

MINUTES OF THE
MEETING OF THE SENATE COMMITTEE
ON TAXATION

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
May 24, 1981

The Senate Committee on Taxation was called to order by Chairman Keith Ashworth, at 12:54 p.m., Sunday, May 24, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. There was no 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:

Assemblyman Jan Stewart

STAFF MEMBERS PRESENT:

Ed Schorr, Deputy Fiscal Analyst
Colleen Crum, Committee Secretary

SENATE BILL NO. 69

Mr. Ed Schorr, Deputy Fiscal Analyst, presented a summary of Amendment No. 1099 (Exhibit B) and Amendment No. 1143 (Exhibit C) which were approved by the Assembly. (See Exhibit D.)

The Senate Committee on Taxation concurred with the first amendment in Amendment No. 1099.

Mr. Schorr explained the second amendment in Amendment No. 1099 creates one classification for land, rather than two classifications.

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Senator Kosinski stated creating two classifications for land may be unconstitutional.

Senator Kosinski moved that the Senate Committee on Taxation concur with the Assembly's second amendment in Amendment No. 1099.

Senator Glaser seconded the motion.

The motion failed. (Senators Don Ashworth, Getto, Glaser and Raggio voted "No".)

The chairman noted the Senate Committee on Taxation did not concur with the second amendment in Amendment No. 1099.

The chairman asked the difference between original cost and replacement cost in the third amendment in Amendment No. 1099. Mr. Marvin Leavitt, a task force member, explained original cost will be used in valuing the majority of personal property, whether the legislature specifies original cost or replacement cost.

Senator Don Ashworth stated the assessors will be forced to make a determination on all personal property if replacement cost is used.

Senator Raggio asked how the legislature can justify using replacement cost for taxing all types of property except personal property.

Mr. Leavitt stated the taxes on large, expensive items would be increased by using replacement cost.

Senator Don Ashworth moved that the Senate Committee on Taxation concur with the Assembly on the third amendment in Amendment No. 1099.

Senator Getto seconded the motion.

Senator Raggio disagreed with treating property in a non-uniform manner for purposes of taxation.

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Senator Don Ashworth withdrew his motion.

Senator Getto withdrew his second of the motion.

Senator Raggio moved that the Senate Committee on Taxation not concur with the third amendment in Amendment No. 1099.

Senator Glaser seconded the motion.

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

The Senate Committee on Taxation did not concur with the fourth amendment in Amendment No. 1099.

The Senate Committee on Taxation concurred with the fifth, sixth, seventh, and eighth amendments in Amendment No. 1099.

Mr. Schorr explained the ninth amendment in Amendment No. 1099 would delay the shift of the lien date for one year.

The chairman questioned the necessity of the delay. Mr. Leavitt explained delaying the shift would permit escrow accounts to be cleared and would give advance notice of the change.

The chairman stated delaying the shift would tie up money in accrual accounts.

The Senate Committee on Taxation did not concur with the ninth amendment in Amendment No. 1099.

The Senate Committee on Taxation concurred with the tenth amendment in Amendment No. 1099.

Senator Raggio questioned whether Amendment No. 1143 was constitutional. Mr. Schorr stated the fiscal impact would be insignificant to utilities and railroads.

Senator Raggio moved that the Senate Committee on Taxation not concur with the Assembly's Amendment No. 1143.

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Senator Getto seconded the motion.

The motion carried.

The chairman stated Senators Don Ashworth, Getto and Glaser would be appointed to the first Committee on Conference.

SENATE BILL NO. 687 (Exhibit E)

The chairman presented Amendment No. 1207 to the bill. (See Exhibit F.) He recommended approving Senate Bill No. 687 with an effective date of July 1, 1983. Approving the bill during the current legislative session will force the entities to develop data on the fiscal impact of the bill for presentation during the next legislative session.

Senator Don Ashworth noted Amendment No. 1207 used a July 1, 1984 date rather than July 1, 1983.

Senator Kosinski asked whether this bill would apply to the Valmy plant. The chairman stated the bill would apply to Valmy when the plant becomes operative.

Mr. Leavitt stated Amendment No. 1207 relates the tax rate to the various rates levied by entities, rather than mandating that the rate be the same for all properties within a county. He noted counties assess property at different rates.

Mr. Leavitt explained the July 1, 1984 date was included in the amendment as a result of a conversation with Mr. Frank Daykin, Legislative Counsel. The purpose of the date is to create a transitional period before the new tax structure becomes effective.

Senator Kosinski disagreed with processing the bill when the fiscal impact is unknown. Noting the bill would not become effective until 1983, he suggested assigning the interim committee which is studying centrally assessed properties to study the issue of the tax structure of utilities as well.

Senator Glaser stated passing this law now will make the information available to every entity affected by the law and will permit these entities to study the impact of the bill.

