amended to include additions for programs mandated on local government by the legislature.

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Senator Getto moved that page four, line 29 be amended to enlarge the limitations suggested by Mr. Leavitt.

Senator Glaser seconded the motion.

The motion carried.

The motion carried before the Assembly Committee on Taxation. (Assemblyman Brady voted "No".)

Mr. Leavitt explained lines 29-31 on page four were suggested to be deleted because the issue would be covered in another provision.

Senator Don Ashworth moved that lines 29-31 on page four of Senate Bill No. 411 be deleted.

Senator Raggio seconded the motion.

The motion carried.

Senator Glaser moved that the redesignation on page four, line 32 be approved.

Senator Raggio seconded the motion.

The motion carried.

Senator Don Ashworth moved that the redesignation on page four, line 34 be approved.

Senator Raggio seconded the motion.

The motion carried.

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Senator Don Ashworth moved that Sections 14 and 15 be deleted and Section 16 be amended as recommended.

Senator Raggio seconded the motion.

The motion carried.

Mr. Leavitt explained the balance of the amendments had been approved at a previous meeting with the exception of the suggested deletion of lines 31-32 on page 16.

Senator Getto moved that lines 31-32 on page 16 be deleted.

Senator Don Ashworth seconded the motion.

The motion carried.

Senator Bergevin suggested another amendment on page 16, lines 19-21, which would include a disclaimer to correspond with the Douglas County tax rates. He also noted the bill is silent on a tax oversight committee.

Senator Keith Ashworth stated the technical committee had met with Mr. Daykin and recommended that the tax oversight committee be made up of two members from each tax committee and one member from the money committee.

Senator Don Ashworth stated he preferred appointment of a non-legislative member to the tax oversight committee.

Senator Kosinski opposed the tax oversight committee being a legislative committee. He said it is a violation of the concept of separation of powers. He wanted the committee made up of non-legislators.

Senators Don Ashworth, Getto, Raggio, and Glaser agreed with Senator Kosinski's statement.

Senator Raggio suggested that the committee be composed of five to seven people, two of which are legislators.

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The technical committee was instructed to draft an amendment concerning the tax oversight committee.

The Assembly Committee on Taxation preferred a separate bill creating the tax oversight committee.

Senator Don Ashworth moved that Assemblyman Bergevin's suggested amendment pertaining to Douglas County tax rates be approved.

Senator Getto seconded the motion.

The motion carried.

Mr. Leavitt presented an amendment to Assembly Bill No. 369. (See Exhibit F.) There were no objections to the amendment and it was approved.

There being no further business, the meeting adjourned at 6:43 p.m.

Respectfully submitted by:



Colleen Crum, Secretary

APPROVED BY:



Senator Keith Ashworth, Chairman

DATE: 4-22-81

AGENDA

JOINT SENATE AND ASSEMBLY
COMMITTEE MEETING

EXHIBIT A

Committee on Taxation, Room 131

Day Tuesday, Date April 14, Time 1:00 p.m.

S. B. No. 69--Revises factors which may be used in determining full cash value of real property for taxation.

S. B. No. 411--Makes substantial revisions in law relating to governmental finance.

A. B. No. 369--Increases rate of local school support tax and city-county relief tax and provides for adjustment of certain property valuations.

Final review and last minute changes will be made.

AGENDA

JOINT SENATE AND ASSEMBLY
COMMITTEE MEETING

Committee on Taxation, Room 131.

Day Tuesday, Date April 14, Time 1:00 p.m..

S. B. No. 69--Revises factors which may be used in determining full cash value of real property for taxation.

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Final review and last minute changes will be made.

SENATE COMMITTEE ON TAXATION

DATE: April 14, 1981

PLEASE PRINT NAME	PLEASE PRINT ORGANIZATION & ADDRESS	PLEASE PRINT TELEPHONE
J. Shields	NSEA 151 Park Carson	882-5574
Long Thomas	City of Salt Lake	
John H. Taylor	— — — — —	
Ed. Smith	County of Wasatch	
R. Franklin	" " "	
R. Hadfield	DOUGLASS COUNTY	785-5172
John M. McEachern	Utah County	847-0537
W. Johnson	Texas	323-5526
Orin Jackson	UTOLV Student	—
Nick Jackson	Broadway City, Utah	589-7430
Ben Smith	City of Salt Lake	423-5107
Lucie Wilson	Nev. Assn of Counties	855 7465
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K. Hill	P.O. Box 1386 Carson City	—
D. G. ...	1111 Park	789-6545
Carl ...	Anacosta	303-515-4192
Bill ...	Utah Co.	703-427-2511
PHILIP LARR	CITY OF NORTH LAS VEGAS	703-647-5511
Homer Rodriguez	Canon City Assessor	
Conrad D. ...	County of ... - Utah	
John Hawk	Nev. State School Boards Assn	
John ...	Utah Co.	303-500

