

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

SIXTY-FIRST SESSION  
NEVADA STATE LEGISLATURE  
April 9, 1981

The Joint Senate and Assembly Committees on Taxation were called to order by Chairman Paul May, at 1:40 p.m., Thursday, April 9, 1981, in Room 131 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

The chairman explained Clark County had requested to speak on the tax reform package. Assessors testimony would be taken after Clark County made its comments.

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Mr. Manuel Cortez, Clark County Commissioner, stated Section 5 of Senate Bill No. 411, dealing with the increase of fees, should be deleted. He said all governmental decision making authority should be returned to the government which is closest to the people. The Clark County Commissioners feel arbitrary authority given to an appointed department head is ludicrous and totally unsound. Concern about the commissioners abusing their authority is greatly exaggerated. An ordinance mechanism is presently used for increasing fees and does not require approval by the Director of the Department of Taxation. The ordinance process includes public hearings.

Mr. Cortez questioned whether line 48 would apply to utility fees. The chairman explained the intent was to exclude utilities. An amendment is being drafted to clarify the situation. Senator Keith Ashworth added the amendment will also exclude true enterprise funds.

Senator Keith Ashworth stated the legislature is responding to a mandate by the people to lower property taxes. He said it is unfortunate that the Committees on Taxation are injected into the local budgetary process, but this is what the voters have demanded. Senate Bill No. 204 of the 60th Session placed expenditure caps on local governments. Most local governments substantially increased other fees and set up innovative methods of accounting as a result of the expenditure caps. Quirks in the law also allowed certain counties to expand ending balances. Consequently, the intent of Senate Bill No. 204 of the 60th Session was only partially carried out and didn't alleviate, in the people's minds, the property tax problems. The people blamed the legislature for the property tax problems. The legislature is not trying to take authority away from local government. But when the authority remains at the local level and local governments blame the legislature for high taxes, the legislature must become involved. He recalled a \$25 renewal fee which was placed on all applicants for Clark County transit without passage of the required ordinance. Only later was the fee eliminated. The legislature erred last session by allowing certain revenues and fees to be returned to the counties. The result was certain areas within the county received a tax cut while

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other districts received increases. The legislature is trying to place proper restraints on the counties' total revenues. The bill employs relief valves to respond to extenuating circumstances or undue burdens upon counties. The legislature is not trying to impugn Clark County's integrity. The legislature feels the proposed tax reform package is the best approach to resolving the property tax issue.

Mr. Cortez stated the Clark County Commissioners also must stand for election. The services the county provides are mandated by the legislature. Those sources of income for mandated services must be protected. There is no frivolity in the county government.

Senator Keith Ashworth explained he did not say the county government was frivolous. The legislature will utilize the necessary mechanisms to provide tax relief.

Mr. Cortez said Clark County does not want to be chastized for taking advantage of the relief valves cited by Senator Keith Ashworth to continue to provide services. The county has been chastized in the past for creating innovative funding by use of the enterprise fund. The enterprise fund was supposed to be a relief valve. The county will ask the Attorney General for a constitutional clarification of the question to avoid further chastizement. Nevada presently enjoys one of the lowest property tax rates in the country. The problem is with the method of assessment, not the tax rate.

Senator Keith Ashworth stated Senate Bill No. 69 addressed the issue of assessment methods.

The chairman observed Mr. Cortez viewed tax reform legislation on a personal vein. The legislation was not intended to address Clark County in particular.

Mr. Patrick Pine, representing Clark County, addressed Senate Bill No. 69. He requested a definitive opinion by bonding professionals to determine that the terminology in the bill will not threaten temporary suspension of bond rating for all Nevada issues. He opposed changing the bottom line of estimated values of assessments for the 1981-1982 fiscal year.

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In regard to Assembly Bill No. 369, Mr. Pine stated the county had no objections to a mandatory ordinance for imposing a higher city-county relief tax. The county will have difficulty meeting the May deadline for enacting the ordinance. He asked for an extension of the deadline. He suggested that the state receive a lower percentage of the commission moneys for administering the city-county relief tax program. The additional money derived from lowering the state's percentage could be used to assist those counties which have a small sales tax generative ability. He noted the Director of the Department of Taxation was unable to estimate the cost of administering the program at an earlier meeting. Mr. Pine questioned the administrator's ability to determine the reasonable costs for other governments when he cannot estimate the cost of his own operation. He stated the county accepted the distribution formula in Section 26 of Assembly Bill No. 369. Clark County has not objected to sharing sales tax revenues generated in Southern Nevada with other parts of the state as has been claimed. The county does not want to continue to share those revenues without some recognition, however.

In regard to Senate Bill No. 411, Mr. Pine stated the 15 percent growth factor for the 1981-1982 fiscal year is insufficient to provide adequate revenue for even the anticipated decreased level of expenditures. The county supports the concept of a percentage cap on the assessed value plus new construction assessments as proposed by Mr. Marvin Leavitt at the April 7, 1981 hearings. Mr. Pine proposed allowing a cross-section of experts to make the city-county relief tax projections. He disagreed with the restrictions on the ending fund balances being applied to funds other than the General Fund. He urged the deletion of Section 5. If this section remains in the bill, he suggested changing the date of the Consumer Price Index rating from February 1 to November 1. The change would coincide with the county's budget preparation timetable. He said Clark County could not support the tax package because of the many potential legal and administrative flaws.

The chairman explained the Director of the Department of Taxation could not answer the question of the cost at the previous meeting because he did not know what action the committees planned to take on this issue.

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SENATE BILL NO. 69

The chairman explained an amended version of Senate Bill No. 69 was distributed to the committee just prior to the meeting. The amendments corrected many of the problems the assessors had planned to address.

Mr. Richard Franklin, representing the Washoe County Assessor's office, objected to the requirement that all available information must be provided to a property owner to support the appraisal.

Mr. Franklin urged the use of the same set of factors on all land. Assemblyman Bergevin said residential property does not carry a commercial factor. Assessing all land with one set of factors would place a burden on the homeowner.

