

THE FIFTY-FOURTH DAY

CARSON CITY (Friday), April 1, 2005

Assembly called to order at 11:33 a.m.

Madam Speaker pro Tempore presiding.

Roll called.

All present.

Prayer by the Chaplain, Reverend Ruth Hanusa.

Dear God, we pray for all who work in this place: For majorities and minorities; for party-liners and independents; for men and for women; for lobbyists and legislators and laborers; for those who make coffee, those who make speeches, and those who make sense; for those who bring water, those who bring greetings, and for those who bring honor; for pages and guards and sergeants-at-arms; for clerks and clergy, reporters and recorders; for those who draft documents and for those who distribute them; for those who polish floors and those who polish words; for bill drafters and word crafters; for those who keep the gate and those who keep the peace; for those who are in a hurry and those who stand and wait; for those who light fires, those who put out fires, and for those who bring light to darkness; for those who keep the home fires burning, and for those who unceasingly remind us that we are loved. For all these we pray, O God. May they never weary in well doing. By Your grace, guide them, bless them, and sustain them.

AMEN.

Pledge of Allegiance to the Flag.

Assemblyman Ocegueda moved that further reading of the Journal be dispensed with, and the Speaker and Chief Clerk be authorized to make the necessary corrections and additions.

Motion carried.

REPORTS OF COMMITTEES

Mr. Speaker:

Your Committee on Commerce and Labor, to which was referred Senate Bill No. 85, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

BARBARA BUCKLEY, *Chairman*

Mr. Speaker:

Your Committee on Education, to which was referred Assembly Bill No. 108, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

BONNIE PARNELL, *Chairman*

Mr. Speaker:

Your Concurrent Committee on Education, to which was referred Assembly Bill No. 60, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

BONNIE PARNELL, *Chairman*

Mr. Speaker:

Your Committee on Government Affairs, to which was referred Assembly Bill No. 20, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

Also, your Committee on Government Affairs, to which was referred Assembly Bill No. 80, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

Also, your Committee on Government Affairs, to which was referred Assembly Bill No. 125, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

Also, your Committee on Government Affairs, to which was referred Assembly Bill No. 167, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

DAVID PARKS, *Chairman*

Mr. Speaker:

Your Committee on Natural Resources, Agriculture, and Mining, to which was referred Senate Bill No. 73, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

JERRY D. CLABORN, *Chairman*

Mr. Speaker:

Your Committee on Transportation, to which was referred Assembly Bill No. 507, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

Also, your Committee on Transportation, to which was referred Assembly Bill No. 169, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

Also, your Committee on Transportation, to which was referred Senate Bill No. 132, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

JOHN OCEGUERA, *Chairman*

Mr. Speaker:

Your Committee on Ways and Means, to which was referred Assembly Bill No. 456, has had the same under consideration, and begs leave to report the same back with the recommendation: Without recommendation.

MORSE ARBERRY JR., *Chairman*

MOTIONS, RESOLUTIONS, AND NOTICES

Assemblywoman Leslie moved that Assembly Bill No. 456 be rereferred to the Committee on Government Affairs.

Motion carried.

MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, March 31, 2005

To the Honorable the Assembly:

I have the honor to inform your honorable body that the Senate on this day passed Assembly Bill No. 107; Senate Bills Nos. 35, 192.

MARY JO MONGELLI
Assistant Secretary of the Senate

INTRODUCTION, FIRST READING, AND REFERENCE

Senate Bill No. 35.

Assemblyman Ocegüera moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

Senate Bill No. 192.

Assemblyman Ocegüera moved that the bill be referred to the Committee on Natural Resources, Agriculture, and Mining.

Motion carried.

SECOND READING AND AMENDMENT

Assembly Bill No. 178.

Bill read second time and ordered to third reading.

MOTIONS, RESOLUTIONS, AND NOTICES

Assemblywoman Buckley moved that Assembly Bills Nos. 16, 39, 205, 227, 235, 243, and 327 be taken from the General File and placed on the General File for the next legislative day.

Motion carried.

UNFINISHED BUSINESS

REPORTS OF CONFERENCE COMMITTEES

Mr. Speaker:

The first Conference Committee concerning Assembly Bill No. 489, consisting of the undersigned members, has met and reports that:

It has agreed to recommend that the Amendment Nos. 124 and 129 of the Senate be concurred in.

It has agreed to recommend that Assembly Bill No. 489 be further amended as set forth in Conference Amendment No. CA1, which is attached to and hereby made a part of this report.