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Senator Raggio recommended making the bill effective prior to July 1, 1983. He said the pole-line concept of taxation is outmoded and must be replaced.

Senator Don Ashworth moved that the date in Amendment No. 1207 be changed to July 1, 1983, and that Senate Bill No. 687 be approved as amended in Amendment No. 1207.

Senator Raggio seconded the motion.

The motion carried. (Senators Getto and Kosinski voted "No".)

ASSEMBLY BILL NO. 116

Assemblyman Stewart related a discussion with the Department of Taxation in which he was told the taxes levied on personal property under Senate Bill No. 69 would be the same as the taxes levied under Assembly Bill No. 116. The Tax Commission will set the depreciation and residual rates under Senate Bill No. 69. The Department of Taxation indicated that the depreciation and residual rates probably would be set the same as the rates mandated by Assembly Bill No. 116. This rate would apply to older mobile homes as well as new mobile homes. The Department of Taxation told Assemblyman Stewart Assembly Bill No. 116 should be processed because it deals directly with mobile homes. The Department of Taxation suggested conforming the language in Assembly Bill No. 116 with the language in Senate Bill No. 69 by amending the bill as follows:

1. Delete the word "new" before the word "mobile" on page one, line 22;
2. Delete the phrase, "sold on or after July 1, 1982" on page one, lines 22-23;
3. Delete the phrase beginning with the word "classify" on page one, line 23, and ending with the word "shall" on page two, line two;

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4. Delete the words "retail selling price" on page two, line three, and insert the words "original cost" in the place of "retail selling price."

The chairman noted the use of "original cost" conflicted with the Senate Committee on Taxation's proposal to use "replacement cost" in Senate Bill No. 69. He said Assembly Bill No. 116 will be held until the Committees on Conference come to agreement over the differences with Senate Bill No. 69.

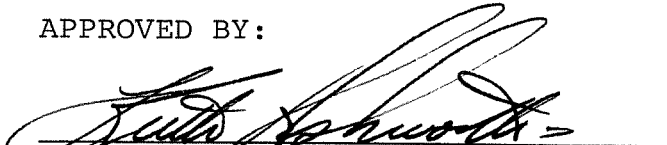
There being no further business, the meeting adjourned at 1:43 p.m.

Respectfully submitted by:



Colleen Crum, Secretary

APPROVED BY:


Senator Keith Ashworth, Chairman

DATE: 5-28-81

SENATE AGENDA

EXHIBIT A

COMMITTEE MEETINGS

Committee on TAXATION, Room 213.
Day Sunday, Date May 24, 1981, Time Upon Adjournment

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

ASSEMBLY ACTION	SENATE ACTION	Assembly	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to	Senate
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>		Joint
Date: _____	Date: _____	Bill No. 69	Resolution No.
Initial: _____	Initial: _____	BDR 32-689	
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^o 1099

Replaces Amendment No. 1070.

Amend sec. 2.6, page 2, line 40, by deleting "listed on a separate" and inserting:

"identified on the".

Amend sec. 3, page 2, line 45, by deleting "sections 2.3 and 2.6" and inserting:

"section 2.3".

Amend sec. 8, page 4, by deleting lines 13 through 18, and inserting:

"(a) The full cash value of land by considering the uses to which it may lawfully be put, any legal or physical restrictions upon those uses, the character of the terrain, and the uses of other land in the vicinity."

Amend sec. 8, page 4, line 34, by deleting "cost of replacement" and inserting:

"original cost".

Amend sec. 8, page 4, line 40, by deleting "and personal property".

Amend sec. 9, page 5, by deleting lines 6 through 11, and inserting:

"(a) The full cash value of land by considering the uses to which it may lawfully be put, any legal or physical restrictions upon those uses, the character of the terrain, and the uses of other land in the vicinity."

To: E & E
LCB File
Journal
Engrossment
Bill

Drafted by FWD:smc Date 5-19-81

Amend sec. 9, page 5, line 27, by deleting "cost of replacement" and inserting:

"original cost".

Amend sec. 9, page 5, line 34, by deleting "and personal property".

Amend sec. 17.7, page 14, line 34, by deleting "4th" and inserting "1st".

Amend sec. 30.6, page 28, line 25, by deleting "361.745,".

Amend sec. 34, page 30, line 4, by deleting "May 8" and inserting "May 30".

Amend the bill as a whole by adding a new section designated section 35.5, following section 35, to read as follows:

"Sec. 35.5. Every lender whose loan is secured by an encumbrance of real property and who requires periodic payments by the borrower into a special account for the payment of taxes on that real property shall fully adjust the balance of and payments into that account, to reflect any reduction of property taxes resulting from laws enacted by the 61st session of this legislature, no later than July 1, 1982. If completion of the adjustment is deferred beyond October 1, 1981, the adjustment must be accomplished by an appropriate schedule of equal payments into the account for all the months from July 1981 to June 1982.".

