

MINUTES OF THE  
MEETING OF THE SENATE COMMITTEE  
ON TAXATION

SIXTY-FIRST SESSION  
NEVADA STATE LEGISLATURE  
May 19, 1981

The Senate Committee on Taxation was called to order by Chairman Keith Ashworth, at 2:08 p.m., Tuesday, May 19, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBER ABSENT:

Senator Floyd R. Lamb

GUEST LEGISLATOR:

Senator Lawrence E. Jacobsen

STAFF MEMBERS PRESENT:

Ed Shorr, Deputy Fiscal Analyst  
Colleen Crum, Committee Secretary

SENATE BILL NO. 678 (Exhibit C)

Mr. Frank Daykin, Legislative Counsel, explained Senate Bill No. 678. A technical correction is made in Section One. The words "sales and use tax account" are inserted into the bill to conform with the language used in Assembly Bill No. 275. He presented Amendment No. 1057 (Exhibit D), which amends Sections Two, Three, and Four of the bill. He explained paragraph (a) in Section Two is unnecessary and is deleted in Amendment No. 1057. The intent of the amendment on page two, lines 31-32 is to treat entities

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equitably in determining the revenue derived from the ad valorem base. Section Three of the bill was originally a technical correction of a stray reference to air carriers in NRS 704.270. Amendment No. 1057 repeals Section Three. A new Section Three is added in the amendment. This section amends Section Three of Senate Bill No. 411 by clarifying that any ad valorem tax levied for debt service is excluded from the calculation of permissible revenue. The amendment to Subsection Six of Section Three is designed to prevent cutting off distribution of the supplemental city-county relief tax if the ad valorem tax is increased. The ad valorem tax will be collected under this process, but revenue in excess of the maximum allowed cannot be expended unless permission is obtained from the interim legislative committee. Consequently, the revenue would carry forward into the next year's budget and would reduce the ad valorem tax rate. If this process was not instituted and the city-county relief tax was cut off, the entity would be required to spend the revenue during the year of collection and the taxpayers would not receive relief the following year.

Senator Don Ashworth moved that Senate Bill No. 678 be amended with Amendment No. 1057, and be approved.

Senator Glaser seconded the motion.

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

SENATE BILL NO. 677 (Exhibit E)

Mr. Daykin explained this bill exempts taxation of tangible personal property which is used for the performance of a contract on a public works project if the contract was executed prior to May 1, 1981 or if a binding bid submitted before May 1, 1981 was accepted after that date.

The chairman explained a contractor in southern Nevada submitted a bid based on the 3.5-cent sales tax for a public works project four days before the new sales tax law became effective. The public works district signed the contract

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after the 5.75-cent sales tax became law. The public works district felt the contractor should pay the increased sales tax. This bill permits the original bid, based on the 3.5-cent sales tax, to be honored.

Senator Don Ashworth moved that Senate Bill No. 677 be approved.

Senator Getto seconded the motion.

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

SENATE BILL NO. 689 (Exhibit F)

Mr. Daykin explained this bill removes the question of the imposition of service charges on covenants and bond issues. Senate Bill No. 411 did not actually impose limitations upon those service charges nor did it explicitly state that these limitations were not imposed on service charges. The subject of service charges is deleted entirely from Subsection Three. Two new subsections, Subsections Five and Six, are inserted to deal with the subject. Mr. Daykin noted the word "other" should be inserted on page two, line 35, before the word "proposal."

Mr. Patrick Pine, representing Clark County, suggested specifying a time limit in Subsection Six for appealing the Department of Taxation's decision.

The committee debated whether the time limit should be 30 or 45 days. The committee decided to specify a 30-day time limit.

Senator Don Ashworth moved that Senate Bill No. 689 be amended to specify a 30-day time limit in Subsection Six and that the word "other" be inserted before the word "proposal" on page two, line 35, and be approved.

Senator Getto seconded the motion.

The motion carried. (Senator Raggio did not vote.)

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SENATE BILL NO. 687

The chairman explained a bill was approved last session which allowed White Pine County to develop a power generating plant. Fifty percent of the power generated by the facility will be sold out of state. Sierra Pacific Power Company is planning to build an addition to its Valmy plant, called Valmy II, in Elko. Fifty percent of the power generated by Valmy II will be sold out of state. While debating the bill last session, the issues of whether to permit White Pine County to proceed with its project and the general taxation of power were divided. The taxation issue was deferred until the present session. During the interim, the issue of the general taxation of power was studied by a committee consisting of representatives from Sierra Pacific Power Company, Southern Nevada Power Company, California Edison, White Pine County, and their respective bond counsels. This committee devised a method for reasonable taxation of power exported out of state. Senate Bill No. 687 is an outgrowth of this committee's recommendations.

Mr. Daykin stated the bill deals with three types of taxes under separate headings. The collection and payment of the sales and use tax and the city-county relief tax, as well as in-lieu of tax payments, during the construction of the project, will be paid to the county where the project is located and will be distributed between the county and the cities within that county in proportion to their respective populations. If more than one county is involved, the tax revenue will be shared first among the counties and then distributed to the cities within those counties. After the project becomes operative the distribution method is changed. Then percent of the tax revenue will be allocated to the county in which the project is located and the balance of the tax revenue will be distributed among all the counties in the state in proportion to their population.

The chairman asked whether a portion of the sales tax and the city-county relief tax would be distributed according to service areas. Mr. Daykin stated distribution of the tax is not based on service areas. The real issue of this bill is the export of power. If the valuation of power plants which export power was allocated only to the county in which the

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plant was located, the host county would have such a large valuation it's tax rate would be extremely low. If the valuation was distributed throughout the state, the host county's tax rate would not be reduced to an extremely low level. The exporter will pay more taxes by distributing the valuation throughout the state than would otherwise be paid if the valuation was distributed to service areas only. Using service areas as a basis for distribution of taxes would be challenged in court. The exporters would argue that the tax is levied specifically for service areas and they should not pay a tax based on service areas when their service areas are out of state. The rationale for spreading the tax revenue throughout the state is population, which is proportionate to domestic use of power, and the fact that power generating plants use natural resources which belong to the State of Nevada and its people as a whole. The bill handles the distribution of the ad valorem tax similarly to the distribution of the sales and use tax. The ad valorem tax, based on the collective value of each electric power system, for property under construction but not yet put to use is allocated to the county in which the plant is located. When plant construction is completed, the ad valorem tax is spread among all counties in the state based on population. Ten percent of the local school support tax is distributed at all times, whether construction is completed or not, to the county in which the plant is located. The remaining 90 percent of the tax is distributed among all counties in the state, including the host county, based on population.

Senator Glaser asked how the 10-percent figure was determined. Mr. Daykin stated the 10-percent rate was an arbitrary figure.

Mr. Daykin presented Amendment No. 1088 to the bill. (See Exhibit G.) The amendment to Section One, lines seven and eight, makes the special construction provision apply only to construction which begins on or after January 1, 1982.

The chairman asked why the January 1, 1982 date was selected. Mr. Daykin explained the January 1, 1982 date exempts plants presently under construction, such as the Valmy I plant.