Mr. Franklin requested a definition of which properties will apply under the new factoring system by next week for Washoe County to meet the deadlines required in the bill. Time deadlines will make it difficult for the assessor to comply with the requirement to include the factor in the tax notices. He suggested limiting the hearings on the 1980 roll because of the staff time involved in these hearings. He requested relief by statute to delay or completely eliminate assessor training for this year only. The county asked the Tax Commission to permit a similar delay last year. The Attorney General ruled training could not be delayed. So much time will be expended re-doing the 1980 roll that the assessor will not be able to meet the 1981 roll deadline.

Assemblyman Bergevin suggested that the assessors be supplied with factors for assessing property in 1981 if they cannot complete the work required in Senate Bill No. 69. This would give the assessors additional time to make the necessary adjustments to comply with the new requirements.

Mr. Don Dunn, Assistant Assessor in Clark County, stated homeowners would receive a 40 to 50 percent property tax increase in 1980-1981 under Senate Bill No. 69.

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Senator Keith Ashworth asked what the increase would be if no legislation is passed. Mr. Dunn stated there would be a 110 percent increase.

Assemblyman Bergevin stated limitations must be established for the percentage of increases permitted in assessed valuations.

Senator Keith Ashworth asked how Mr. Dunn would equalize all properties if the legislature instructed all assessors to accomplish equalization without supplying the method for accomplishing the mandate. Mr. Dunn could not answer the question.

Mr. Dunn objected to the requirement that factors be included on the tax notifications. Senator Keith Ashworth stated the constitution requires this information be supplied to the property owner.

Mr. Dunn stated many appeals would be eliminated if the notification showed the end result in taxes due rather than just the assessed value.

Mr. Burton Curtis, a member of the Clark County Board of Equalization, expressed concern over the implementation of Senate Bill No. 69. He anticipated a great increase in the number of appeals because 80 percent of the properties will be re-assessed in 1980-1981.

Assemblyman Price stated annual appraisals may overburden the Boards of Equalization. The State of Maryland experienced this problem while under an annual appraisal system and was forced to return to a three-year appraisal cycle. Senator Keith Ashworth suggested a trigger mechanism which would allow the Board of Equalization to appeal to the Legislative Commission if it becomes overburdened.

Assemblyman Bergevin suggested setting the dates for Board of Equalization hearings after the tax bills have been mailed. Property owners would have received by that time their new appraisals as well as their tax bills. Assemblyman Price

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suggested also showing the property owner what his taxes would have been if legislation had not been enacted.

Each assessor was asked to indicate to the committee the following:

1. The number of employees in the assessor's office;
2. Whether additional time was needed to complete the requirements of Senate Bill No. 69; and
3. The number of parcels in the county.

See Exhibit C for their answers.

Mr. John Kelley, Douglas County Assessor, submitted a prepared statement for the record. (See Exhibit D.)

Lander County submitted a statement of the implementation costs of Senate Bill No. 69. (See Exhibit E.)

Mr. Chuck Chinnock, Chief, Assessment Standards Division, Department of Taxation, presented a report on factoring. (See Exhibit F.) He suggested amending page 4, lines 20-25 of Senate Bill No. 69 to "require the Nevada Tax Commission to establish standards by regulation for determining the cost of replacement and depreciation of improvements and personal property."

Ms. Gaylyn Spriggs, Mineral County Assessor, stated her county would have to hire a computer service to meet the deadlines required in Senate Bill No. 69. Her office presently uses a manual system.

Mr. Roy Nickson, Director of the Department of Taxation, stated the Department of Taxation will provide whatever assistance possible to Mineral County. He estimated 700 parcels could be factored per day. The preparation of notices is the major problem of Senate Bill No. 69. He suggested permitting the notices to be published in a newspaper of general circulation

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in the county rather than requiring the mailing of the notices.

Mr. Homer Rodriguez, Carson City Assessor, questioned whether newspapers could publish these lists within the required time frame. The chairman suggested making Mr. Nickson's suggestion optional.

Senator Getto noted Mr. Nickson's factoring estimate would be cut in half because the calculations would have to be double-checked for errors.

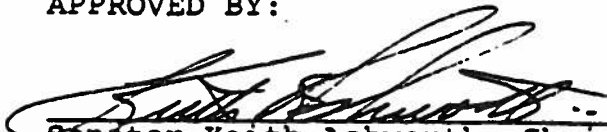
Senator Keith Ashworth stated the suggestion that the state hire people to assist in the assessment process would be studied.

There being no further business, the meeting adjourned at 3:50 p.m.

Respectfully submitted by:

  
Colleen Crum, Secretary

APPROVED BY:

  
Senator Keith Ashworth, Chairman

DATE: 4-15-81



JOINT HEARING WITH ASSEMBLY AND SENATE TAXATION COMMITTEES

~~SENATE AGENDA~~

COMMITTEE MEETINGS

Amended Date 4/7/81

Committee on Taxation, Room 131.

Day Thursday, Date April 9, Time 1:00 p.m.

AMENDED AGENDA

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.

A. B. No. 430--Provides schedule for budgets and property taxes in 1981.

Testimony will be taken from all county assessors.

THIS AGENDA SUPERSEDES PREVIOUS AGENDA

SENATE AGENDA

EXHIBIT A

COMMITTEE MEETINGS

Amended Date 4/7/81

Committee on Taxation, Room 131.

Day Thursday, Date April 9, Time 1:00 p.m.

AMENDED AGENDA

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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.

A. B. No. 430--Provides schedule for budgets and property taxes in 1981.

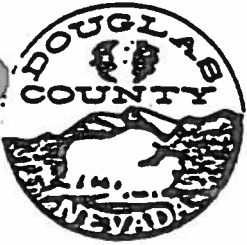
Testimony will be taken from all county assessors.



EXHIBIT C

<u>County</u>	<u>Assessor Testifying</u>	<u>Number of Employees</u>	<u>Additional Time Needed</u>	<u>Number of Parcels</u>
Carson City	Homer Rodriquez	14	No	*NA
Clark	Dan Dunn	139	Possibly	*NA
Douglas	John Kelley	11	Yes	16,000
Elko	William Giusti	14	No	40,000
Eureka	Jim Ithurralde	2	Yes	3,000
Humboldt	Dennis Ballew	5	Yes	*NA
Lincoln	William Lloyd	3	Yes	3,600
Lyon	Leroy Ward	11	Yes	14,000
Mineral	Gaylyn Spriggs	5	Yes	4,000
Nye	Bernie Merlino	13	Yes	11,500
Storey	John Flanagan	2	No	3,500
Washoe	Richard Franklin	86	Yes	*NA

\*NA--No answer indicated.