Amend sec. 36, page 31, line 11, by deleting "1981;" and inserting "1982;".

Amend sec. 36, page 31, line 13, by deleting "1980," and inserting "1981,".

Amend sec. 36, page 31, line 14, by deleting "1981," and inserting "1982,".

Amend sec. 36, page 31, line 15, by deleting "1981," and inserting "1982,".

Amend the bill as a whole by renumbering section 39 as section 40 and adding a new section designated section 39, following section 38, to read as follows:

"Sec. 39. 1. Section 40 of chapter 149, Statutes of Nevada 1981, is hereby amended to read as follows:

Sec. 40. The legislature declares that this bill [, Senate Bill No. 69] and Senate Bill No. 411 of this session constitute an integrated plan for the relief of the residents of this state from excessive property taxes while providing revenue for the necessary services of local government, and that their provisions are not severable. If any provision of any of these bills which becomes law, or the application thereof to any person, thing or circumstance is held invalid, the other provisions of each of these bills become ineffective, and all statutes repealed by [any] either of these bills are revived.

2. Section 20 of chapter 150, Statutes of Nevada 1981, is hereby amended to read as follows:

Sec. 20. 1. Except as provided in subsection 2, the legislature declares that this bill [, Senate Bill No. 69] and Assembly Bill No. 369 constitute an integrated plan for the relief of the residents of this state from excessive property taxes while providing revenue for the necessary services of local government, that their provisions are not severable. If any provision of any of these bills which becomes law, or the application thereof to any person, thing or circumstance is held invalid, the other provisions of each of these bills become ineffective, and all statutes repealed by [any] either of these bills are revived.

2. If the interim legislative committee on local governmental finance is held invalid as a whole or unable to perform any particular function, all of its functions or that particular function, as the case may be, devolve upon the Nevada tax commission."

Amend sec. 39, page 31, line 40, by deleting "38," and inserting "39,".

Amend sec. 39, page 31, line 42, by deleting "Sections" and inserting:

"Except as provided in subsection 3, sections".

Amend sec. 39, page 31, by inserting after line 43:

"3. Sections 19.3, 22 and 25 of this act shall become effective on July 1, 1982.".

1981 REGULAR SESSION (61st)

EXHIBIT C

ASSEMBLY ACTION	SENATE ACTIONAssembly.....	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to.....	Senate.....
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>		<u>Joint</u>
Date:	Date:	Bill No.....69.....	Resolution No.....
Initial:	Initial:	BDR.....32-689.....	
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Proposed by.....	Assemblyman Vergiels.....
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>		
Date:	Date:		
Initial:	Initial:		

Amendment N^o 1143

Consistent with Amendments Nos. 1070 and 1099.

Amend the bill as a whole by adding a new section designated sec. 32.5, following sec. 32, to read as follows:

"Each public utility and railroad shall, without making an application to the public service commission of Nevada:

1. Immediately reduce its rates to customers in Nevada by an amount which represents the reduction in property taxes paid or to be paid by the utility or railroad as a result of legislation enacted by the 61st session of the Nevada legislature; and
2. Show the reduction on each bill for service, denoted by the words "Legislative Tax Reduction," until the rate of taxes on the property of the utility or railroad is the same or greater than that which was in effect on January 1, 1981."

To: E & E
LCB File
Journal
Engrossment
Bill

Drafted by.....DGS:ss.....Date.....5-20-81.....

Assembly Amendments to the 5th Reprint of S.B. 69
Page Two

10. Section 39, Page 32, Lines 11-37--A new section is added to amend S.B. 411 and A.B. 369 to provide that S.B. 69 no longer would be nonseverable. (The Senate committee agreed with this.)

AMENDMENT NO. 1143:

1. Section 32.5, Page 29, Lines 32-41--A new section is added to require public utilities and railroads to pass on tax savings to their customers. (The Senate committee did not concur with this.)

EXHIBIT D

TO: SENATE COMMITTEE ON TAXATION

SUBJECT: Assembly Amendments to the 5th Reprint of S.B. 69

AMENDMENT NO. 1099:

1. Section 2.6, Page 2, Line 40--Obsolete property must be "identified on the roll" rather than listed on a separate roll. (The Senate committee agreed with this.)
2. Section 8, Page 4, Lines 13-15--The subsection was removed that said "improved land must be valued consistently with the use to which the improvements are being put." (The Senate committee did not concur with this.)
3. Section 8, Page 4, Line 31--Personal property would be valued at "original cost" less depreciation rather than "cost of replacement" less depreciation. (The Senate committee did not concur with this.)
4. Section 9, Page 5--Conformed with changes made in Section 8. (The Senate committee agreed with this.)
5. Section 17.7, Page 14, Line 34--Date for assessor to file segregated roll is changed from 4th Monday in March to 1st Monday in March. (The Senate committee agreed with this.)
6. Section 30.6, Page 28, Line 25--The repeal of 361.745 is removed. This section provides the mechanism for transfer of proceeds of a state property tax levy. (The Senate committee agreed with this.)
7. Section 34, Page 30, Line 15--The date for Department of Taxation to notify the county auditor of the tax rate is changed from May 8 to May 30. (The Senate committee agreed with this.)
8. Section 35.5, Page 31, Lines 21-30--A new section is added to require adjustment of mortgage impound accounts. (The Senate committee agreed with this.)
9. Section 36, Page 31, Lines 31-36--Change to July 1 lien date is delayed one year. (The Senate committee did not agree with this.)