Senator Raggio asked whether there were legal restrictions to the date. Mr. Daykin stated there were no legal restrictions.

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Mr. Daykin stated Section One is amended to deal with the distribution change when more than one county is affected. The amendment requires approval by the Department of Taxation, rather than the Public Service Commission, in determining the tax distribution. The Department of Taxation's approval will be subject to approval by the interim legislative committee. Section 2.5 is amended to leave in place the present line-mile taxing formula for centrally assessed properties until \$300 million of new plant is put in service. Upon reaching the \$300 million mark, the taxing formula based on population goes into effect. The reason for waiting until \$300 million is generated before changing the tax base to population is to make certain that no county will suffer a shortfall of revenue.

The chairman asked why a provision was not included in the bill which would use another method for making certain counties did not receive a shortfall in revenues if the \$300 million point proved to be insufficient. Mr. Daykin stated the suggested clause was not included in the bill because it would be open to court challenge.

Mr. Daykin explained Section Six is amended to specify that in-lieu of tax payments will be distributed the same as the sales and use tax, ad valorem tax, and the city-county relief tax are distributed.

Mr. William Branch and Mr. Bob Geddry, representing Sierra Pacific Power Company, stated Sierra Pacific Power Company is concerned whether out-of-state utility companies entering into agreements with Sierra Pacific Power Company will be fully apprised of the taxation situation in Nevada. The company is also concerned about the retention of taxes in Nevada.

Senator Raggio stated Sierra Pacific Power Company cannot guarantee other utility companies that the taxing structure in Nevada will remain the same.

Mr. Branch expressed concern that utility companies would enter into agreements with Sierra Pacific Power Company

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thinking they would not pay taxes to the State of Nevada. He said Sierra Pacific Power Company is not making any guarantees during negotiations that the tax will remain the same.

The chairman asked why Valmy II should be exempt from taxation under this bill. Mr. Branch stated the existing tax law was used during negotiations with Humboldt County and the Public Service Commission to determine the amount of taxes which would be paid to Humboldt County.

The chairman asked whether power generated by Valmy II would be exported out of state. Mr. Branch stated 50 percent of the power would be exported out of state.

The chairman asked whether power exported out of state would escape taxation in Nevada. Mr. Branch replied the power would be taxed under the present law.

Senator Raggio asked for an explanation of the present method of taxing power exported out of state. Mr. Geddry explained the power would be taxed based on conductor miles.

Mr. Roy Nickson, Director of the Department of Taxation, stated the Idaho portion of the power generated by the Valmy plant will be taxed on the mile-unit basis. Sierra Pacific Power Company owns the lines from the Valmy plant to the Idaho border. All of these lines are located in Elko County.

Senator Glaser observed Idaho will pay a low tax because there aren't many miles between the Valmy plant and the Idaho border.

Mr. Nickson stated the total valuation would remain the same, but the tax revenues would not be distributed to Humboldt County even though the county owns half of the power plant. The entire revenue would be allocated to Elko County. Mr. Geddry disagreed with Mr. Nickson's statement. He said the amount of taxes are determined by the technical characteristics of the transmission and the distribution of the power.

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Senator Raggio asked for a comparison of the tax distribution as proposed by Senate Bill No. 687 and the tax package. Mr. Daykin explained the total taxes would remain the same, but the distribution would be different. Mr. Geddry stated Senate Bill No. 687 would tax all partners in a power plant on an equal basis.

Mr. Daykin said his answer was based on the Valmy plant. When White Pine County's power plant goes on line, the tax package requires payment of the entire tax to White Pine County, which would drive down the county's tax rate.

The chairman asked how the legislature could assure that out-of-state utility companies, who receive exported power, will pay taxes for the mileage out of Nevada. Mr. Daykin explained the phrase in the amendment, "Generation, transmission or distribution," would prevent out-of-state utilities from escaping the line mileage tax.

Mr. Bernard J. Mikell, Jr., Vice President of Sutro and Company, Inc., which represents White Pine County, opposed the bill. He objected to the 10-percent figure in the bill. He felt the 10-percent rate would result in White Pine County receiving less revenue than it receives under the present tax system. He stated a bill should be studied during the interim to determine a figure based on fact rather than determining the figure on an arbitrary basis.

Senator Raggio stated the legislature indicated clearly last session that it would change the tax formula during the present session. White Pine County was never guaranteed that the formula would remain unchanged. White Pine County's objection was inappropriate. The county fully realized the change in the tax formula was part of the package in which White Pine County was permitted to construct its power plant.

The chairman agreed with Senator Raggio's statement. He stated the committee had requested an interim study of centrally assessed property. He felt Senate Bill No. 687 should be approved. White Pine County could calculate the effects of the measure during the interim and the bill could be



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amended during the next legislative session, if necessary. He noted White Pine County would not be affected by this bill for four years. The county had been asked to study the issue and make recommendations during the last interim, but had not responded. Mr. Mikell replied the county had studied the issue, but was advised to hold its recommendations until the tax package had been resolved.

Mr. David Henry, representing Washoe County, suggested studying the 10-percent figure to determine its impact on all entities in the state.

The chairman instructed the task force, of which Mr. Henry is a member, to develop estimates of the bill's impact on all entities and to report to the committee. He asked the task force to determine whether the 10-percent figure and the \$300 million figure were valid. Senator Kosinski requested the task force to determine the impact if this bill applied to existing power plants as well.

Mr. Bill McDonald, Humboldt County District Attorney, stated host counties should be given a tax incentive for permitting power plants to be built in their areas. He asked Mr. Daykin's opinion of how the present tax law applies to the power exported by Valmy to Idaho.

Senator Kosinski asked Mr. McDonald to prepare a letter outlining his questions for the committee.

Senator Kosinski asked how Senate Bill No. 687 and Senate Bill No. 677 affected the taxes on coal purchased with pre-existing contracts. Mr. Nickson explained Assembly Bill No. 369 exempts pre-existing contracts from the increased sales tax. Assembly Bill No. 369 exempts from from the increased sales tax the coal contracts executed by Sierra Pacific Power Company for Valmy and Southern California Edison for Black Mason, Arizona. These companies will pay a 3.5-cent sales tax for the duration of their contracts.

Mr. Branch was asked the duration of Sierra Pacific Power Company's contract for the purchase of coal for Valmy I. Mr. Branch stated the contract was made for 22 years.

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SENATE BILL NO. 690

Mr. Joe Fisher, representing the Nevada State Education Association, supported the bill. He stated the shift from property tax to sales tax resulted in a shortfall of revenue for support services, such as schools. He felt the bill was a fair proposal.

Senator Raggio questioned how diesel fuel for off-highway use was exempt from taxation under the present law. Mr. Daykin explained the words, "of a kind," were the key to exempting diesel fuel for off-highway use from taxation.

Senator Raggio asked why the language "of a kind" was drafted into the law. Mr. Daykin stated it was necessary to use those words to make the law consistent with the sales and use tax act.

Mr. John Eck, representing Southern Pacific Company, presented a prepared statement in opposition to the construction and application of the bill. (See Exhibit H.)

