

MINUTES OF THE
MEETING OF THE SENATE COMMITTEE
ON TAXATION

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
April 15, 1981

The Senate Committee on Taxation was called to order by Chairman Keith Ashworth, at 12:07 p.m., Wednesday, April 15, 1981, in Room 243 of the Legislative Building, Carson City, Nevada. There was no Meeting Agenda or Attendance Roster.

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBER ABSENT:

Senator Floyd R. Lamb

STAFF MEMBERS PRESENT:

Ed Shorr, Deputy Fiscal Analyst
Colleen Crum, Committee Secretary

The chairman explained he called the meeting to discuss Senate Bill No. 154 and Assembly Joint Resolution No. 27.

SENATE BILL NO. 154

The chairman explained an amendment to Senate Bill No. 154 has been proposed by himself, Senator Gibson and Senator Lamb which would allow Regional Transportation Authorities to levy a two-cent tax by ordinance in the counties which have regional transportation.

Senator Don Ashworth stated he wanted a prohibition against the Regional Transportation Authorities levying the additional two-cent tax at the same time that the increased sales tax becomes effective. He thought the people in the affected county should know that the legislature did not levy the additional two-cent tax.

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Senator Glaser asked what is the effective date of Senate Bill No. 154. Mr. Al Stone, Director of the Department of Transportation, stated the bill does not spell out the effective date. He hoped the effective date would be July 1, 1981.

The chairman noted Senator Kosinski had proposed an additional amendment to Senate Bill No. 154. He asked Senator Kosinski to explain his proposal.

Senator Kosinski proposed a flat 10.5 cent increase the first year, effective July 1, 1981. Of that 10.5-cent tax, 8.5 cents would go to the state. Senator Kosinski choose the figure based on information from the Department of Transportation. If the Consumer Price Index increases 12 percent or if the price of gasoline increases 12 percent the second year, the local and state gasoline tax will be allowed to increase by 12 percent.

The chairman asked whether additional tax increase triggers were proposed after the second year. Senator Kosinski stated there were no additional triggers because the legislature would be in session after the second year.

ASSEMBLY JOINT RESOLUTION NO. 27 (Exhibit A)

The chairman explained this bill has been interpreted to affect only 30 pieces of property. An amendment is being developed which would say, "The legislature may classify homestead residential property in classes for a tax deduction up to \$50,000 or 70 percent of the tax, whichever is lesser."

The chairman stated the other alternative is to amend Assembly Joint Resolution No. 27 exactly the way Senate Joint Resolution No. 6 reads. He explained Assembly Joint Resolution No. 27 must be acted upon because the Assembly won't act upon Senate Joint Resolution No. 6 until Senate action is taken on Assembly Joint Resolution No. 27.

Senator Raggio disagreed that Assembly Joint Resolution No. 27 would apply to only 30 pieces of property. He stated the provision in the bill which reads, "The legislature may provide

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for the valuation of residential property occupied by the owner on the basis of its use," would apply to all owner-occupied property.

Senator Kosinski moved that Assembly Joint Resolution No. 27 be amended to include the suggested homestead exemption of \$50,000 or 70 percent, whichever is less.

Senator Getto seconded the motion.

Senator Raggio stated this bill would greatly reduce the ad valorem tax base on residential property.

Senator Kosinski stated 25 percent of all assessed property would be given a tax exemption.

Senator Raggio opposed writing specific tax exemption figures into the constitution.

The chairman favored amending the language of Senate Joint Resolution No. 6 into Assembly Joint Resolution No. 27.

Senator Kosinski preferred Assembly Joint Resolution No. 27 because it permits only one classification of residential property. Senate Joint Resolution No. 6 permits many different classifications.

Senator Kosinski amended his motion to say the legislature may provide a homestead exemption for owner-occupied residential property without stipulating specific tax exemption figures.

Senator Getto amended his second to the motion.

Senator Raggio opposed the amendment. He stated the constitution should provide the opportunity to have a split roll as well as the opportunity to provide for exemption.

The chairman agreed with Senator Raggio's viewpoint. He said the practical application is that the Assembly Committee on Taxation has the Senate bill which accomplishes Senator Raggio's

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proposal. The Assembly Committee on Taxation will not take action on this bill until the Senate Committee on Taxation takes action on Assembly Joint Resolution No. 27.