BARBARA BUCKLEY
CHRIS GIUNCHIGLIANI
LYNN HETTRICK

Assembly Conference Committee

MIKE MCGINNESS
RANDOLPH J. TOWNSEND
JOHN LEE

Senate Conference Committee

Conference Amendment No. CA1.

Amend sec. 2, page 3, line 2, by deleting "7," and inserting "7.5,".

Amend sec. 3, page 4, lines 38 and 44, by deleting: "*time-share project*,".

Amend the bill as a whole by adding a new section designated sec. 3.5, following sec. 3, to read as follows:

"Sec. 3.5. The Legislature hereby finds and declares that many Nevadans who cannot afford to own their own homes would be adversely affected by large unanticipated increases in property taxes, as those tax increases are passed down to renters in the form of rent increases and therefore the benefits of a charitable exemption pursuant to subsection 8 of Section 1 of Article 10 of the Nevada Constitution should be afforded to those Nevadans through an abatement granted to the owners of residential rental dwellings who charge rent that does not exceed affordable housing standards for low-income housing. The Legislature therefore directs a partial abatement of taxes for such owners as follows:

1. Except as otherwise provided in subsection 2 or required to carry out the provisions of sections 5 and 7 of this act, if the amount of rent collected from each of the tenants of a residential dwelling does not exceed the fair

market rent for the county in which the dwelling is located, as most recently published by the United States Department of Housing and Urban Development, the owner of the dwelling is entitled to a partial abatement of the ad valorem taxes levied in a county on that property for each fiscal year equal to the amount by which the product of the combined rate of all ad valorem taxes levied in that county on the property for that fiscal year and the amount of the assessed valuation of the property which is taxable in that county for that fiscal year, excluding any increase in the assessed valuation of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property, exceeds the sum obtained by adding:

(a) The amount of all the ad valorem taxes:

(1) Levied in that county on the property for the immediately preceding fiscal year; or

(2) Which would have been levied in that county on the property for the immediately preceding fiscal year if not for any exemptions from taxation that applied to the property for that prior fiscal year but do not apply to the property for the current fiscal year, whichever is greater; and

(b) Three percent of the amount determined pursuant to paragraph (a).

2. The provisions of subsection 1 do not apply to:

(a) Any hotels, motels or other forms of transient lodging;

(b) Any property for which no assessed valuation was separately established for the immediately preceding fiscal year; and

(c) Any property for which the provisions of subsection 1 of section 4 of this act provide a greater abatement from taxation.

3. The amount of any ad valorem taxes levied in a county which, if not for the provisions of subsection 1, would otherwise have been collected for any property for a fiscal year must, except as otherwise required to carry out the provisions of section 6 of this act, be deducted from the amount of ad valorem taxes each taxing entity would otherwise be entitled to receive for that fiscal year in the same proportion as the rate of ad valorem taxes levied in the county on the property by or on behalf of that taxing entity for that fiscal year bears to the combined rate of all ad valorem taxes levied in the county on the property by or on behalf of all taxing entities for that fiscal year. The provisions of this subsection and section 6 of this act must not be applied in any manner that reduces the amount of the partial abatement to which an owner of property is entitled pursuant to subsection 1 for any fiscal year.

4. The Nevada Tax Commission shall adopt such regulations as it deems appropriate to carry out this section.

5. For the purposes of this section:

(a) "Ad valorem taxes levied in a county" means any ad valorem taxes levied by the State or any other taxing entity in a county.

(b) *“Taxing entity” means the State and any political subdivision or other legal entity in this State which has the right to receive money from ad valorem taxes.”*

Amend sec. 4, page 6, line 37, after “3” by inserting: *“or subsection 1 of section 3.5”*.

Amend sec. 5, page 7, lines 24 and 33, by deleting “3” and inserting “3, 3.5”.

Amend sec. 6, page 8, line 20, by deleting “3” and inserting “3, 3.5”.

Amend sec. 7, page 8, line 34, by deleting “3” and inserting “3, 3.5”.

Amend sec. 7, page 8, line 36, after “2.” by inserting: *“The exemption set forth in subsection 1 from the partial abatements provided in sections 3, 3.5 and 4 of this act does not apply to any portion of a rate that was approved by the voters before the effective date of this act.*

3. *A question that is placed on the ballot pursuant to subsection 1 must clearly indicate that any amount which is approved by the voters will be outside of the caps on an individual’s liability for ad valorem taxes.*

4.”.