Mr. David Russell, representing Union Pacific Railroad Company, opposed the bill for the same reasons as Mr. Eck. He stated the proposed language did not clarify whether the tax applied to the sale or use of diesel fuel. If the tax applied to the sale of diesel fuel, Union Pacific would pay an additional \$700,000 in sales taxes. If the tax applied to the use of diesel fuel, the company would pay an additional \$195,000 in use taxes. The wide difference in impact resulted from Union Pacific both purchasing fuel for storage purposes in Nevada as well as using fuel in the state. Only one-fourth of the fuel purchased in the state is used in Nevada.

The chairman observed Union Pacific stores fuel in Nevada because there is a tremendous tax advantage to dispensing fuel in this state rather than in California.

The chairman asked Mr. Daykin whether the tax would apply to fuel used or to fuel stored in the state. Mr. Daykin stated the tax would apply to fuel used in the state as well as fuel stored in the state.

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The chairman asked Mr. Daykin whether this bill could be successfully defended in court. Mr. Daykin stated the bill could be defended on its validity, but it may be difficult to successfully defend the bill on the application of the tax.

Senator Kosinski suggested an amendment similar to the amendment which was attached to Senate Bill No. 154. This amendment would levy the highest tax possible if the bill is successfully challenged in court. Mr. Daykin stated the motor vehicle special fuel tax could be applied to Senate Bill No. 690 to accomplish Senator Kosinski's suggestion. The chairman noted there would be difficulties in transferring the revenue from the highway fund to the local school support fund.

Mr. Daryl Capurro, Managing Director of the Nevada Motor Transport Association, questioned whether the bill would apply to the sale or the use of diesel fuel. He said there would be difficulties in assessing the tax because 97 percent of the diesel fuel sold in the state is taxed on the basis of a report of consumption, rather than taxed at the pump. He felt singling out of diesel fuel as the only type of fuel to which the present exemption would not apply was unfairly discriminatory.

The chairman stated the bill was intended to generate revenue from the mining industry, which will experience a windfall because of the tax shift. Mr. Capurro questioned whether the bill could be drafted narrowly enough to accomplish that aim without raising constitutional questions.

Mr. Chuck White, Executive Vice President of the Nevada Farm Bureau, opposed the bill as being unfair to farmers. He stated a tremendous burden would be created in trying to collect the tax.

Mr. John Madole, representing the Associated General Contractors, opposed the bill for the same reasons indicated in previous testimony.

Mr. Ed Sarman, representing the Nevada Cattlemen's Association, opposed the bill.

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The chairman left the room and Vice Chairman Glaser took over the chairman's duties.

Senator Jacobsen, a bulk oil distributor, opposed the bill. He said the bill would create bookkeeping burdens for oil distributors as well as burden agricultural, mining, and ski resort industries. He suggested taxing soda pop to support education.

Senator Raggio asked whether the Senate Committee on Finance had developed recommendations to alleviate the shortfall of revenues for schools. Senator Jacobsen stated the Senate Committee on Finance had not made any recommendations because it was waiting to see the effect of the tax reform laws.

Senator Getto agreed with Senator Jacobsen's proposal to impose a tax on soda pop.

ASSEMBLY BILL NO. 20 AND ASSEMBLY BILL NO. 116

Mr. Nickson stated the bill proposes an election to change the method of taxation of mobile homes. Only 60 percent of the cost of a mobile home would be considered taxable under Assembly Bill No. 20. The 60 percent rate is an arbitrary figure based on actual materials used to build the home. The purpose of the bill is to align the taxation of mobile homes more closely to the taxation of stick homes. The contractor presently pays the tax on the cost of materials for a stick home. Assembly Bill No. 20 would prohibit taxing the second sale of a mobile home in the same manner that a conventional home is presently exempt from sales tax when it is resold. The bill has a significant impact as shown in the fiscal note prepared by the Department of Taxation. (See Exhibit I.)

Senator Kosinski presented data on the effect of legislation on the valuation of mobile homes, which pertains to the proposal in Assembly Bill No. 116. (See Exhibit J.)

Mr. Nickson explained there is a possible conflict between Assembly Bill No. 116 and Senate Bill No. 69 pertaining to the valuation of mobile homes sold on or after July 1, 1982.

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The Assembly Committee on Taxation amended Senate Bill No. 69 to delete the replacement cost and substitute original cost for the valuation of personal property, which includes mobile homes. Assembly Bill No. 116 proposes a five-percent annual depreciation schedule for mobile homes which are purchased prior to July 1, 1982. Homes purchased after July 1, 1982 would be classified according to factors which most closely determine the useful lives of the mobile homes.

Senator Glaser asked whether the county assessors would be able to complete reassessment of all mobile homes by the July 1, 1982 date. Mr. Nickson stated a physical inspection could be completed by that date. He noted Assembly Bill No. 116 doesn't specifically require physical inspections.

Ms. Linda Terry, representing the Nevada Manufactured Housing Association, supported Assembly Bill No. 116 and Assembly Bill No. 69. She stated mobile homes should be taxed like stick homes because they are, in fact, homes. Mobile homes also should not be depreciated because the value of mobile homes is actually increasing rather than decreasing.

Senator Kosinski stated Assembly Bill No. 116 will complicate the mission of the assessors and the Department of Taxation without providing any appreciable relief to the mobile home owner.

Mr. Nickson said Assemblyman Jan Stewart asked him to relate to the committee his support of the proposal to treat mobile homes after July 1, 1982 the same as other personal property is treated in Senate Bill No. 69.

Senator Raggio stated Assembly Bill No. 116 should not be processed if it conflicts with Senate Bill No. 69.

Mr. Nickson said Assemblyman Stewart was proposing to conform Assembly Bill No. 116 with Senate Bill No. 69. Assemblyman Stewart's main interest is to maintain the present method of valuation on mobile homes purchased prior to July 1, 1982.

Ms. Thelma Clark, a mobile home owner, submitted a statement for the record. (See Exhibit K.)

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There being no further business, the meeting adjourned at  
5:35 p.m.

Respectfully submitted by:

Colleen Crum  
Colleen Crum, Secretary

APPROVED BY:

Keith Ashworth  
Senator Keith Ashworth, Chairman

DATE: 5-26-81

SENATE AGENDA

EXHIBIT A

COMMITTEE MEETINGS

Amended 5/16/81

Committee on TAXATION, Room 213  
Day Tuesday, Date May 19, 1981, Time 2:00 p.m.

S. B. No. 690--Making sale of diesel fuel for use in engines off highway subject to certain taxes.

S. B. No. 687--Provides for distribution of taxes from certain projects for generation of electricity.

S. B. No. 689--Regulates imposition of increase of service charges by local governments.

S. B. No. 677--Extends exemption for contracts on public works from increases in certain taxes on retail sales.

S. B. No. 678--Makes technical corrections to chapter 130 and 149, Statutes of Nevada 1981.

A. B. No. 20--Provides for submission at next general election of question proposing refund of sales and use tax paid on certain mobile homes.