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 687

SENATE BILL NO. 687—COMMITTEE ON TAXATION

MAY 14, 1981

Referred to Committee on Taxation

SUMMARY—Provides for distribution of taxes from certain projects for generation of electricity. (BDR 32-2086)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.

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

AN ACT relating to taxation; providing for the distribution of certain taxes from projects for the generation and transmission of electricity; and providing other matters properly relating thereto.

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

- 1 SECTION 1. Chapter 360 of NRS is hereby amended by adding
- 2 thereto a new section which shall read as follows:
- 3 1. *The department shall account separately for all taxes and any*
- 4 *fees, interest and penalties collected under the Sales and Use Tax Act and*
- 5 *the City-County Relief Tax Law, and all payments made in lieu of taxes*
- 6 *under those laws, which relate to the construction or operation of a*
- 7 *project for the generation, transmission or distribution of electricity, or*
- 8 *to any other electrical facilities; whose construction is commenced on or*
- 9 *after January 1, 1982. For the purposes of this section, "commencement*
- 10 *of construction" has the meaning ascribed to it in NRS 704.840.*
- 11 2. *Except as otherwise provided in this subsection, those collections*
- 12 *and payments which relate to the construction of such a project must be*
- 13 *paid over to the county in which the project is located and to each city in*
- 14 *that county, in proportion to the respective populations of each city and*
- 15 *the unincorporated area of the county. If it determines that more than*
- 16 *one county will undergo a substantial increase in the need for public*
- 17 *services as the result of the construction, the department of taxation*
- 18 *shall, subject to the approval of the interim legislative committee on*
- 19 *local governmental finance, first apportion the collections and payments*
- 20 *among those counties according to the respective increases in need for*
- 21 *public services as so determined, and then distribute them within each*
- 22 *county as provided in the preceding sentence.*

1 3. *Those collections and payments which relate to the operation of*
2 *the project must be apportioned:*

- 3 (a) *Ten percent to the county in which the project is located; and*
4 (b) *The remainder among all counties of the state in proportion to their*
5 *respective populations.*

6 *Money so apportioned to each county must be paid over to the county*
7 *and to each city therein according to the respective populations of each*
8 *city and the unincorporated area of the county.*

9 4. *The legislature finds and declares that the distributions of the city-*
10 *county relief tax required by subsections 2 and 3 respectively take fairly*
11 *into account:*

12 (a) *The additional burden put upon public services during the construc-*
13 *tion of such a project;*

14 (b) *The location of the consumption in this state which gives rise to the*
15 *revenues resulting from its operation; and*

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

19 SEC. 2. NRS 361.320 is hereby amended to read as follows:

20 361.320 1. At the regular session of the Nevada tax commission
21 commencing on the 1st Monday in October of each year, the Nevada tax
22 commission shall establish the valuation for assessment purposes of any
23 property of an interstate and intercounty nature, which **[shall]** *must* in
24 any event include the property of all interstate or intercounty railroad,
25 sleeping car, private car, street railway, traction, telegraph, water, tele-
26 phone, air transport, electric light and power companies, together with
27 their franchises, and the property and franchises of all railway express
28 companies operating on any common or contract carrier in this state.
29 **[Such valuation shall.]** *This valuation must not include the value of*
30 *vehicles as defined in NRS 371.020.*

31 2. Except as otherwise provided in subsections **[3 and 4,]** 3, 4 and
32 5, the foregoing **[shall]** *must* be assessed as follows: The Nevada tax
33 commission shall establish and fix the valuation of the franchise, if any,
34 and all physical property used directly in the operation of any such busi-
35 ness of any such company in this state, as a collective unit; and if operat-
36 ing in more than one county, on establishing such unit valuation for the
37 collective property, the Nevada tax commission shall then determine the
38 total aggregate mileage operated within the state and within its several
39 counties, and apportion the mileage upon a mile-unit basis, and the num-
40 ber of miles apportioned to any county **[shall be]** *are* subject to assess-
41 ment in that county according to the mile-unit valuation established by the
42 Nevada tax commission.