Senator Kosinski and Senator Raggio debated whether Senator Kosinski's proposed amendment effectively provided a classification.

Senator Raggio amended Senator Kosinski's motion to provide that the legislature shall have the authority to grant either an exemption or to classify owner-occupied property.

The chairman and Senator Kosinski questioned the purpose of the motion. Senator Raggio explained the Assembly Committee on Taxation will disregard the opportunity to classify property, as proposed in Senate Joint Resolution No. 6, if the Senate Committee on Taxation passes a bill, like Assembly Joint Resolution No. 27, which merely grants the right to a full exemption. The legislature should have the ability to classify residential property differently rather than to grant absolute exemption.

A vote was taken, but there was confusion as to the question.

Senator Kosinski stated Senator Raggio's amendment did not receive a second. He called for the question.

The chairman clarified that Senator Kosinski's motion would allow the legislature to set an exemption.

Senator Raggio amended Senator Kosinski's motion that Assembly Joint Resolution No. 27 be amended to conform with the action previously taken by the committee on Senate Joint Resolution No. 6, and be approved.

Senator Don Ashworth seconded the motion.

The motion carried. (Senator Kosinski abstained.)

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There being no further business, the meeting adjourned at
12:30 p.m.

Respectfully submitted by:

Colleen Crum
Colleen Crum, Secretary

APPROVED BY:

Keith Ashworth
Senator Keith Ashworth, Chairman

DATE: 4-28-81

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. J. R. 27

ASSEMBLY JOINT RESOLUTION NO. 27—ASSEMBLYMEN
BERGEVIN, PRICE AND RUSK

MARCH 12, 1981

Referred to Committee on Taxation

SUMMARY—Proposes to amend Nevada constitution to permit valuation of homes according to use under certain circumstances. (BDR C-1296)

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.

ASSEMBLY JOINT RESOLUTION—Proposing an amendment to article 10 of the Nevada constitution to permit the separate classification of residential property for the purposes of taxation.

- 1 *Resolved by the Assembly and Senate of the State of Nevada, jointly,*
2 That section 1 of article 10 of the constitution of the State of Nevada be
3 amended to read as follows:
4 SECTION 1. 1. The legislature shall provide by law for a uniform
5 and equal rate of [assessment and] taxation, *but may classify residential*
6 *property separately, in one or more classes, for the purpose of valuation*
7 *or assessment, and shall prescribe such regulations as shall secure a just*
8 *valuation for taxation of all property, real, personal and possessory,*
9 *except mines and mining claims, when not patented, the proceeds alone of*
10 *which shall be assessed and taxed, and when patented, each patented*
11 *mine shall be assessed at not less than five hundred dollars (\$500),*
12 *except when one hundred dollars (\$100) in labor has been actually per-*
13 *formed on such patented mine during the year, in addition to the tax*
14 *upon the net proceeds [; shares] , and other property for which specific*
15 *provision is made in this section.*
16 2. *Shares* of stock (except shares of stock in banking corporations),
17 bonds, mortgages, notes, bank deposits, book accounts and credits, and
18 securities and choses in action of like character are deemed to represent
19 interest in property already assessed and taxed, either in Nevada or else-
20 where, and shall be exempt. [Notwithstanding the provisions of this sec-
21 tion, the]
22 3. *The legislature may constitute agricultural and open-space real*
23 *property having a greater value for another use than that for which it is*
24 *being used, as a separate class for taxation purposes and may provide a*
25 *separate uniform plan for appraisal and valuation of such property for*

1 assessment purposes. If such a plan is provided, the legislature shall also
2 provide for retroactive assessment for a period of not less than 7 years
3 when agricultural and open-space real property is converted to a higher
4 use conforming to the use for which other nearby property is used.

5 4. Personal property which is moving in interstate commerce through
6 or over the territory of the State of Nevada, or which was consigned to a
7 warehouse, public or private, within the State of Nevada from outside the
8 State of Nevada for storage in transit to a final destination outside the
9 State of Nevada, whether specified when transportation begins or after-
10 ward, shall be deemed to have acquired no situs in Nevada for purposes
11 of taxation and shall be exempt from taxation. Such property shall not be
12 deprived of such exemption because while in the warehouse the property
13 is assembled, bound, joined, processed, disassembled, divided, cut, bro-
14 ken in bulk, relabeled or repackaged.

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

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

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

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