S. B. No. 360--Exempts petroleum-ethol mixture from motor vehicle fuel taxes under certain conditions. FOR ACTION ONLY

ATTENDANCE ROSTER FORM

COMMITTEE MEETINGS

SENATE COMMITTEE ON TAXATION

DATE: May 19, 1981

EXHIBIT B

PLEASE PRINT	PLEASE PRINT	PLEASE PRINT	PLEASE PRINT
NAME	ORGANIZATION & ADDRESS		TELEPHONE
T. R. GEDDY WC Branch	SIERRA PACIFIC - RENO " "		789-4663 789 4537
John Hawkins	Nev. State Schol Board COALITION FOR AFFORDABLE ENERGY 2615 Hiko Ave., Reno, NV 89512		882-2679 786-1455
ANDREW BARRANO			
JOHN ECK	SOUTHERN PACIFIC		329-2492
Jack Wimmer	Parson City		887 2105
Joe Fisher	Nev State Ed Assoc.		882-5574



S. B. 678

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SENATE BILL NO. 678—COMMITTEE ON TAXATION

MAY 13, 1981

Referred to Committee on Taxation

SUMMARY—Makes technical corrections to chapter 130 and 149, Statutes of Nevada 1981. (BDR S-2099)

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

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

AN ACT relating to the revision of statutes; making a technical correction to chapter 130, Statutes of Nevada 1981, to resolve a conflict with chapter 149, Statutes of Nevada 1981, clarifying a statutory term used in the latter; repealing a section of NRS made obsolete by chapter 60, Statutes of Nevada 1981; and providing other matters properly relating thereto.

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

- 1 SECTION 1. Section 29 of chapter 130, Statutes of Nevada 1981, is  
2 hereby amended to read as follows:  
3 Sec. 29. NRS 377.050 is hereby amended to read as follows:  
4 377.050 1. All fees, taxes, interest and penalties imposed and  
5 all amounts of tax required to be paid to counties under this chap-  
6 ter must be paid to the department in the form of remittances made  
7 payable to the department.  
8 2. The department shall deposit the payments with the state  
9 treasurer for credit to the [city-county relief tax fund which is  
10 hereby created.] *sales and use tax account in the state general fund.*  
11 3. The state controller, acting upon the collection data furnished  
12 by the department, shall monthly transfer from the [city-county  
13 relief tax fund] *sales and use tax account* one-half of 1 percent of  
14 all fees, taxes, interests and penalties collected in each county during  
15 the preceding month to the *appropriate account in the state general*  
16 *fund* as compensation to the state for the cost of collecting the tax  
17 for the counties.  
18 SEC. 2. The section added to chapter 377 of NRS by section 26 of  
19 chapter 149, Statutes of Nevada 1981, is hereby amended to read as  
20 follows:  
21 Sec. 26. 1. The state controller, acting upon the relevant infor-  
22 mation furnished by the department, shall monthly from the fees,  
23 taxes, interest and penalties which derive from the supplemental

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city-county relief tax collected in all counties and from out-of-state businesses during the preceding month:

(a) Distribute \$20,000 to each county, except that in any one fiscal year no county may receive more than its basic ad valorem revenue.

(b) Distribute the amount specified in this paragraph among the following counties and cities in the following percentages:

	Percent-
	age
Political Subdivision.....	3.23
Churchill County.....	46.52
City of North Las Vegas.....	2.72
City of Carlin.....	.20
Esmeralda County.....	.71
Eureka County.....	5.56
City of Winnemucca.....	.46
City of Caliente.....	4.77
City of Yerington.....	9.96
Mineral County.....	4.31
City of Gabbs.....	2.52
Pershing County.....	5.77
City of Lovelock.....	5.37
White Pine County.....	7.90
City of Ely.....	

For the fiscal year beginning July 1, 1981, the monthly amount is \$71,110. For each succeeding fiscal year, this amount must be reduced by \$7,111 from the preceding year.

(c) Distribute to each local government the amount calculated for it by the department of taxation pursuant to subsection 2.

2. The maximum amounts distributable under paragraphs (a) and (c) of subsection 1 must be estimated for each fiscal year. The percentage of basic ad valorem revenue to be replaced in each county by the supplemental city-county relief tax must be as nearly equal among the several counties as possible. The amount apportioned to each county must then be apportioned among the several local governments therein, including the county and excluding the school district, in the proportion which each 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 subsections 2 and 3 of section 3 of Senate Bill No. 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 money otherwise distributable to it [reverts to] *must be deposited* in the reserve fund for the supplemental city-county relief tax.

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

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

Senate Bill No. 678 (cont'd)

— 3 —

- 1           (1) A county whose actual tax rate, for purposes other than  
2 debt service, for the fiscal year ending on June 30, 1981, was less  
3 than 50 cents per \$100 of assessed valuation is entitled to the use  
4 of a rate not greater than 80 cents per \$100 of assessed valuation.  
5           (2) A fire district in such a county whose tax rate was more  
6 than 50 cents per \$100 of assessed valuation is entitled to the use  
7 of a rate not greater than \$1.10 per \$100 of assessed valuation.  
8           (b) Of the county for the distribution under subsection 1 is the  
9 sum of its individual basic ad valorem revenue and those of the  
10 other local governments within it, excluding the school district.  
11 SEC. 3. NRS 704.270 is hereby repealed.  
12 SEC. 4. 1. This section and sections 1 and 2 of this act shall become  
13 effective upon passage and approval.  
14       2. Section 3 of this act shall become effective on July 1, 1981.

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ASSEMBLY ACTION	SENATE ACTION	Senate	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to	Senate
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Bill No. 678	<del>Joint</del>
Date:	Date:	Resolution No.	
Initial:	Initial:	BDR S-2099	
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Proposed by	Committee on Taxation
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>		
Date:	Date:		
Initial:	Initial:		

Amendment N<sup>o</sup> 1057



Amend sec. 2, page 1, by deleting line 18 and inserting:

"Sec. 2. Section 26 of".

Amend sec. 2, page 1, line 21, by deleting "Sec. 26."

Amend sec. 2, page 2, line 3, before "Distribute" by inserting an open bracket.

Amend sec. 2, page 2, line 6, after "(b)" by inserting a closed bracket.

Amend sec. 2, page 2, line 27, by deleting "(c)" and inserting: "[ (c) ] (b)".

Amend sec. 2, page 2, lines 29 and 30, by deleting "paragraphs (a) and (c)" and inserting:

"[paragraphs (a) and (c)] paragraph (b)".

Amend sec. 2, page 2, by deleting lines 31 and 32 and inserting:

"percentage of [basic ad valorem revenue to be replaced in each county by] maximum allowable revenue, as determined pursuant to section 3 of chapter 150, Statutes of Nevada 1981, to be derived from the supplemental city-county relief tax must be as nearly".

Amend sec. 3, page 3, by deleting line 11 and inserting:

"Sec. 3. Section 3 of chapter 150, Statutes of Nevada 1981, is hereby amended to read as follows:

1. The maximum amount of money which a local government, except a school district, is permitted to receive from taxes

To: E & E  
LCB File  
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Bill

Drafted by FWD:smc Date 5-16-81

ad valorem, other than those levied for the payment of bonded indebtedness and interest thereon incurred as a general or short-term obligation of the issuer, or for the payment of obligations under a capital lease executed before the date of passage and approval of this act, must be calculated by:

(a) First multiplying the tax rate certified for that local government for the fiscal year ending on June 30, 1981, by its assessed valuation as equalized for the collection of taxes during the fiscal year beginning on July 1, 1981. For the purposes of this paragraph:

(1) A county whose actual tax rate, for purposes other than debt service, for the fiscal year ending on June 30, 1981, was less than 50 cents per \$100 of assessed valuation is entitled to the use of a rate not greater than 80 cents per \$100 of assessed valuation.