ASSESSOR

JOHN L. KELLEY  
(702) 782-5176

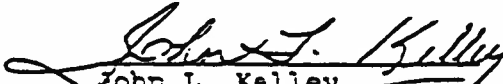
EXHIBIT D

April 7, 1981

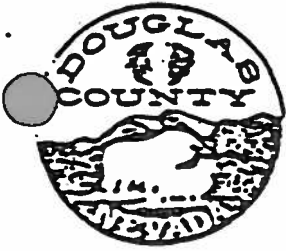
Chairman, Keith Ashworth  
Chairman, Paul May  
Honorable Senate and Assembly Taxation Committee Members

The major impact of S.B. 69 on the Assessor's Office would be the inability to implement the factoring program for 1980-1981 and also complete the 1981-1982 assessment roll on time. With our existing staff only one of these programs can be accomplished this year. Under S.B. 69 the Assessor's Office would be unable to complete the 1981-1982 assessment roll without additional staff and equipment. It will be necessary to spend several months reviewing the complex problems that have arisen at Lake Tahoe, physically re-appraise 1/5 of the county and re-appraise the other 4/5 by the replacement cost, re-appraise all ranches and pick up new building permits and 1980-1981 under construction parcels. Therefore, our only alternative would be to contract the factoring program for the 1980-1981 assessment roll. The cost of this project is ~~unknown~~<sup>ESTIMATED</sup> at this time, but we feel it could be of great expense to the public. Douglas County has just spent in excess of \$300,000 on a re-appraisal project mandated by the State Tax Commission.

Sincerely,

  
John L. Kelley  
DOUGLAS COUNTY ASSESSOR

JLK/ph



ASSESSOR

JOHN L. KELLEY

(702) 782-5176

April 7, 1981

FACTORING OF THE 1980-1981

ASSESSMENT ROLL

COSTS TO BE CONSIDERED

1. Assessment notices
2. Tax bills
3. Publish assessment rolls
4. Publish County Board of Equalization changes
5. Contract to private firm
6. Petition forms
7. Computer time
8. Computer paper
9. Appraisal records
10. Marshall Swift console and time
11. Contract Court Reporter for County Board of Equalization minutes
12. Miscellaneous expenses

DOUGLAS COUNTY

ESTIMATED COST OF IMPLEMENTING S.B. 69

ASSESSOR

Three(3) weeks to sort Commercial vs Residential	
Two(2) people at \$5.00 per hour	\$ 1,200
Key punch for Factoring & Commercial vs Residential distinction	\$ 500
Personnel for Inquiries	
Three(3) Appraisers for one(1) month at \$7.00 per hour	\$ 3,360
Personnel for County Boards	
Two(2) Appraisers for one(1) month at \$8.00 per hour	\$ 2,560
Personnel for State Boards	
One(1) Appraiser for two(2) weeks at \$8.00 per hour	\$ 640
Personnel for three(3) Segregations	
One(1) Appraiser for three(3) weeks at \$8.00 per hour	\$ 960
Newspaper Publication of Roll	\$ 4,500
Assessment Notice mailing	\$ 3,000
* Tax Bill mailing (if second notice is required)	\$ 3,000
	Total --- ** \$19,720

CLERK TREASURER/TAX COLLECTOR

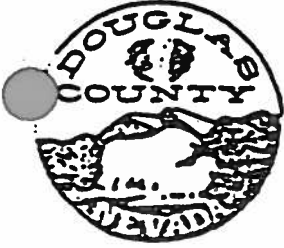
Notification & Scheduling for County Boards	
Includes mailing & personnel	\$ 750
Court Reporters, Transcription & Typing for County Board	\$ 2,500
Per Diem expences for County Board members	500
* Personnel for Receiving or Crediting additional Tax Payments or Rebates (this includes manual accounting of rebates if required)	\$45,000
Interest lost due to one(1) month delay in due date	\$20,000
	Total --- \$68,750

DATA PROCESSING

Computer Time for Factoring	\$ 500
* Tax Bills, forms and printing, if second is required (first set is no additional expense)	\$ 3,700
Data Processing salaries	\$ 2,200
Computer Time for Assessment Notices, (forms & printing)	\$ 1,600
Three new Assessment Rolls and Segregation	
1. Original	
2. After County Boards	
3. After State Boards	
	Total --- \$ 1,500
	\$ 9,500

GRAND TOTAL --- \$97,970

- \* These costs will be incurred if a second tax bill is required.
- \*\* This figure is based upon in house cost of implementing S.B. 69. If this project were to be contracted out, the cost could easily



ASSESSOR

JOHN L. KELLEY

(702) 782-5176

FACTORING OF THE 1980-1981

ASSESSMENT ROLL

Deadlines

Schedule of Events

4/01/81	Guidelines Determined by the Department of Taxation
4/21/81	Determine which properties are residential and which are commercial - requires a physical search of the Assessor's property records - approximately three weeks.
4/28/81	Data Processing to apply factors and supply printouts - approximately one week.
5/01/81	Data Processing to create new assessment roll.
5/05/81	New assessment notices sent out.
5/15/81	Last day for taxpayers to file protest form.
6/01/81 thru 6/30/81	County Board of Equalization meets. Changes to the roll must be submitted to Data Processing daily
7/01/81	All taxpayers must be notified of County Board of Equalization decisions. Assessment roll extended, (and County Board changes made.)
7/05/81	Last day to appeal to State Board of Equalization.
7/15/81	State Board of Equalization to conclude hearings.