WASHOE COUNTY

EXHIBIT C

Assumption: Homes valued at \$50,000.00 in 1975. Value increases at 18% per year.
Homes reappraised in different years with Home #1 reappraised in 1980.

1975 Value \$50,000 Year Reappraised Reappraised Value	Home #1 1980 \$114,389	Home #2 1976 \$59,000	Home #3 1977 \$69,620	Home #4 1978 \$82,150	Home #5 1979 \$96,940	Tax Rate
1980-81 taxes	411	485	572	675	797	2.3488
1981-82 taxes	916	473	558	658	776	2.2884
@ 4 1/2 (1/2 CCRT)	545	545	545	545	545	1.8978
@ 4 3/4 (3/4 CCRT)	502	502	502	502	502	1.7469
@ 5% (1% CCRT)	459	459	459	459	459	1.5971
@ 5 1/4 (1/4 CCRT)	416	416	416	416	416	1.4483
@ 5 1/2 (1 1/2 CCRT)	372	372	372	372	374	1.2954
@ 5 3/4 (1 3/4 CCRT)	329	329	329	329	329	1.1446

SPARKS (WASHOE COUNTY)

Assumption: Homes valued at \$50,000.00 in 1975. Value increases at 18% per year.
Homes reappraised in different years with Home #1 reappraised in 1980.

1975 Value \$50,000 Year Reappraised Reappraised Value	Home #1 1980 \$114,389	Home #2 1976 \$59,000	Home #3 1977 \$69,620	Home #4 1978 \$82,150	Home #5 1979 \$96,940	Tax Rate
1980-81 taxes	650	767	905	1,068	1,260	3.7134
1981-82 taxes	1,457	752	887	1,047	1,235	3.64
@ 4 1/2 (1/2 CCRT)	790	790	790	790	790	2.7463
@ 4 3/4 (3/4 CCRT)	715	715	715	715	715	2.4861
@ 5% (1% CCRT)	646	646	646	646	646	2.2477
@ 5 1/4 (1/4 CCRT)	575	575	575	575	575	2.0008
@ 5 1/2 (1 1/2 CCRT)	502	502	502	502	502	1.7477
@ 5 3/4 (1 3/4 CCRT)	383	383	383	383	383	1.3310

WASHOE COUNTYASSUMPTIONS:

	<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	\$ 411	\$ 489	\$ 582	\$ 692	\$ 824	\$2.3488
1981-82 Taxes (Estimate)	\$ 955	\$ 476	\$ 567	\$ 674	\$ 803	\$2.2084

LEGISLATIVE PLAN - 5 3/4%:

Assessed Value	\$ 29,490	\$29,490	\$29,490	\$29,490	\$ 29,490	
Estimated 1981-82 Taxes	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$1.1446
Variation from 1980-81 Tax	\$ (73)	\$ (151)	\$ (244)	\$ (354)	\$ (456)	
Variation from 1980-81 Tax	(18%)	(31%)	(42%)	(51%)	(59%)	

SPARKS (WASHOE 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	
1980-82 Taxes	\$ 650	\$ 773	\$ 920	\$ 1,095	\$ 1,303	\$3.7134
1981-82 Taxes (Estimate)	\$ 1,520	\$ 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	\$ 442	\$ 442	\$ 442	\$ 442	\$ 442	\$1.4972
Variation from 1980-81 Tax	\$ (208)	\$ (331)	\$ (478)	\$ (653)	\$ (861)	
Variation from 1980-81 Tax	(32%)	(43%)	(52%)	(60%)	(66%)	

line 15

EXHIBIT E

SUGGEST delete "equalize" and insert "estimated"

line 19

SUGGEST Insert "certified" before the word "rate".