(2) A fire district in such a county whose tax rate was more than 50 cents per \$100 of assessed valuation is entitled to the use of a rate not greater than \$1.10 per \$100 of assessed valuation.

(b) Then subtracting the estimated amount to be received by that local government from the supplemental city-county relief tax for the fiscal year for which the tax ad valorem is to be levied. For the fiscal years beginning on and after July 1, 1982, the executive director of the department of taxation shall provide this estimate to the local government on or before December 1 preceding the fiscal year to which it applies. A local government may, on or before March 1 preceding the fiscal year to which the estimate applies, appeal, in writing to the interim legislative committee on local governmental finance, which may increase or decrease the estimate as it finds the facts warrant.

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

2. For the fiscal years beginning on and after July 1, 1982, the maximum allowable revenue from the supplemental city-county relief tax and taxes ad valorem, combined, but excluding any tax levied ad valorem for debt service, 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 that assessed valuation multiplied by the percentage increase in the Consumer Price Index for the preceding calendar year. To this sum must be added the assessed value of the new real property, possessory interests and mobile homes added to the assessment rolls in the past year for that local government.

(b) The percentage increase that the total calculated pursuant to paragraph (a) represents over the assessed valuation for the preceding year is the maximum percentage by which the combined amount allowable from the supplemental city-county relief tax and taxes ad valorem may increase over the amount allowed for the preceding year.

*flush*

If the local government levies a tax ad valorem for debt service upon an obligation which has previously been repaid from another source, the combined amount which it may receive pursuant to this subsection is reduced by the amount of that tax ad valorem. If a board of county commissioners which during the fiscal year ending on June 30, 1981, distributed all or part of the state gaming license fees received pursuant to paragraph (b) of subsection 2 of NRS 463.320 to other local governments thereafter reduces or discontinues that distribution, the amount that the county may receive from the supplemental city-county relief tax is reduced by an equal amount.

3. 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, must not exceed the amount calculated as follows:

(a) The rate must be set so that when applied to the current fiscal year's assessed valuation of all property which was on the preceding fiscal year's assessment roll it will produce 104.5 percent of the revenue received from taxes ad valorem in the preceding fiscal year.

(b) This rate must be applied to the total assessed valuation, including new real property, possessory interest and mobile homes, for the current fiscal year.

4. The local government may exceed the respective limits imposed by this section upon combined amounts received and upon calculated receipts from taxes ad valorem only as provided in section 3.3 of this act or if its governing body proposes to its registered voters an additional levy ad valorem, specifying the amount of money to be derived, the purpose for which it is to be expended, and the duration of the levy, and the proposal is approved by a majority of the voters voting on the question at a general election or a special election called for that purpose. The governing body may discontinue the levy before it expires and may not thereafter reimpose it in whole or in part without following the procedure required for its original imposition.

5. To the maximum combined revenue otherwise allowable under this section to a local government, the interim legislative committee on local governmental finance may add its estimate of the cost to that local government of any substantial program or expense required by legislative enactment which was not in effect for all or part of the preceding fiscal year.

6. Distributions of the supplemental city-county relief tax must not be changed because actual collections of taxes ad valorem are greater or less than calculated when those taxes were levied, but any actual revenue received in excess of the

maximum allowable from the combined sources must not be expended during the fiscal year in which collected, unless the interim legislative committee on local governmental finance otherwise directs."

Amend sec. 4, page 3, line 14, after "effective" by inserting:  
"at 12:01 a.m."

Amend the title of the bill to read:

"AN ACT relating to taxation; revising certain provisions of chapters 130, 149 and 150, Statutes of Nevada 1981; and providing other matters properly relating thereto."



S. B. 677

SENATE BILL NO. 677—COMMITTEE ON TAXATION

MAY 13, 1981

Referred to Committee on Taxation

SUMMARY—Extends exemption for contracts on public works from increases in certain taxes on retail sales. (BDR 32-2102)

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

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

AN ACT relating to taxation; extending the exemption from the increase in certain taxes on retail sales to bidders on public works who were bound by prior bids; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 374.310 is hereby amended to read as follows:  
2 374.310 1. There are exempted from the taxes imposed by this  
3 chapter the gross receipts from the sale of, and the storage, use or other  
4 consumption in a county of, tangible personal property used for the per-  
5 formance of a contract on public works executed prior to July 1, 1967.  
6 2. There are exempted from the additional taxes imposed by amend-  
7 ment to this chapter the gross receipts from the sale of, and the storage,  
8 use or other consumption in a county of, tangible personal property  
9 used for the performance of a contract on public works *which was exe-*  
10 *cuted prior to May 1, 1981 [ ], or for which a binding bid was sub-*  
11 *mitted before that date if the bid was afterward accepted.*  
12 SEC. 2. This act shall become effective upon passage and approval,  
13 and operates retroactively from May 1, 1981.

S. B. 689

SENATE BILL NO. 689—COMMITTEE ON TAXATION

MAY 15, 1981

Referred to Committee on Taxation

SUMMARY—Regulates imposition or increase of service charges by local governments. (BDR 32-2101)

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

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

AN ACT relating to governmental finance; providing specifically for the imposition or increase of service charges by local governments; and providing other matters properly relating thereto.

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

1 SECTION 1. Section 5 of chapter 150, Statutes of Nevada 1981, is  
2 hereby amended to read as follows:  
3 Sec. 5. 1. A local government shall not increase any fee for a  
4 license or permit or adopt a fee for a license or permit or *increase*  
5 or impose a service charge, [not previously assessed.] including  
6 without limitation every license or permit issued for revenue or  
7 regulation or both, such as business licenses, liquor licenses, gam-  
8 ing licenses, and building and zoning permits, except as permitted  
9 by this section. This prohibition does not apply to service charges  
10 or fees imposed by hospitals, county airports, airport authorities,  
11 convention authorities or the Las Vegas Valley Water District.  
12 2. The rate structure of any fee for a license or permit in effect  
13 on the date of passage and approval of this act is the base from  
14 which any increase in such license or permit fee must be calculated.  
15 On February 1 of each year the executive director of the depart-  
16 ment of taxation shall certify the increase in the Consumer Price  
17 Index for the preceding calendar year and shall furnish this informa-  
18 tion to each local government. Subject to the further limitation  
19 imposed by subsections 3 and 4, no fee for a permit or license may  
20 be increased more often than once in any calendar year or by an  
21 amount greater than its amount for the preceding calendar year  
22 multiplied by 80 percent of the increase in the Consumer Price  
23 Index from the beginning of the preceding calendar year to the  
24 beginning of the calendar year in which the increase is made.