Date of Valuation		PHASE I AT LAKE					Jan '80 *	Jan '81**	Factor
A.P.N.	Year of Last Review	Roll Values			Factored	M/S Cost	M/S Cost	will	
		Land & Improvements = Total			= Value	Plus Land	Plus Land	to Jan	
					X Factor =			value	
01-110-02	79-80	65,000	81,531	146,531	.840	123,086	115,557	.787	
01-153-07	79-80	100,000	317,620	417,620	.840	350,801	327,493	.747	
01-163-09	79-80	75,000	229,000	304,000	.840	255,360	240,740	.754	
03-080-12	79-80	45,000	50,000	95,000	.840	79,800	79,776	.800	
03-161-11	79-80	140,000	35,000	175,000	.840	147,000	162,812	***.930	
03-173-04	79-80	65,000	136,000	201,000	.840	168,840	148,963	.741	
05-045-08	79-80	45,000	67,000	112,000	.840	94,080	86,447	.772	
05-082-13	79-80	40,000	32,000	72,000	.840	60,480	60,099	.835	
05-122-01	79-80	70,000	87,500	157,500	.840	132,300	124,397	.790	
05-141-27	79-80	35,000	48,500	83,500	.840	70,140	65,183	.781	
05-332-02	79-80	50,000	135,500	185,500	.840	155,820	141,799	.764	
05-332-10	79-80	50,000	98,500	148,500	.840	124,740	116,875	.787	
07-082-40	79-80	35,000	112,000	147,000	.840	123,480	91,915	***.625	
								.778	
								Avera	

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\* The improvement value is derived by dividing imp. value by the location modifier (market derived) and then multiplying 1.01 as a time adj. from 10/79 to 1/80. The land value is adjusted by multiplying existing land value by 1.01.

\*\* Jan '81 cost are derived by multiplying Jan '80 cost by 1.05.

\*\*\* These factors were discarded in calculating the average, due to unusual I/I ratio.

A.P.N.	Year of Last Review	Roll Values			X Factor	Factored Value	Jan '80 *	Jan '81**	Factor will be to Jan value
		Land & Improvements = Total					M/S Cost Plus Land	M/S Cost Plus Land	
07-204-09	80-81	35,000	64,500	99,500	.706	70,247	77,147	81,004	.779
07-207-02	80-81	35,000	105,500	140,500	.706	99,193	104,579	109,808	.744
07-244-13	80-81	60,000	107,000	167,000	.706	117,902	129,860	136,352	.778
07-273-02	80-81	40,000	100,500	140,500	.706	99,193	106,170	111,479	.756
07-440-07	80-81	35,000	77,000	112,000	.706	79,072	85,549	89,826	.764
BOOK 9 - TAHOE VILLAGE									
09-032-40	80-81	20,000	54,500	74,500	.706	52,597	49,605	52,085	.666
09-060-42	80-81	100,000	199,000	299,000	.706	211,094	207,303	217,668	.693
09-120-02	80-81	250,000	56,500	81,500	.706	57,539	55,682	58,466	.683
09-240-01	80-81	20,000	53,000	73,000	.706	51,538	48,640	51,072	.666
09-410-01	80-81	20,000	40,000	60,000	.706	42,360	41,649	43,732	.694
09-520-01	80-81	22,500	78,500	101,000	.706	71,306	65,293	68,558	.646
11-070-14	80-81	25,000	56,000	81,000	.706	57,186	66,612	69,943	.822
11-134-08	80-81	30,000	71,500	101,500	.706	71,659	80,564	84,592	.794
11-152-05	80-81	30,000	70,500	100,500	.706	70,953	79,656	83,639	.793
11-192-04	80-81	35,000	107,000	142,000	.706	100,252	110,831	116,373	.781
11-214-23	80-81	40,000	750,000	115,000	.706	81,190	89,008	93,459	.774
11-232-26	80-81	20,000	114,500	134,500	.706	94,957	93,326	97,992	.694
11-251-25	80-81	17,500	55,000	72,500	.706	51,185	52,502	55,127	.724
11-270-24	80-81	20,000	37,000	57,000	.706	40,242	43,361	45,528	.761
11-300-34	80-81	20,000	65,500	85,500	.706	60,363	61,635	64,717	.721

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Average

\* The improvement value is derived by dividing improvement value by the location modifier (market derived) and then multiplying by .97 as backward time adjustment from 10/80 to 1/80. The land value is adjusted by multiplying existing land value by .97.

\*\* Jan '81 costs are derived by multiplying Jan '80 costs by 1.05.

A.P.N.	Year of Last Review	Roll Values			X Factor	Factored Value	Jan '80 * M/S Cost Plus Land	Jan '81 M/S Cost Plus Land	Factor will be to Jan value
		Land	& Improvements	= Total	=				
13-051-07	78-79	12,000	43,170	55,170	1.000	55,170	70,105	73,125	1.27
13-056-05	78-79	12,000	43,085	55,085	1.000	55,085	60,852	63,366	1.10
13-063-03	78-79	12,000	53,140	65,142	1.000	65,142	76,958	80,354	1.18
13-065-07	78-79	12,000	46,570	58,570	1.000	58,570	71,344	74,432	1.21
13-071-13	78-79	12,000	40,230	52,230	1.000	52,230	65,605	68,379	1.25
13-071-03	78-79	12,000	29,685	41,685	1.000	41,685	52,478	54,532	1.25
13-080-11	78-79	12,000	46,030	58,030	1.000	58,030	69,541	72,531	1.19
13-080-50	78-79	12,000	50,800	62,800	1.000	62,800	68,104	71,014	1.08
13-091-10	78-79	12,000	44,600	56,600	1.000	56,600	67,868	70,766	1.19
13-200-18	78-79	12,000	51,685	63,685	1.000	63,685	75,850	79,185	1.19
									1.19 Av

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\* Improvement based on 1/80 M/S cost (with no change in depreciation) plus existing land value on roll factored up to 1/80 @ 25%.