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

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

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

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

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

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

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

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

21 5. *Before establishing the valuation, as a collective unit, of a public*
22 *utility which generates, transmits or distributes electricity, the Nevada tax*
23 *commission must first segregate the value of all property under construc-*
24 *tion whose construction was commenced on or after January 1, 1982, and*
25 *which is not yet put to use. This value must be assessed and taxed in the*
26 *county where it is located, at the same rate as other property. The legis-*
27 *lature finds and declares that this segregation fairly reflects the additional*
28 *burden put upon the public services of the county during its construction.*
29 *For the purposes of this section, "commencement of construction" has the*
30 *meaning ascribed to it in NRS 704.840.*

31 [5.] 6. The Nevada tax commission shall adopt formulas, and cause
32 them to be incorporated in its records, providing the method or methods
33 pursued in fixing and establishing the full cash value of all franchises and
34 property assessed by it. The formulas [shall] *must* be adopted and may
35 be changed from time to time upon its own motion or when made neces-
36 sary by judicial decisions, but the formulas [shall] *must* in any event
37 show all the elements of value considered by the Nevada tax commission
38 in arriving at and fixing the value for any class of property assessed by it.

39 [6.] 7. As used in this section the word "company" means any per-
40 son, [or persons,] company, corporation or association engaged in the
41 business described.

42 [7.] 8. In case of an omission by the Nevada tax commission to
43 establish a valuation for assessment purposes upon the property men-
44 tioned in this section, the county assessors of any counties wherein the
45 property is situated shall assess it.

46 [8.] 9. All other property [shall] *must* be assessed by the county
47 assessors, except as provided in NRS 362.100 and except that the valua-
48 tion of land, livestock and mobile homes [shall] *must* be established for
49 assessment purposes by the Nevada tax commission as provided in NRS
50 361.325.

1 **[9.]** 10. On or before the 1st Monday in December the department
2 shall transmit to the several county assessors the assessed valuation found
3 on such classes of property as are enumerated in this section, except for
4 private car lines, together with the apportionment of each county of the
5 assessment. The several county assessors shall enter on the roll all such
6 assessments transmitted to them by the department.

7 **[10.]** 11. On or before November 1 of each year the department
8 shall forward a tax statement to each private car line company based on
9 the valuation established pursuant to this section and in accordance with
10 the tax levies of the several districts in each county. The company shall
11 remit the ad valorem taxes due on or before December 15 to the depart-
12 ment which shall allocate the taxes due each county on a mile-unit basis
13 and remit the taxes to the counties no later than January 31. The portion
14 of the taxes which is due the state **[shall]** *must* be transmitted directly to
15 the state treasurer. As an alternative to any other method of recovering
16 delinquent taxes provided by this chapter, the attorney general may bring
17 a civil action in a court of competent jurisdiction to recover delinquent
18 taxes due under this subsection in the manner provided in NRS 361.560.

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

20 361.320 1. At the regular session of the Nevada tax commission
21 commencing on the 1st Monday in October of each year, the Nevada tax
22 commission shall establish the valuation for assessment purposes of any
23 property of an interstate and intercounty nature, which must in any event
24 include the property of all interstate or intercounty railroad, sleeping car,
25 private car, street railway, traction, telegraph, water, telephone, air trans-
26 port, electric light and power companies, together with their franchises,
27 and the property and franchises of all railway express companies operat-
28 ing on any common or contract carrier in this state. This valuation must
29 not include the value of vehicles as defined in NRS 371.020.

30 2. Except as otherwise provided in subsections 3 and 4, the foregoing
31 must be assessed as follows: The Nevada tax commission shall establish
32 and fix the valuation of the franchise, if any, and all physical property
33 used directly in the operation of any such business of any such company
34 in this state, as a collective unit; and if operating in more than one
35 county, on establishing such unit valuation for the collective property,
36 the Nevada tax commission shall then determine the total aggregate
37 mileage operated within the state and within its several counties, and
38 apportion the mileage upon a mile-unit basis, and the number of miles
39 apportioned to any county are subject to assessment in that county
40 according to the mile-unit valuation established by the Nevada tax com-
41 mission.

42 3. **[Where** 75 percent or more of the physical property of an electric
43 light and power company is devoted to the generation or transmission of
44 electricity for use outside the State of Nevada and the physical property
45 also includes three or more operating units which are not interconnected
46 at any point within the State of Nevada, the Nevada tax commission shall
47 successively:

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

50 (b) Apportion 15 percent of the valuation of each operating unit

1 which generates electricity predominantly for use outside Nevada to each
2 other operating unit within the State of Nevada.