## Senate Bill No. 689 (cont'd)

— 2 —

1 3. A local government must submit [any proposal to impose a  
2 new charge for service and must submit] a proposal to increase a  
3 fee for a license or permit to the executive director of the depart-  
4 ment of taxation for approval if:

5 (a) The method of computation of a fee for a license or permit  
6 is changed;

7 (b) The method of computation existing on the date of passage  
8 and approval of this act is a fraction or percentage of the gross  
9 revenue of the business;

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

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

15 A local government or any person who may be required to pay the  
16 [charge or] fee may appeal from the decision of the executive  
17 director of the department of taxation to the interim legislative  
18 committee on local governmental finance. The executive director  
19 and the committee shall evaluate the proposal to determine whether  
20 the proposed change is consistent with the purpose of this section  
21 to limit increases in the rate structure for these revenues.

22 4. A local government may not increase any fee for a license  
23 or permit which is calculated as a fraction or percentage of the  
24 gross revenue of the business if its total revenues from such fees  
25 have increased during the preceding calendar year by 80 percent  
26 or more of the increase in the Consumer Price Index during that  
27 preceding calendar year.

28 5. A local government may increase any service charge which  
29 was in effect on July 1, 1981, or whose imposition was approved  
30 after that date pursuant to this section, to the extent:

31 (a) Necessary to comply with any covenant relating to securities  
32 to whose repayment revenue from the service charge is pledged; or

33 (b) Reasonably necessary to meet the actual expense of providing  
34 the service, including the upkeep of any property so used.

35 6. A local government must submit any proposal to increase a  
36 service charge to the executive director of the department of taxa-  
37 tion for approval, and the local government or any person who  
38 may be required to pay the charge may appeal from his decision  
39 to the interim legislative committee on local governmental finance.  
40 A local government must submit any proposal to impose a new  
41 service charge to that committee for its approval.

42 7. A local government may submit an application for exemp-  
43 tion from the provisions of this section to the interim legislative  
44 committee on local governmental finance, which may grant the  
45 exemption if it finds that:

46 (a) The conditions prescribed in section 3.3 of this act for a  
47 temporary exemption exist, and makes written findings of the facts  
48 supporting the exemption;

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

EXHIBIT F

Senate Bill No. 689 (cont'd)

— 3 —

1 (c) The last increase was not recent and the rates of the fees  
2 charged by the local government are at a significantly lower level  
3 than those of other similar local governments in the state.  
4 [6.] 8. The provisions of this section apply to any license or  
5 permit for any purpose regardless of the fund to which the revenue  
6 from it is assigned. An ordinance or resolution enacted by a local  
7 government in violation of provisions of this section is void.  
8 SEC. 2. This act shall become effective at 12:01 a.m. on July 1, 1981.

Ⓢ

ASSEMBLY ACTION	SENATE ACTION	Senate.....AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to..... Senate
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	..... <del>Joint</del>
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	Bill No..... 687..... Resolution No.....
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	BDR..... 32-2086.....
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Proposed by..... Committee on Taxation
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>	.....
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	.....
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	.....

Amendment N<sup>o</sup> 1088



Amend section 1, page 1, by deleting lines 7 and 8, and inserting:  
"project for the generation, transmission or distribution of  
 electricity, or to any other electrical facilities, whose construc-  
 tion is commenced on or after January 1, 1982. For the purposes of  
 this section, "commencement of construction" has the meaning ascribed  
 to it in NRS 704.840."

Amend section 1, page 1, by deleting lines 13 through 20, and insert-  
 ing:  
"the unincorporated area of the county. If it determines that more  
 than one county will undergo a substantial increase in the need for  
 public services as the result of the construction, the department  
 of taxation shall, subject to the approval of the interim legis-  
 lative committee on local governmental finance, first apportion the  
 collections and payments among those counties according to the  
 respective increases in need for public services as so determined,  
 and then distribute them within each county as provided in the  
 preceding sentence."

Amend section 1, page 1, line 24, by deleting "the other" and  
 inserting "all".

Amend section 1, page 2, line 8, by deleting "and".

Amend section 1, page 2, line 10, by deleting the period and insert-  
 ing "; and".

To: E & E  
 LCB File  
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 Bill

Drafted by..... FWD:smc:ml..... Date..... 5-19-81.....

Amend section 1, page 2, by inserting after line 10:

"(c) The effect which facilities for the generation of electric power have both upon their immediate vicinity and upon the natural resources which belong to all the people of the state."

Amend sec. 2, page 2, line 23, by deleting "3 and 4," and inserting "[3 and 4,] 3, 4 and 5,".

Amend sec. 2, page 2, line 35, by deleting the open bracket.

Amend sec. 2, page 3, line 4, by deleting "successfully" and inserting "successively".

Amend sec. 2, page 3, by deleting lines 12 through 20, and inserting "which such operating unit is located."

Amend sec. 2, page 3, line 21, by deleting "4." and inserting "5.".

Amend sec. 2, page 3, line 22, by deleting "generates or transmits" and inserting:

"generates, transmits or distributes".

Amend sec. 2, page 3, line 23, after "construction" by inserting "whose construction was commenced on or after January 1, 1982, and".

Amend sec. 2, page 3, line 27, by inserting after the period: "For the purposes of this section, "commencement of construction has the meaning ascribed to it in NRS 704.840."

Amend sec. 2, page 3, line 28, by deleting "5." and inserting: "[5.] 6.".

Amend sec. 2, page 3, line 36, by deleting "6." and inserting: "[6.] 7.".

Amend sec. 2, page 3, line 39, by deleting "7." and inserting: "[7.] 8.".

Amend sec. 2, page 3, line 43, by deleting "8." and inserting: "[8.] 9.".

Amend sec. 2, page 3, line 48, by deleting "9." and inserting: "[9.] 10.".

Amend sec. 2, page 4, line 4, by deleting "10." and inserting: "[10.] 11.".

Amend the bill as a whole by adding a new section designated section 2.5, following section 2, to read as follows:

"Sec. 2.5. NRS 361.320 is hereby amended to read as follows:

361.320 1. At the regular session of the Nevada tax commission commencing on the 1st Monday in October of each year, the Nevada tax commission shall establish the valuation for assessment purposes of any

property of an interstate and intercounty nature, which must in

any event include the property of all interstate or intercounty railroad, sleeping car, private car, street railway, traction, telegraph, water, telephone, air transport, electric light and power companies, together with their franchises, and the property and franchises of all railway express companies operating on any common or contract carrier in this state.

This valuation must not include the value of vehicles as defined in NRS 371.020.

2. Except as otherwise provided in subsections 3 and 4, the foregoing must be assessed as follows: The Nevada tax commission

shall establish and fix the valuation of the franchise, if any, and all physical property used directly in the operation of any such business of any such company in this state, as a collective unit; and if operating in more than one county, on establishing such unit valuation for the collective property, the Nevada tax commission shall then determine the total aggregate mileage operated within the state and within its several counties, and apportion the mileage upon a mile-unit basis, and the number of

miles apportioned to any county are subject to assessment in that county according to the mile-unit valuation established by the Nevada tax commission.