Page 2, line 1

SUGGEST before the word "rate" insert the word "certified"

line 12

APPROVED BY THE JOINT COMMITTEE Delete existing language through line 23 and ending with the sentence "limit is applied" and insert the following language:

The maximum allowable revenue from the supplemental city-county relief tax and taxes ad valorem for fiscal years beginning on or after July 1, 1982, must be calculated as follows:

(a) Assessed valuation for the preceding fiscal year including net proceeds of mines is added to an amount equal to the product of such assessed valuation multiplied by the percentage increase in the Consumer Price Index for the preceding calendar year. To this sum shall be added the assessed value of the new real property and mobile homes added to the assessment rolls in the past year for that ~~county~~ local government.

(b) The percentage increase that these sums represent over the assessed value of the preceding year is the maximum percent that the sum of the supplemental city-county relief tax and taxes ad valorem may increase over the amount allowed for the preceding year.

line 35

SUGGEST Discussion of ~~1/2~~ ^{1/3} percent limit on ad valorem receipts.

CONSIDER

For each fiscal year beginning on or after July 1, 1982, the revenue of the local government from taxes ad valorem, except those levied for debt service, derived from real and personal property that was on the tax role of the preceding year shall not increase by more than 6 percent.

line 47

SUGGEST Discussion of proposed language regarding legislative mandated programs. A proposed paragraph 5 to be added after line 47 as follows:

The maximum allowable revenue of a local government may be increased by that amount equal to the estimated cost of legislative mandated programs. However, that cost estimate must be approved by the legislative commission.

Page 4, lines 29 - 31

SUGGEST deletion.

line 32

SUGGEST Redesignate subparagraph 1c

line 34

SUGGEST Redesignate subparagraph 1c

SUGGEST Add, after GOVERNMENT

OR ANY AFFECTED TAXPAYER
lines 44 - 45

SUGGEST Delete subparagraph (a) and insert:

Conditions enumerated in section 3.3 (1) of this act, and

Page 5 - Line 1, RE-SIGNATE PARAGRAPH 5 AS 6

SUGGEST Add an additional subparagraph 5 as follows:

No fee for a license or permit which is based upon gross income may be increased upon businesses now licensed as long as revenues produced exceed a yearly gain equal to the Consumer Price Index.

Page 10, section 14

SUGGEST deletion.

section 15

SUGGEST deletion.

section 16

SUGGEST

Amendment as follows:

line 26, subparagraph 1 (d) - delete

line 35, subparagraph 3 - delete and add the following in its place:

Accounts payable in any manner permitted by this section may be additionally secured by a pledge of the full faith and credit of the community whose legislative body has declared the need for the agency to function. Such additional security shall only be provided upon the approval of the majority of the voters acting on the question at a general election or a special election called for such purpose. In its proposal to its voters the governing body shall define the area to be redeveloped, the primary source or sources of revenues first to be employed to retire the bonds and the maximum sum for which the city may pledge its full faith and credit in connection with the bonds to be issued for the project.

Page 11, A new section to be added following section 17:

Add to NRS 279.676 a new section 3.

Taxes ad valorem distributable to the agency shall entitle the agency to a share of supplemental city-county relief tax allocated to the municipality in the same proportion as the supplemental city-county relief tax payable to the municipality as a whole bears to the total of the ad valorem taxes receivable by the municipality including those received for the agency.

Page 12, section 18

APPROVED BY JOINT COMMITTEE delete.

Page 13, section 19

APPROVED BY JOINT COMMITTEE delete.

Page 14, section 20

APPROVED BY JOINT COMMITTEE delete.

Page 15, section 21

3

Page 16

SUGGEST delete lines 31 and 32

Suggested Amendments to A.B. 369

Second Reprint

Page 13, section 26, subparagraph (1)(c) delete and insert as follows:

(c) Distribute to the several local governments entitled to receive from the supplemental city-county relief tax that amount calculated by the department of taxation.

subparagraph (2) delete and insert as follows:

2. The maximum amounts distributable under paragraphs (a) and (c) must be estimated for each fiscal year pursuant to statute. The percentage of appropriate basic ad valorem revenue to be replaced in each county by the supplemental city-county relief tax is to be equal among the several counties insofar as possible. The amount apportioned to each county is then to be apportioned among the several local governments therein including the county and excluding the school district in the proportion which local government's basic ad valorem revenue bears to the total basic ad valorem revenue of all these local governments except that no local government may receive more than the amount to which it is entitled pursuant to subsection 2 of subsection 3 of senate bill 411 of this session. When any local government has received the maximum supplemental city-county relief tax calculated to be distributed to it, any remaining balance must revert to the supplemental city-county relief tax reserve fund.