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

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

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

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

17 (c) Apportion the valuation of each operating unit, adjusted as
18 required by paragraph (b) upon a mile-unit basis among the counties in
19 which such operating unit is located. *On establishing the valuation, as a
20 collective unit, of each public utility which generates, transmits or dis-
21 tributes electricity in this state, the Nevada tax commission shall allocate
22 this valuation among all the counties of this state in proportion to their
23 respective populations. The valuation so allocated to each county must
24 be assessed, and taxes levied and collected thereon, at the same rate as
25 other property in the county. The legislature finds and declares that the
26 consumption of electricity is roughly proportionate to population and
27 that this allocation fairly distributes revenues arising from this consump-
28 tion, and takes fair account of the effect of the generation of power on
29 the natural resources of the state as a whole.*

30 **[5.]** 4. Before establishing the valuation, as a collective unit, of a
31 public utility which generates, transmits or distributes electricity, the
32 Nevada tax commission must first segregate the value of all property
33 under construction whose construction was commenced on or after Jan-
34 uary 1, 1982, and which is not yet put to use. This value must be assessed
35 and taxed in the county where it is located, at the same rate as other
36 property. The legislature finds and declares that this segregation fairly
37 reflects the additional burden put upon the public services of the county
38 during its construction.

39 **[6.]** 5. The Nevada tax commission shall adopt formulas, and cause
40 them to be incorporated in its records, providing the method or methods
41 pursued in fixing and establishing the full cash value of all franchises and
42 property assessed by it. The formulas must be adopted and may be
43 changed from time to time upon its own motion or when made necessary
44 by judicial decisions, but the formulas must in any event show all the
45 elements of value considered by the Nevada tax commission in arriving
46 at and fixing the value for any class of property assessed by it.

47 **[7.]** 6. As used in this section the word "company" means any per-
48 son, company, corporation or association engaged in the business
49 described.

50 **[8.]** 7. In case of an omission by the Nevada tax commission to

1 establish a valuation for assessment purposes upon the property men-
2 tioned in this section, the county assessors of any counties wherein the
3 property is situated shall assess it.

4 **[9.]** 8. All other property must be assessed by the county assessors,
5 except as provided in NRS 362.100 and except that the valuation of land,
6 livestock and mobile homes must be established for assessment purposes
7 by the Nevada tax commission as provided in NRS 361.325.

8 **[10.]** 9. On or before the 1st Monday in December the department
9 shall transmit to the several county assessors the assessed valuation found
10 on such classes of property as are enumerated in this section, except for
11 private car lines, together with the apportionment of each county of the
12 assessment. The several county assessors shall enter on the roll all such
13 assessments transmitted to them by the department.

14 **[11.]** 10. On or before November 1 of each year the department
15 shall forward a tax statement to each private car line company based on
16 the valuation established pursuant to this section and in accordance with
17 the tax levies of the several districts in each county. The company shall
18 remit the ad valorem taxes due on or before December 15 to the depart-
19 ment which shall allocate the taxes due each county on a mile-unit basis
20 and remit the taxes to the counties no later than January 31. The portion
21 of the taxes which is due the state must be transmitted directly to the
22 state treasurer. As an alternative to any other method of recovering delin-
23 quent taxes provided by this chapter, the attorney general may bring a
24 civil action in a court of competent jurisdiction to recover delinquent
25 taxes due under this subsection in the manner provided in NRS 361.560.

26 **Sec. 3.** NRS 374.785 is hereby amended to read as follows:

27 374.785 1. All fees, taxes, interest and penalties imposed and all
28 amounts of tax required to be paid to counties under this chapter must be
29 paid to the department in the form of remittances payable to the depart-
30 ment.

31 2. The department shall deposit the payments in the state treasury to
32 the credit of the sales and use tax account in the state general fund.

33 3. The state controller, acting upon the collection data furnished by
34 the department, shall, each month, from the sales and use tax account in
35 the state general fund:

36 (a) Transfer one-half of 1 percent of all fees, taxes, interest and pen-
37 alties collected in each county during the preceding month to the appro-
38 priate account in the state general fund as compensation to the state for
39 the costs of collecting the tax for the counties.

40 (b) *Determine the amount of money equal to the taxes and any fees,*
41 *interest and penalties which relate to the operation of each project for*
42 *the generation, transmission or distribution of electricity, or to any other*
43 *electrical facilities, whose construction is commenced on or after Janu-*
44 *ary 1, 1982. For the purposes of this paragraph, "commencement of*
45 *construction" has the meaning ascribed to it in NRS 704.840. This*
46 *amount must be apportioned:*

47 (1) *Ten percent to the county in which the project is located; and*

48 (2) *The remainder among all counties of the state in proportion to*
49 *their respective populations.*

50 *The legislature finds and declares that the consumption of electricity is*

1 *roughly proportionate to population and that this apportionment fairly*
2 *distributes revenues arising from this consumption, and takes fair*
3 *account of the effect of the generation of power on the natural resources*
4 *of the state as a whole.*

5 (c) Determine for each county the amount of money equal to the fees,
6 taxes, interest and penalties collected in the county pursuant to this chap-
7 ter during the preceding month less the amount transferred pursuant to
8 paragraph (a) of this subsection **【.】** and the sum of any amounts deter-
9 mined pursuant to paragraph (b).