3. [Where 75 percent or more of the physical property of an

electric light and power company is devoted to the generation or transmission of electricity for use outside the State of Nevada and the physical property also includes three or more operating units which are not interconnected at any point within the State of Nevada, the Nevada tax commission shall successively:

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

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

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

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

commission shall successively:

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

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

(c) Apportion the valuation of each operating unit, adjusted as required by paragraph (b) upon a mile-unit basis among the counties in

which such operating unit is located.] On establishing the valuation, as a collective unit, of each public utility which generates, transmits or distributes electricity in this state, the Nevada tax commission shall allocate this valuation among all the counties of this state in proportion to their respective populations. The valuation so allocated to each county must be assessed, and taxes levied and collected thereon, at the same rate as other property in the county. The legislature finds and declares that the consumption of electricity is roughly proportionate to population and that this allocation fairly distributes revenues arising from this consumption, and takes fair account of the effect of the generation of power on the natural resources of the state as a whole.

[5.] 4. Before establishing the valuation, as a collective unit, of a public utility which generates, transmits or distributes electricity, the Nevada tax commission must first segregate the value of all property under construction whose construction was commenced on or after January 1, 1982, and which is not yet put to use. This value must be assessed and taxed in the county where it is located, at the same rate as other property. The legislature finds and declares that this segregation fairly reflects the additional burden put upon the public services of the county during its construction.


[6.] 5. The Nevada tax commission shall adopt formulas, and cause them to be incorporated in its records, providing the method or methods pursued in fixing and establishing the full cash value of all franchises and property assessed by it. The formulas must be adopted and may be changed from time to time upon its own motion or when made necessary by judicial decisions, but the formulas must in any event show all the elements of value considered by the Nevada tax commission in arriving at and fixing the value for any class of property assessed by it.

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




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

[9.] 8. All other property must be assessed by the county assessors, except as provided in NRS 362.100 and except that the valuation of land, livestock and mobile homes must be established for assessment purposes by the Nevada tax commission as provided in NRS 361.325.

[10.] 9. 

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

[11.] 10. 

On or before November 1 of each year the department shall forward a tax statement to each private car line company based on the valuation established pursuant to this section and in accordance with the tax levies of the several districts in each county. The company shall remit the ad valorem taxes due on or before December 15 to the department which shall allocate the taxes due each county on a mile-unit basis and remit the taxes to the counties no later than January 31. The portion of the

taxes which is due the state must be transmitted directly to the

state treasurer. As an alternative to any other method of recovering delinquent taxes provided by this chapter, the attorney general may bring a civil action in a court of competent jurisdiction to recover delinquent taxes due under this subsection in the manner provided in NRS 361.560."

Amend sec. 3, page 4, line 25, by printing "state" in Roman type.

Amend sec. 3, page 4, by deleting lines 32 and 33 and inserting:

"the generation, transmission or distribution of electricity, or to any other electrical facilities, whose construction is commenced on or after January 1, 1982. For the purposes of this paragraph, "commencement of construction" has the meaning ascribed to it in NRS 704.840. This amount must be".

Amend sec. 3, page 4, line 36, by deleting "the other" and inserting "all".

Amend sec. 3, page 4, line 40, by deleting the period and inserting ", and takes fair account of the effect of the generation of power on the natural resources of the state as a whole."

Amend the bill as a whole by renumbering section 6 as section 7 and adding a new section designated section 6, following section 5, to read as follows:

responsible participant. [Such participant or participants are required to] That participant shall take appropriate action to enforce the obligation, provided for in subsection 4, of the participants in the project. A payment in lieu of taxes [shall] must not be made to the extent that the making of the payment

would cause a deficiency in the money available to the county to make required payments of principal of, premium, if any, or interest on any bonds issued by the county to finance the project or to make required payments to any funds established under the proceedings under which such bonds were issued and secured. No lien attaches upon any property or money of the county or any property or money of the participant or participants mentioned in the first sentence of this subsection by virtue of any failure to pay all or any part of any in lieu of taxes. The participant or participants constructing or operating the project or any other participant in the project may contest the validity of any payment in lieu of a tax to the same extent as if such payment were a payment of the tax itself. The payments in lieu of taxes must be reduced if and to the extent that such contest is successful.

6. So long as a purchaser of capacity of the project is required to make payments pursuant to subsection 4, that purchaser is not required to make any payment of tax pursuant to NRS 361.157 or 361.159 in respect of its interest or rights in that project.

7. The obligations to make payments in lieu of taxes required by this section do not constitute a debt or indebtedness of the county and do not constitute or give rise to a pecuniary liability of the county or a charge against its general credit or taxing powers. "

Amend sec. 6, page 7, line 9, by inserting "1." before "Section".

Amend sec. 6, page 7, by inserting after line 10:

"2. Section 2.5 of this act shall become effective on July 1 next after the Nevada tax commission determines that the full cash value of facilities for the generation, transmission or distribution of electricity whose construction was commenced on or after January 1, 1982, and which have been put to use is at least \$300,000,000."

"Sec. 6. NRS 244A.755 is hereby amended to read as follows:

244A.755 1. If a project is for the generation and transmission of electricity, payments must be made as provided in this section:

(a) In lieu of ad valorem taxes on property owned by the county [;] , and distributed in the same manner as those taxes would be distributed pursuant to NRS 361.320; and

(b) In lieu of the sales and use tax, local school support tax and city-county relief tax on tangible personal property purchased or used [.] , and distributed either pursuant to section 1 of this act or in the same manner as the tax would be distributed pursuant to NRS 374.785, whichever applies.

2. The payments in lieu of taxes specified in paragraph (b) of subsection 1 must be paid on any incident of sale, use, storage or other consumption of property which, pursuant to the Sales and Use Tax Act, Local School Support Tax Law or an ordinance or ordinances adopted pursuant to the City-County Relief Tax Law, would be taxable if the exemptions for counties contained, respectively, in NRS 372.325 and 374.330 were not applicable. No such payment applies to any incident previously subjected to a sales or use tax. Except as otherwise provided in this section and except to the extent that they would be inconsistent with the provisions of this section, the provisions of the Sales and Use Tax Act, Local School Support Tax Law, the City-County Relief Tax Law, any ordinance or ordinances adopted pursuant thereto, [the Multistate Tax Compact] and other laws of the state dealing with taxes on the sale or use of tangible personal property govern the collection, payment, method of protest, exemptions and other matters relating to the payments required in lieu of these taxes.

3. The payments in lieu of ad valorem taxes must be made to the taxing entity or entities, including the state, within which the project or any part thereof is located, and the amount of such payments must equal the ad valorem taxes that would have been payable were the project subject to ad valorem taxation and to assessment pursuant to NRS 361.320. This section does not preclude the legislature from changing the method of assessment or allocation of payments in lieu of ad valorem taxes. The due date of payments in lieu of ad valorem taxes to a particular taxing entity and the tax rate with respect to the

portion of the valuation of a project [located in such] allocated to that entity must be determined in the same manner as for property which is subject to ad valorem taxation by that taxing entity.

4. The county shall, in the agreement with each purchaser of capacity require that the purchaser, or all of them collectively, make timely payments, whether or not the capacity is taken or available, sufficient in time and amount, to the extent that such payments are not otherwise provided for from bond proceeds or other funds specifically made available therefor, to provide for the payments in lieu of taxes required by this section. The agreements must provide the method of determining the amount of such payments to be made by each such purchaser.