A.P.N.	Year of Last Review	Roll Values Land & Improvements = Total			X Factor =	Factored Value	Jan '80 * M/S Cost Plus Land	Jan '81 M/S Cost Plus Land	Factor will eq to Jan value
15-080-01	78-79	30,000	50,285	80,285	1.0	80,285	114,690	118,181	1.42
15-080-33	78-79	30,800	79,000	109,800	1.0	109,800	161,354	167,328	1.46
15-091-01	78-79	30,000	63,028	93,028	1.0	93,028	120,416	124,220	1.29
15-101-10	78-79	30,400	94,400	124,800	1.0	124,800	161,511	167,531	1.29
15-103-07	78-79	30,000	92,914	122,914	1.0	122,914	165,440	171,712	1.34
Improvement value based on M/S as of 1/80 with same depreciation Land value as on roll was factored up by 70% to reach 1/80 value									1.36 Ave

A.P.N.	Last Review	Roll Values			X Factor	Factored Value	Jan 80 *	Jan 81	to J value
		Land & Improvements =	Total				M/S Cost Plus Land	M/S Cost Plus Land	
17-060-03	78-79	44,514	121,600	166,114	1.0	166,114	218,743	227,683	1.2
17-071-08	78-79	43,428	71,028	114,457	1.0	114,457	104,136	144,841	1.2
17-091-01	78-79	22,742	52,800	75,542	1.0	75,542	95,975	99,677	1.2
17-100-07	78-79	28,428	40,000	68,428	1.0	68,428	116,719	121,168	1.7
17-123-01	78-79	28,885	40,914	69,799	1.0	69,799	85,049	87,732	1.2

\* Improvement value based on M/S as of 1/80 with same depreciation and value as on roll was factored up by 25% to reach 1/80 values

1.62  
1.2  
1.2  
1.2  
1.2  
1.2  
AV

A.P.N.	Year of Last Review	Roll Values			X Factor	Factored Value	Jan '80 * M/S Cost Plus Land	Jan '81 M/S Cost Plus Land	Factor will be to Jan value
		Land	Improvements	= Total					
19-151-02	79-80	28,000	61,900	89,900	.840	75,500	97,700	103,100	1.08
19-151-09	79-80	28,000	58,700	86,700	.840	72,800	87,800	92,600	1.01
19-330-25	79-80	54,400	83,700	138,100	.840	116,000	147,100	155,200	1.06
19-330-29	79-80	66,000	178,500	244,500	.840	205,400	264,900	270,100	1.08
19-290-16	79-80	44,100	68,300	112,400	.840	94,400	125,900	132,800	1.12
19-290-17	79-80	44,100	142,400	186,500	.840	156,600	197,800	208,600	1.06
									1.07
									Average

\*Improvement value based on M/S cost as of 1/80 with same depreciation land value as on roll was factored by 10% to reach 1/80 value

A.P.N.	Year of Last Review	Roll Values			Factored	Jan '80	Jan '81	will	
		Land & Improvements = Total	X Factor =	Value	M/S Cost Plus Land	M/S Cost Plus Land	to J value		
21-050-08	78-79	25,000	66,257	91,257	1.0	91,257	104,867	109,176	1.14
21-100-05	78-79	24,600	65,857	90,457	1.0	90,457	104,407	108,714	1.15
21-110-04	78-79	29,428	33,257	62,685	1.0	62,685	73,948	76,307	1.17
21-120-19	78-79	28,371	34,285	62,657	1.0	62,657	74,431	76,877	1.18
21-160-23	78-79	28,857	41,428	70,285	1.0	70,285	80,500	83,252	1.14
									1.10

\* Improvement value based on M/S as of 1/80 with same depreciation  
Land value same as on roll was factored up 5% to reach 1/80 values

33

Ave

A.P.N.	Last Review	Roll Values			Factor	Factored Value	Jan '80	Jan '81	will to value
		Land & Improvements	= Total	X			M/S Cost Plus Land	M/S Cost Plus Land	
23-060-06	78-79	20,000	38,971	58,971	1.0	58,971	72,266	75,076	1.22
23-070-09	78-79	20,000	43,942	63,942	1.0	63,942	78,936	82,112	1.23
23-090-51	78-79	19,800	41,028	60,828	1.0	60,828	71,278	74,255	1.17
23-160-06	78-79	32,000	51,914	83,914	1.0	83,914	92,035	95,238	1.09
23-180-18	78-79	27,514	36,571	64,085	1.0	64,085	73,869	76,334	1.15
									1.17 Ave

62A

\* Improvement value based on M/S as of 1/80 with same depreciation  
 Land value same as on roll was factored up 5% to reach 1/80 values



A.P.N.	Year of Last Review	Roll Values			Factor	Factored Value	Jan '80* M/S Cost Plus Land	Jan '81 M/S Cost Plus Land	Factor will be to Jan value
		Land	& Improvements	= Total					
25-152-14	78-79	26,314	48,000	74,314	1.199	89,102	103,500	108,675	1.39
25-151-21	78-79	30,400	55,500	85,900	1.199	102,994	125,000	131,250	1.45
25-151-19	78-79	49,360	71,580	120,940	1.199	145,007	205,000	215,250	1.69
25-265-02	79-80 I 78-79 I	105,080	79,860	184,940	L 1.095 I 1.199	210,814	250,800	263,340	1.35
25-270-05	78-79	61,880	95,500	157,380	1.199	188,698	203,450	213,622	1.29
25-211-02	78-79	36,750	38,530	75,280	1.199	90,260	124,000	130,200	1.64
									1.47 Avg

625

\* Improvement values based on M/S as of 1/80 with same depreciation

A.P.N.	Year of Last Review	Roll Values			X Factor	Factored Value	Jan '80 * M/S Cost Plus Land	Jan '81 M/S Cost Plus Land	Factor will equ to Jan value
		Land & Improvements	= Total						
29-083-06	79-80	29,000	55,650	84,650	.840	71,100	86,500	91,200	1.02
29-083-07	79-80	32,000	56,050	88,050	.840	73,960	94,200	99,300	1.07
29-085-06	79-80	22,000	61,250	83,250	.840	69,900	89,300	94,200	1.07
29-085-07	79-80	22,000	44,030	66,030	.840	55,500	69,300	73,000	1.05
29-085-11	79-80	22,000	50,430	72,430	.840	60,900	78,900	83,200	1.09
29-092-05	79-80	19,000	70,950	89,950	.840	75,558	99,300	104,700	1.10
29-101-01	79-80	21,000	56,880	77,880	.840	65,500	86,600	91,400	1.11
29-101-02	79-80	20,500	53,260	73,750	.840	52,000	75,800	79,900	1.03
29-441-06	79-80	29,000	108,950	137,950	.840	115,900	146,900	154,900	1.06
29-083-15	79-80	42,000	55,800	97,800	.840	85,150	117,000	123,200	1.19
29-072-21	79-80	22,000	68,400	90,400	.840	75,900	101,500	107,100	1.12
									1.08
									Average

626

\*Improvement value based on M/S cost as of 1/80 with same depreciation land value as on roll was factor b. 0% to reach 1/80 value.