10 **【(c)】** (d) Transfer the total amount of taxes collected pursuant to
11 this chapter during the preceding month from out-of-state businesses not
12 maintaining a fixed place of business within this state to the state distrib-
13 utive school fund.

14 **【(d)】** (e) Transfer the amount owed to each county to the inter-
15 governmental trust fund and remit the money to the credit of the county
16 school district fund.

17 SEC. 4. Section 25 of chapter 149, Statutes of Nevada 1981, is
18 hereby amended to read as follows:

19 Sec. 25. 1. The state controller, acting upon the collection data
20 furnished by the department, shall monthly:

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

23 (1) Any fees and any taxes, interest and penalties which derive
24 from the basic city-county relief tax collected in that county pursu-
25 ant to this chapter during the preceding month, less the amount
26 transferred to the state general fund pursuant to subsection 3 of
27 NRS 377.050 **【;】** and the sum of any amounts distributed pursuant
28 to section 1 of this act; and

29 (2) That proportion of the total amount of taxes which derive
30 from that portion of the tax levied at the rate of one-half of 1 per-
31 cent collected pursuant to this chapter during the preceding month
32 from out-of-state businesses not maintaining a fixed place of busi-
33 ness within this state which the population of that county bears to
34 the total population of all counties which have in effect a city-county
35 relief tax ordinance.

36 (b) Remit the amount determined for each county in the follow-
37 ing manner:

38 (1) If there is one incorporated city in the county, apportion
39 the money between the city and the county general fund in propor-
40 tion to the respective populations of the city and the unincorporated
41 area of the county.

42 (2) If there are two or more cities in the county, apportion all
43 such money among the cities in proportion to their respective popu-
44 lations.

45 (3) If there are no incorporated cities in the county, remit the
46 entire amount to the county treasurer for deposit in the county gen-
47 eral fund.

48 2. The provisions of paragraph (b) of subsection 1 do not apply
49 to Carson City, where the treasurer shall deposit the entire amount

1 determined to the city and received from the state controller in the
2 general fund.

3 3. The governor shall annually, on or before January 1, certify
4 the population of each county and city to be used for the purposes
5 of this section during the fiscal year beginning on the following
6 July 1.

7 SEC. 5. Section 26 of chapter 149, Statutes of Nevada 1981, is
8 hereby amended to read as follows:

9 Sec. 26. 1. The state controller, acting upon the relevant infor-
10 mation furnished by the department, shall monthly from the fees,
11 taxes, interest and penalties which derive from the supplemental
12 city-county relief tax collected in all counties and from out-of-state
13 businesses during the preceding month [:], after making any dis-
14 tributions required by section 1 of this act:

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

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

	Percent- age
20 Political Subdivision	
21 Churchill County.....	3.23
22 City of North Las Vegas.....	46.52
23 City of Carlin.....	2.72
24 Esmeralda County.....	.20
25 Eureka County.....	.71
26 City of Winnemucca.....	5.56
27 City of Caliente.....	.46
28 City of Yerington.....	4.77
29 Mineral County.....	9.96
30 City of Gabbs.....	4.31
31 Pershing County.....	2.52
32 City of Lovelock.....	5.77
33 White Pine County.....	5.37
34 City of Ely.....	7.90

35 For the fiscal year beginning July 1, 1981, the monthly amount is
36 \$71,110. For each succeeding fiscal year, this amount must be
37 reduced by \$7,111 from the preceding year.

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

40 2. The maximum amount distributable under paragraphs (a)
41 and (c) of subsection 1 must be estimated for each fiscal year. The
42 percentage of basic ad valorem revenue to be replaced in each county
43 by the supplemental city-county relief tax must be as nearly equal
44 among the several counties as possible. The amount apportioned to
45 each county must then be apportioned among the several local gov-
46 ernments therein, including the county and excluding the school dis-
47 trict, in the proportion which each local government's basic ad
48 valorem revenue bears to the total basic ad valorem revenue of all
49 these local governments except that no local government may
50

1 receive more than the amount to which it is entitled pursuant to sub-
2 sections 2 and 3 of section 3 of Senate Bill No. 411 of this session.
3 When any local government has received the maximum supple-
4 mental city-county relief tax calculated to be distributed to it, any
5 remaining money otherwise distributable to it reverts to the reserve
6 fund for the supplemental city-county relief tax.