5. The payments in lieu of taxes required by this section during the construction of the project are the responsibility of the participant who, pursuant to subsection 2 of NRS 244A.741, is constructing the project and the payments in lieu of taxes during the period of operation of the project are the responsibility of the participant who, pursuant to that subsection, is operating the project. The responsibility of making such payments is limited to the extent that there is legally available to the responsible participant, from the payments, proceeds or other funds mentioned in subsection 4, money to make such payments and the obligation of such participant or participants to make such payments in lieu of taxes is not a general obligation or liability of the

H

# Southern Pacific Transportation Company

One East First Street • Suite 905 • Reno, Nevada 89501 • (702) 329-2492

JOHN L. ECK  
ASST. TAX COMMISSIONER

May 19, 1981

EXHIBIT H

Chairman Ashworth, Members of the Senate Taxation Committee:

For the record, my name is John Eck, representing Southern Pacific Company and its subsidiaries.

I appear before you today not so much in opposition to SB 690 itself, but in opposition to its construction and application.

I have never appeared before you or any committee of this legislature asking for you to cut my taxes, nor have I asked you to raise them. My position has been consistent throughout this session. "Equal and uniform application of the law consistent with the constitutional provisions of the State of Nevada and applicable Federal Statutes." My position remains the same today.

SB 690 is designed to produce additional revenue for schools through the Local School Support Tax. Based on recent developments, I question whether the tax increase is necessary. If not, there is no reason for the bill. If it is in fact needed, I have no problem paying our share.

However, I do strongly object to the tax being applied to the railroad industry while other modes of transportation, who are our direct competitors, are exempted. We believe that the bill, in its present form, represents an unreasonable burden on and discriminates against rail carriers subject to the jurisdiction of the Interstate Commerce Commission.

If the bill as presently constructed, is enacted, my management informs me that in all probability we will be in the unfortunate position of having to challenge the acts validity in the Federal Courts.

Should the act be applied equally to other modes of transportation, no problems are foreseen.

I thank you for your consideration and will be happy to answer questions.

I

FISCAL NOTE

EXHIBIT I

BDR \_\_\_\_\_  
A.B. 20 1st reprint  
S.B. \_\_\_\_\_

• STATE AGENCY ESTIMATES Date Prepared 5-13-81

Agency Submitting	Taxation	1/2 year		
		Fiscal Year 1980-81	Fiscal Year 1981-82	Fiscal Year 1982-83
			+10%	+10%
Revenue and/or Expense Items			Fiscal Year 1982-83	Continuing
2% Sales tax			(1,062,877)	(1,169,164)
1 1/2% LSST			(797,158)	(876,874)
2.25% CCRT			(1,195,736)	(1,315,310)
Total			(1,527,884)	(3,361,350)
			(3,055,772)	

Explanation (Use Continuation Sheets If Required)

Revised fiscal rate is based on proposed amendment to bill to impose sales tax on 60% of the retail selling price of new mobile homes and to exempt all used mobile homes from sales tax.

Estimated mobile home gross sales for FY 81-82 is \$75,488,440. 60% of this is estimated to be new sales and 40% represents sales of used mobile homes.

Signature Paul E. Dickson  
Title Executive Director

LEGISLATIVE EFFECT ON THE VALUE OF MOBILE HOMES

NEVADA DEPARTMENT OF TAXATION - DOAS

Make		Bulletin 147		SB 69 with SB 411	AB 116 with SB 411	NTC New System with SB 411 and without AB 116
		Prior to SB 411	SB 411			
1958 New Moon 8x42=336 sq.ft.	Full Value	1140	1140	1215	1140	1215
	Assessed Value	400	400	430	400	430
	Tax Rate	3.29	1.60	1.60	1.60	1.60
	Taxes	13.16	6.40	6.88	6.40	6.88
1965 Broadmore 24x53=1060 sq.ft.	Full Value	2770	2770	5400	1980	6750
	Assessed Value	970	970	1890	690	2360
	Tax Rate	3.29	1.60	1.60	1.60	1.60
	Taxes	31.91	15.52	30.24	11.04	37.76
1972 Fleetwood 12x56=672 sq.ft.	Full Value	4060	4060	6330	4560	5940
	Assessed Value	1420	1420	2215	1600	2080
	Tax Rate	3.29	1.60	1.60	1.60	1.60
	Taxes	46.72	22.72	35.44	25.60	33.28
1977 VanDyke 24x52=1248 sq.ft.	Full Value	19,660	19,660	20,570	21,840	21,080
	Assessed Value	6,880	6,880	7,200	7,650	7,380
	Tax Rate	3.29	1.60	1.60	1.60	1.60
	Taxes	226.35	110.08	115.20	122.40	118.08
1981 Hillcrest* (new) 24x60=1440 sq.ft.	Full Value	34,540	34,540	33,090	34,540	33,090
	Assessed Value	12,090	12,090	11,580	12,090	11,580
	Tax Rate	3.29	1.60	1.60	1.60	1.60
	Taxes	397.76	193.44	185.28	193.44	185.28

)  
)  
) Majority  
) of mobile  
) homes  
) located in  
) these  
) categories  
)

Tax rates are average statewide.

Sample mobile homes are not relative with respect to size, quality or condition.

5-14-81

I believe these are the facts:

EXHIBIT K

The Department of Taxation (State of Nevada) had a meeting Dec 2 and decided to re-assess all Mobil Homes in accordance with Nevada Stat Statute NRS361.325 enacted by the Legislature in 1975.

The Department of Taxation did delay the re-assessment until July 1, 1982 because they knew the Legislature could change the law while they're in session.

~~\_\_\_\_\_~~ and he tells me that at the present Mobil Homes have been assessed on the American Mobil Home Association blue book.

Mr. Dutton tells me that our ~~\_\_\_\_\_~~ ~~\_\_\_\_\_~~:

- 1- ~~\_\_\_\_\_~~
- 2- ~~\_\_\_\_\_~~
- 3- ~~\_\_\_\_\_~~
- 4- ~~\_\_\_\_\_~~
- 5- ~~\_\_\_\_\_~~
- 6- ~~\_\_\_\_\_~~

Mr. Dutton's Continued ---

The re-assessment of Mobil Homes would be ~~\_\_\_\_\_~~ ~~\_\_\_\_\_~~ because:

- 1- ~~\_\_\_\_\_~~
- 2- ~~\_\_\_\_\_~~
- 3- ~~\_\_\_\_\_~~

Mr. Dutton's continued  
from the 1st page  
the 7th page of the  
report.

It doesn't seem fair to reduce taxes for Home owners and increase taxes for Mobil Home owners.

(2)

Continued

Riviera Vegas Mobile Home Park have taken it on themselves to mail anyone's letters that want to bring them to me.

To date ~~we have mailed 100 letters to our Legation~~ about Mobile Home Taxes.

Some of the ~~other Parks have collected~~ ~~them~~ but mailed.

With this much interest in ~~work~~ I would hope that you see fit to keep our Mobile Home taxes on a depreciation schedule.

Thelma Clark  
2038 Palm St. Apce 253  
Las Vegas, Nev. 89104