A.P.N.	Year of Last Review	Roll Values			Factor	Factored Value	Jan '80 * M/S Cost Plus Land	Jan '81 M/S Cost Plus Land	will to J value
		Land	Improvements	= Total	X	= Value			
35-261-03	79-80	17,000	35,500	52,500	.084	44,100	56,800	59,900	1.00
35-261-04	79-80	16,000	42,100	58,100	.084	48,800	63,500	67,000	1.09
35-261-05	79-80	16,000	33,900	49,900	.084	41,900	54,100	57,100	1.08
35-261-11	79-80	16,000	46,700	62,700	.084	52,700	68,500	72,200	1.09
35-263-01	79-80	16,000	50,100	66,100	.084	55,500	71,000	75,000	1.07
									1.08 AV

223

\*Improvement value based on M/S cost as of 1/80 with same depreciation  
 Land value as on roll was factored up by 10% to reach 1/80 values

A.P.N.	Year of Last Review	Roll Values			X Factor	Factored Value	Jan '80 * M/S Cost Plus Land	Jan '81 M/S Cost Plus Land	Factor will be to Jan value
		Land & Improvements =	Total	=					
37-090-01	79-80	25,000	32,500	57,500	.840	32,340	60,900	64,260	1.05
37-090-03	79-80	15,000	36,800	51,800	.840	43,500	54,350	57,350	1.05
37-121-15	79-80	21,000	50,800	71,800	.840	60,300			829 1.05
37-121-22	79-80	21,000	45,800	66,800	.840	56,100	72,600	76,600	1.05
37-121-29	79-80	21,000	54,000	75,000	.840	63,000	80,800	85,300	1.05
37-121-32	79-80	22,000	33,300	55,300	.840	46,500	59,500	62,800	1.05
									1.00 Ave

\* Improvement value based on M/S cost as of 1/80 with same depreciation  
Land value as on roll was factored up by 10% to reach 1/80 value

A.P.N.	Year of Last Review	Roll Values			X Factor	Factored Value	Jan '80 * M/S Cost Plus Land	Jan '81 M/S Cost Plus Land	Factor will go to Jan value
		Land	Improvements	= Total					
39-080-08	79-80	12,400	51,850	64,250	.840	53,970	68,800	72,500	1.07
39-080-10	79-80	16,800	31,000	47,800	.840	40,150	48,800	51,500	1.02
39-111-02	79-80	18,000	49,700	67,700	.840	56,900	66,000	69,200	.914
39-112-05	79-80	7,200	50,000	57,200	.840	48,000	61,900	65,300	1.08
39-113-05	79-80	18,000	62,600	80,600	.840	67,700	83,200	87,700	1.03
									1.023
									AV

\* Improvement value based on M/S cost as of 1/80 with same depreciation  
Land value as on roll was factored up by 10% to reach 1/80 value

A.P.N.	Year of last review	Roll Values			X Factor =	Factored Value	Jan '80 * M/S cost plus land	Jan '81 ** M/S cost plus land	Factor that will equate to Jan '80 values
		Land & Improvements	=	Total					
Caesars 07-040-09	79-80	21,000,000	59,000,000	80,000,000	1.095	87,600,000	71,285,630	74,849,911	.891
Arvey's Hotel 07-140-03 07-140-05	79-80	20,000,000	10,000,000	30,000,000	1.095	32,850,000	28,687,394	30,121,763	.956
Arvey's Inn 07-120-02 07-120-03 07-120-04 07-120-05 07-120-10 07-120-11	79-80	4,700,000	5,260,000	9,960,000	1.095	10,906,200	9,211,369	9,671,937	.924
Harrah's 07-150-05 07-150-08	79-80	23,000,000	77,000,000	100,000,000	1.095	109,500,000	88,582,941	93,012,088	.885
Shahara Tahoe 07-030-05 07-140-08	79-80	22,500,000	38,500,000	61,000,000	1.095	66,795,000	55,401,470	58,171,543	.908
Barney's 07-150-01	79-80	410,000	755,000	1,165,000	1.095	1,275,675	1,054,898	1,107,642	.905
Nugget 07-130-14	79-80	1,100,000	725,000	1,825,000	1.095	1,998,375	1,726,336	1,812,652	.945
									.901 Average

630

\* The improvement value is derived by dividing imp. value by the location modifier (market derived) and then multiplying 1.05 as a time adj. from 10/79 to 1/80.  
The land value is adjusted by multiplying Jan '80 cost by 1.05

\*\* Jan '81 cost are derived by multiplying Jan '80 cost by 1.05



**S. Janean Buhl**

**Lander County Assessor**

**Bonita K. Mauldin, Chief Deputy**

**P.O. Box 512**

**Battle Mountain, Nevada 89820  
(702) 635-2610**

April 6, 1981

EXHIBIT E

**COSTS OF IMPLEMENTATION OF SB 69**

Estimate for Lander County

Wages & overtime

3 people for two months \$ 5,400

Programming - computer

• 16 hours @ \$20 300

Re-printing Tax Roll 4,000

Notice or Reappraisal forms (5,000)

Cost of forms 700

Premium for rush printing 200

Mailing costs 900

Re-do segregation 400

County & State Board of Equilization 1,000

Re-do Budgets 4,000

**TOTAL \$ 16,900**

EXHIBIT F

REPORT TO THE 1981 JOINT TAXATION COMMITTEE

APRIL 9, 1981

"FACTORING"

by

DEPARTMENT OF TAXATION  
DIVISION OF ASSESSMENT STANDARDS

632



## FACTOR DEVELOPMENT

Market appreciation rates have varied dramatically since 1976, within and between counties. The more urban regions of our State have experienced higher rates of appreciation and for longer periods than the more rural areas. Development moratoriums of one kind or another have influenced these rates positively and in some cases negatively.