Amend the bill as a whole by adding a new section designated sec. 7.5, following sec. 7, to read as follows:

“Sec. 7.5. The Nevada Tax Commission shall adopt regulations which:

1. *Provide a simple, easily understood form to be filled out by the owner or operator of a business to apply to the county assessor to request that the property of the business be valued pursuant to the income approach to measure any obsolescence of the property for tax assessment purposes.*

2. *Clearly set forth the methodology for applying the income approach to valuation for tax purposes of property used in a business when necessary to measure the obsolescence of the property in language that is likely to make the methodology easily understood by any business owner.*

3. *Provide a procedure for a business to use the form required by subsection 1 in the most efficient manner possible to supply the information necessary to enable the county assessor to apply the income approach to the property of the business.”*

Amend sec. 8, page 9, by deleting line 9 and inserting: *“owner if not for the provisions of sections 3 to 5, inclusive, of this act.”*

Amend sec. 9, page 9, by deleting lines 15 through 20 and inserting:

“1. A local government may not increase its total ad valorem tax rate for a fiscal year above its total ad valorem tax rate for the immediately preceding fiscal year without the approval of the Nevada Tax Commission, based upon the recommendation of the Committee on Local Government Finance. An application for such approval must be submitted to the Nevada Tax Commission.

2. *The Nevada Tax Commission shall adopt such regulations as it deems appropriate to carry out the provisions of this section.”*

Amend sec. 11, page 10, line 9, by deleting “If” and inserting: *“Notwithstanding any provision of section 7 of this act to the contrary, if”*.

Amend sec. 11, page 10, line 14, by deleting “3” and inserting “3, 3.5”.

Amend sec. 12, page 10, line 23, after “2.” by inserting: “It would have passed section 3.5 of this act irrespective of any other portion of this act which may be deemed unconstitutional or otherwise invalid.

3.”.

Assemblyman Perkins moved that the Assembly adopt the report of the first Conference Committee concerning Assembly Bill No. 489.

Remarks by Assemblymen Perkins and Hardy.

Assemblyman Ocegüera requested that the following remarks be entered in the Journal:

ASSEMBLYMAN PERKINS:

Thank you, Madam Speaker pro Tempore. For the benefit of the freshmen, this is our first conference committee report that we are dealing with, and it represents the same as final passage of a bill. When we adopt this conference committee report, it will be sent to the Senate, and it is anticipated that they will adopt it as well. The bill goes directly to the Governor, so this is really an important action that we are taking today.

Assembly Bill 489, as amended by the Senate, came back to us and we rejected those amendments. In this conference committee report, we are adopting those amendments and we have added some additional ones. An additional thing that happened in the conference committee last night was a deletion of the term “timeshare project.” The conference committee determined that the inclusion of timeshare projects was an error, so it is just cleanup language.

Another thing that was added was a piece for renters. We found out that, particularly in Clark County, from last year to this year, rental properties, for example, a one-bedroom apartment, went up \$150 per month, primarily due, we believe, to the increase in property taxes. This offers a rental piece too. The cap on rental properties is permitted within the charitable exemption portion of Subsection 8 of Section 1 of Article 10 of the *Nevada Constitution*. That was added last night as well.

The third major piece was to allow small business access to the appeal process, that some larger businesses already seem to have the ability to avail themselves of, for obsolescence or full cash value of their properties. That is put into the amendment so that the Tax Commission writes regulations to allow this to happen in an easier fashion, without a whole slew of staff lawyers and that sort of thing.

Assembly Bill 489, Madam Speaker pro Tempore, is Nevada’s solution for a Nevada problem. We all came here knowing we had to solve this crisis, and, quite frankly, we did it. I love this state and its diversity in culture, the economy, rural, urban, and the lifestyles. All of this diversity that Nevada has is part of its strength, but we also found in this debate that it became one of our biggest challenges. Trying to craft a solution that is not a one-size-fits-all, but instead a customized Nevada-style solution, was very difficult for us. But I can stand here today and tell you that we have accomplished that. It was not a quick fix. It guarantees real property tax relief for Nevadans. It is not a perfect bill, but I do not think there is such a thing as a perfect bill, particularly in as complex a situation as this.

I think of the senior citizens throughout this state who have followed this debate and were concerned about being driven out of their homes because their property taxes were going through the roof. Can you imagine those persons sitting at home worrying about this all the time, not knowing, when the tax bill comes into law, if they were going to be able to keep their homes? Ladies and gentlemen, they will be able to keep their homes. What you will do today is going to ensure that it happens.

The young family starting out, trying to live the American Dream and afford a home, this helps them, too. The property taxes will be capped in a fashion that allows them to afford their first home. It affects rural and urban in a very customized fashion. I have already mentioned we have received a great deal of input from our rural colleagues here, and we really worked together to make sure that we were not going to harm one part of the state. We know this is primarily a

Clark County issue with some pockets in Douglas, Carson City, and Washoe, but we couldn't adversely affect the rest of our state. I believe we have done a very good job of not doing that.