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

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

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

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

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

23 SEC. 6. NRS 244A.755 is hereby amended to read as follows:

24 244A.755 1. If a project is for the generation and transmission of
25 electricity, payments must be made as provided in this section:

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

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

34 2. The payments in lieu of taxes specified in paragraph (b) of sub-
35 section 1 must be paid on any incident of sale, use, storage or other con-
36 sumption of property which, pursuant to the Sales and Use Tax Act,
37 Local School Support Tax Law or an ordinance or ordinances adopted
38 pursuant to the City-County Relief Tax Law, would be taxable if the
39 exemptions for counties contained, respectively, in NRS 372.325 and
40 374.330 were not applicable. No such payment applies to any incident
41 previously subjected to a sales or use tax. Except as otherwise provided
42 in this section and except to the extent that they would be inconsistent
43 with the provisions of this section, the provisions of the Sales and Use
44 Tax Act, Local School Support Tax Law, the City-County Relief Tax
45 Law, any ordinance or ordinances adopted pursuant thereto, [the Multi-
46 state Tax Compact] and other laws of the state dealing with taxes on the
47 sale or use of tangible personal property govern the collection, payment,
48 method of protest, exemptions and other matters relating to the payments
49 required in lieu of these taxes.

1 3. The payments in lieu of ad valorem taxes must [be made to the
2 taxing entity or entities, including the state, within which the project or
3 any part thereof is located, and the amount of such payments must]
4 equal the ad valorem taxes that would have been payable were the
5 project subject to ad valorem taxation and to assessment pursuant to
6 NRS 361.320. This section does not preclude the legislature from chang-
7 ing the method of assessment or allocation of payments in lieu of ad
8 valorem taxes. The due date of payments in lieu of ad valorem taxes to
9 a particular taxing entity and the tax rate with respect to the portion of
10 the *valuation of a project* [located in such] *allocated to that* entity must
11 be determined in the same manner as for property which is subject to ad
12 valorem taxation by that taxing entity.

13 4. The county shall, in the agreement with each purchaser of capac-
14 ity require that the purchaser, or all of them collectively, make timely
15 payments, whether or not the capacity is taken or available, sufficient in
16 time and amount, to the extent that such payments are not otherwise pro-
17 vided for from bond proceeds or other funds specifically made available
18 therefor, to provide for the payments in lieu of taxes required by this sec-
19 tion. The agreements must provide the method of determining the amount
20 of such payments to be made by each such purchaser.

21 5. The payments in lieu of taxes required by this section during the
22 construction of the project are the responsibility of the participant who,
23 pursuant to subsection 2 of NRS 244A.741, is constructing the project
24 and the payments in lieu of taxes during the period of operation of the
25 project are the responsibility of the participant who, pursuant to that
26 subsection, is operating the project. The responsibility of making such
27 payments is limited to the extent that there is legally available to the
28 responsible participant, from the payments, proceeds or other funds
29 mentioned in subsection 4, money to make such payments and the obli-
30 gation of such participant or participants to make such payments in lieu
31 of taxes is not a general obligation or liability of the responsible partici-
32 pant. [Such participant or participants are required to] *That participant*
33 *shall* take appropriate action to enforce the obligation, provided for in
34 subsection 4, of the participants in the project. A payment in lieu of taxes
35 [shall] *must* not be made to the extent that the making of the payment
36 would cause a deficiency in the money available to the county to make
37 required payments of principal of, premium, if any, or interest on any
38 bonds issued by the county to finance the project or to make required
39 payments to any funds established under the proceedings under which
40 such bonds were issued and secured. No lien attaches upon any property
41 or money of the county or any property or money of the participant or
42 participants mentioned in the first sentence of this subsection by virtue
43 of any failure to pay all or any part of any in lieu of taxes. The partici-
44 pant or participants constructing or operating the project or any other
45 participant in the project may contest the validity of any payment in lieu
46 of a tax to the same extent as if such payment were a payment of the tax
47 itself. The payments in lieu of taxes must be reduced if and to the extent
48 that such contest is successful.

49 6. So long as a purchaser of capacity of the project is required to
50 make payments pursuant to subsection 4, that purchaser is not required

1 to make any payment of tax pursuant to NRS 361.157 or 361.159 in
2 respect of its interest or rights in that project.

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

7 SEC. 7. 1. Section 3 of this act shall become effective at 12:01 a.m.
8 on July 1, 1981.

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

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"/>		Joint
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^o 1207



Amend sec. 2.5, page 5, by deleting lines 24 and 25 and inserting:

"be assessed, and taxes must be levied and collected:

(a) On all of it, at the rate levied for the county school district;

(b) On that fraction of it which the population of the unincorporated area is of the population of the entire county, at the rate levied for county purposes; and

(c) On that fraction of it which the population of each incorporated city is of the population of the entire county, at the rate levied for that city,

flush including debt service in each case. The legislature finds and declares that the".

Amend sec. 7, page 11, line 9 by deleting "July 1 next after" and inserting:

"July 1, 1984."

Amend sec. 7, page 11, by deleting lines 10 through 13.

To: E & E
LCB File
Journal
Engrossment
Bill ✓

Drafted by FWD:ss Date 5-23-81