Generally, residential property has increased at a rate greater than commercial property. In the highest appreciating areas market values have doubled since 1976. This doubling relates to a 19 percent rate per year compounded. Commercial property has not been accelerating to the same degree as residential property. It would be fair to assume that commercial property has increased at half the rate of residential property or at 9 1/2 percent per year compounded. These two rates, therefore, set the range of parameters for appreciation rates since 1976.

To reiterate, 1976 residential property appreciating at a 19 percent compounded rate would have to be multiplied by a factor of 2.00 (1.19<sup>4</sup>) to reach current market value in 1980. Similarly, commercial property from 1976 would increase by a factor of 1.43 (1.095<sup>4</sup>) to 1980.

The increase dictated by the market parameter ranges are as follows:

	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>
1976-77	(1.19) <sup>4</sup> = 2.00	(1.095) <sup>4</sup> = 1.431
1977-78	(1.19) <sup>3</sup> = 1.69	(1.095) <sup>3</sup> = 1.311
1978-79	(1.19) <sup>2</sup> = 1.42	(1.095) <sup>2</sup> = 1.19
1979-80	1.19 = 1.19	1.095 = 1.095
1980-81	1.00 = 1.00	1.00 = 1.00

If residential and commercial properties were considered to increase at the above rates, then the relationship between commercial 1980-81 and residential in the different years is as follows:

1980-81	1.43 ÷ 2.00 = .72 or $\frac{1}{(1.19)^2} = .706$
1979-80	1.43 ÷ 1.69 = .85 or $\frac{1}{1.19} = .840$
1978-79	1.43 ÷ 1.42 = 1.00 or 1.00 = 1.00
1977-78	1.43 ÷ 1.19 = 1.20 or 1.19 = 1.19
1976-77	1.43 ÷ 1.00 = 1.43 or (1.19) <sup>2</sup> = 1.416

These factors represent the ranges of appreciation rates and permit a maximum degree of adjustment to residential properties in the years 1980-81.

## 1980-81 TAX ROLL APPLICATION

With the application of the previous factors, it is evident that the residential property valuations from earlier years will increase. Likewise, later year residential property valuations would decrease. The affect of these charges in overall value of the 1980-81 assessment roll would depend on the proportion of property types appraised in any one year.

Residential property was considered as single family residences, town houses and condominiums. Residential properties were considered as say, a residence on a 6,000 square foot lot, with the same consideration say to a residence on a .160 acre parcel. The term residential use was not necessarily considered as including a residence with a rental unit or other types of attached property.

Commercial property was considered as any other property not included in residential or specifically excluded. This would include vacant, commercial, industrial, duplex, apartments, etc.

Application of such factors would result in the land value under a residence being different from the land value of a vacant lot next door. Separating land from the residential improvements and then trending the land upward to 1980-81 would correct this situation.

If we were to use the same factor for land as for commercial, the following relationship would result. This relationship presumes that land represents 20 percent of total value.

	ORIGINAL RESIDENTIAL FACTORS	RESIDENTIAL FACTORS LAND TRENDED
1976-77	1.416	1.416
1977-78	1.19	1.215
1978-79	1.00	1.040
1979-80	.840	.891
1980-81	.706	.765

This would mean that the original "Residential Factors" would become "Factors for Residential Improvements." "Commercial Factors" would become "Factors for all Other Improvements and Vacant Land."

## FUTURE YEARS APPLICATION

As long as double digit inflation continues, under SB 69 provisions double digit increases will occur in property valuations. Such increases will be contributed to by the fact that many assessments are already at or in some instances below "taxable value." Therefore, reductions based upon the market level factors will lead to assessments below "taxable value." Continuing inflation and the catching up of this difference will result in larger increases on the 1981-82 assessment rolls. Consideration towards the following factors could moderate this.

	RESIDENTIAL IMPROVEMENTS	OTHER IMPROVEMENTS AND VACANT LAND
1976-77	1.424	1.438
1977-78	1.266	1.313
1978-79	1.125	1.199
1979-80	1.00	1.095
1980-81	.889	1.00

Again, presuming a 20 percent allocation of land, the following representation of residential property valuation would occur.

	OVERALL RESIDENTIAL VACANT FACTOR
1976-77	1.424
1977-78	1.276
1978-79	1.140
1979-80	1.019
1980-81	.911

These factors would not give the potential relief dictated in some areas on a factored 1980-81 assessment roll. Such relief would be experienced on the 1981-82 assessment roll. Usage of such factors without further provisions for the Boards of Equalization would result in an equalization process which would be extremely time consuming since taxable value would often fall below factored value on many properties. Additional equalization provisions would preclude this.

Strict adherence to depreciation schedules which narrowly define effective age or economic life would help moderate increases and result in more uniform taxable values.

In summary, use of the existing factors will give needed relief to those areas of our State that have experienced the greatest appreciation. It will also result in relief below taxable value levels to those properties which have not experienced the rapid appreciation and lead to large increases on the 1981-82 assessment roll.

The use of the other listed factors would ease the problem in our lower appreciating areas and give additional relief to the higher appreciating areas on the 1981-82 assessment roll. But, without further provision, use of such factors would create a hardship on the Boards of Equalization.

**ADDENDUM**

TOTAL NUMBER OF PARCELS BY COUNTY

COUNTIES	COUNTED FROM ROLL 1972-73	COUNTED FROM ROLL 1977-78	TAKEN FROM SEGREGATION 1979-80
Carson City	7,500	9,500	11,147
Churchill	4,199	5,957	7,090
Clark	122,206	151,090	174,197
Douglas	7,054	13,000	13,000
Elko	34,289	36,784	36,784
Esmeralda	3,386	* 3,725	2,026
Eureka	1,443	1,498	2,984
Humboldt	3,110	3,990	9,500
Lander	2,196	* 2,416	4,000
Lincoln	1,980	2,030	3,515
Lyon	6,531	12,012	14,400
Mineral	4,664	* 5,130	3,010
Nye	** 7,998	7,150	9,183
Pershing	1,869	4,500	4,533
Storey	951	1,460	3,314
Washoe	59,219	70,658	82,244
White Pine	6,255	* 6,880	8,000
TOTALS	274,850	337,780	388,927

\*Estimated 10 percent over 1972-73 roll county.