You might remember that our original discussion had a threshold as well, a cap below the threshold and a larger cap above. That does not exist in this bill. We are treating Nevadans alike. Originally, we had a 3 percent for severe economic hardship on owner-occupied residences and then a ten-year rolling average for everybody else to try to make sure we fell within our constitutional bounds, believing that the average was fair and necessary to protect things like public safety and our school construction bonds. This has now been capped so that it cannot exceed 8 percent. There was a concern raised that this might put our bonds in jeopardy, but I think that we have received a great deal of information since then that shows us that is not the case. I believe that we really do have a strong bill.

There may be a trailer bill that will follow this bill. That is not uncommon in a very complex piece of legislation. A trailer bill just follows up with technical changes and things that people like Carole Vilardo will find out when she reads through the bill, and I am sure she will be talking with us at great length, since we are still here we can get these things fixed before we leave. Hi, Carole. Thanks for your help.

From my perspective, we have acted thoughtfully and quickly enough to provide important relief before this year's tax bills arrive. With the passage of this conference committee report, we have just solved the most pressing crisis facing our state. You can all be proud that you have represented your constituents well. I guarantee you, if other states encounter a similar crisis, they will look to Nevada and our work as a model on how to accomplish a solution.

I want to also thank the Majority Leader, the Minority Leader, and you, Madam Speaker pro Tempore, for your hard work, not just in the conference committee last evening, but throughout the efforts with this. It has been a pleasure to work with all of you, and I am thankful for your brain power and your efforts to really make sure that the people's house was taking care of our constituents.

I want to thank the Growth and Infrastructure Committee and the others who contributed to this solution. I want very much to thank our staff, if they are still alive. The bags under their eyes were getting deeper. Brenda Erdoes and her Legal staff have done an amazing job. Russ Guindon, the Fiscal staff for the Growth and Infrastructure Committee, and his assistants kept grinding the numbers for us and delivering the charts that we have needed to make these decisions. Linda and Susan at Growth and Infrastructure, thank you. To our Front Desk folks and Sergeants-at-Arms, who have put up with the start/stop approach to this when we were trying to get this done, we thank you and our constituents thank you. This is going to be something that is very strong for our state.

I stand before you today with great pride because we did want to make this a different session. We wanted this to be a session of bipartisanship, of action, and that has culminated in what we are about to do today. As your elected leader, I have not experienced more pride in the position that I hold in front of you than I do today. In summary, this is thoughtful, meaningful relief that we have all looked for. I encourage your support.

ASSEMBLYMAN HARDY:

I will be supporting the conference committee report and their recommendations. I look forward to the ongoing discussion on property tax assessment vis-à-vis a constitutional amendment to protect individuals and the business environment of the state. We have, in effect, a consensus and a compromise, and I feel that the people of this great state deserve an opportunity, what I would call a reasonable constitutional amendment. I look forward to that discussion. I have appreciated working with all of you and I admire everybody who has had a role in this process. Constituents, people in the process in this building, we have done something that we can feel good about, and we have protected the people that need to be protected. Thank you all.

Motion carried by a constitutional majority, with Assemblywoman Angle voting no and Assemblyman Christensen absent.

MOTIONS, RESOLUTIONS, AND NOTICES

Assemblyman Perkins moved that all rules be suspended and that the first Conference Committee report concerning Assembly Bill No. 489 be immediately transmitted to the Senate.

Motion carried unanimously.

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the Speaker and Chief Clerk signed Assembly Bills Nos. 13, 96, 130, 131, and 135.

GUESTS EXTENDED PRIVILEGE OF ASSEMBLY FLOOR

On request of Assemblyman Carpenter, the privilege of the floor of the Assembly Chamber for this day was extended to Amanda Ohl.

On request of Assemblyman Manendo, the privilege of the floor of the Assembly Chamber for this day was extended to Christine Turner and Logan Turner.

On request of Assemblyman Marvel, the privilege of the floor of the Assembly Chamber for this day was extended to William Brainard.

On request of Assemblywoman Parnell, the privilege of the floor of the Assembly Chamber for this day was extended to Daniel Rucker.

On request of Assemblyman Sherer, the privilege of the floor of the Assembly Chamber for this day was extended to Cody James Sherer and Sarah Danielle Sherer.

Assemblywoman Buckley moved that the Assembly adjourn until Monday, April 4, 2005, at 11:00 a.m.

Motion carried.

Assembly adjourned at 11:59 a.m.

Approved:

RICHARD D. PERKINS
Speaker of the Assembly

Attest: NANCY S. TRIBBLE
Chief Clerk of the Assembly