\*\*Assessor believed this figure to be in error that he only had around 6,500 approximately at that time.

**\*EXAMPLES OF RESIDENTIAL FACTORING**

LOCATION	YEAR OF APPRAISAL	ASSESSORS VALUE	CURRENT MARKET VALUE	SB 69 FACTORED VALUE	OTHER FACTORED VALUE	REPLACEMENT COST PLUS LAND
Fallon	1978	\$23,510	\$49,100	\$24,450	\$26,800	\$46,060
Sparks	1976	39,500	81,460	55,930	56,250	62,760
Reno	1980	69,500	78,380	53,170	63,310	62,220
Battle Mountain	1980	28,830	33,000	22,050	26,260	26,690
Austin	1979	41,260	63,350	36,760	42,040	63,350
Elko	1978	48,630	61,270	50,580	55,440	51,280
Tonopah	1980	20,440	27,130	15,640	18,620	24,650
Lake Tahoe	1980	80,000	83,460	61,200	72,880	56,260
Gardnerville	1979	30,770	60,180	27,420	31,350	49,960
Las Vegas	1976	42,180	72,800	59,730	60,060	69,800

and separated and updated based upon a 20 percent allocation to land.

### COUNTY COSTS OF IMPLEMENTATION

Costs for implementation of SB 69 varied over a wide range, primarily as a result of inclusion of different items. Some counties included costs for all departments, and some lost interest. Programming increased overall costs in those counties having data processing. Following is a list of costs for 1980-81 from responding counties.

Carson City	\$ 16,175
Churchill	10,000
Clark	41,180 (lost interest 165,000)
Douglas	77,970 (Lost interest 20,000)
Elko	20,400
Esmeralda	
Eureka	12,000
Humboldt	17,500 (lost interest 2,000)
Lander	18,900
Lincoln	16,700
Lyon	
Mineral	50,000
Nye	58,600
Pershing	
Storey	1,200
Washoe	133,000 (lost interest 17,500)
White Pine	

From the above and with projections for those counties where estimates were still being compiled, implementation costs for 1980-81 will range between \$500,000 and \$750,000 statewide.

EXAMPLES OF FACTORS INDICATED

	ASSESSORS VALUE	1980 RCLND	1980 MARKET VALUE	INDICATED FACTOR
1. Fallon 1978 Reappraisal	23,510	46,060	49,100	1.96
2. Sparks 1976	39,500	62,760	81,460	1.59
Reno 1980	69,500	62,220	78,380	.895
3. Battle Mountain 1980	28,830	26,690	33,000	.926
Austin 1978	41,260	63,350	63,350	1.54
4. Elko 1978	48,630	51,280	61,270	1.05
1979	46,200	50,980	61,180	1.10
5. Tonopah 1980	20,440	24,650	27,130	1.21
6. Douglas Lake Tahoe 1980	80,000	46,260	83,460	.703
Gardnerville 1978	30,770	49,960	60,180	1.62
7. Las Vegas 1976	42,180	69,800	72,800	1.65
8. Parhump Vacant Land - Appraised last in 1976. Range of factors needed to adjust land to 1980 market value level: .85 to 3.70 One third (1/3) of property needs less than a 1.40 factor (increase).				

FACTORS INDICATED BY RCLND FOR 1981-82

	1980-81	1979-80	1978-79	1977-78	1976-77
Fallon			1.97	1.94	
Reno/Sparks	.889				1.59
Battle Mountain/Austin	.895	1.74			
Elko City		1.10	1.06		
Tonopah	1.14				
Douglas Lake/Valley	.699	1.54			



SB 69 - AMENDMENT CONSIDERATIONS

Page 4 Lines 1 and 2 to read:

(1) Representative of land values of the same usage.

Page 4 - Lines 8 and 9 to read:

". . . all applicable depreciation." Take out "and obsolescence."

NOTE: Obsolescence is redundant. Depreciation includes deterioration and obsolescence.

Page 4 - Lines 20 - 25: Delete

The Nevada Tax Commission has the authority to establish regulations pursuant to NRS 360.200 and NRS 360.250. Assessors currently have the responsibility for valuing personal property under NRS 361.260 and NRS 361.265. Because of the myriad of types of personal property they have been and would be in a better position to establish a proper valuation. It would be a difficult task just to list the different types of personal property let alone establish a cost and depreciation schedule for each type of property.

Page 4 - Lines 31 and 33 to read:

"This explanation must include the information and the required steps upon which the determination of taxable value was made."

Page 6 - Line 18 to read:

". . . represents the increase or decrease."

Page 8 - Line 11:

NOTE: "Taxable" must remain and should not be changed to "full cash" value.

Page 8 - Lines 17 - 19 to read:

"These formulas must consider as indicators of value, the company's income, stock and debt, and cost of its assets."

NOTE: The Department has strong reservations against language which references "market value" to stock and debt and "physical" to cost of assets.

Page 16 - Lines 23 - 27 to read:

". . . determined as of December 15 of the year prior to the levying of the tax. If the property becomes disqualified for such assessment prior to July 1 of the ensuing year, it must be assessed as all other real property is assessed."

Add Paragraph 4 to read:

"If agricultural real property becomes disqualified after the closing of the assessment roll, adjustment for such disqualification shall be considered by the county board of equalization. If the county board of equalization's authority is past, adjustment for such disqualification shall be considered by the State Board of Equalization.

Page 17 - Lines 19 - 23 to read:

Same as above.

Add Paragraph 4 to read:

Similar to above.

Page 20 - Lines 16 and 17 to read:

Factors for  
Residential Improvements

Factors for all  
Other Property

Page 20 - Lines 23 - 27: Delete

The value of vacant land has with respect to assessments since 1976, ranged from manyfold increases to no increases at all. The use of the "commercial factor" re-labeled as "Factors of All Other Property" would result in a conservative adjusted full cash value.

Page 21 - Line 4 to read:

"May 31, 1981"

Page 21 - Line 24 to read:

". . . throughout June 1981. Such complaints are only allowed on those properties on which the adjusted full cash value exceeds the 1980-81 equalized assessment roll or prior years equalized assessment roll. The board may adjust . . ."

Page 21 - Line 33 to read:

Add the similar above statement.