

THE FIFTY-FOURTH DAY

CARSON CITY (Friday), April 1, 2005

Senate called to order at 8:05 a.m.

President Hunt presiding.

Roll called.

All present.

Prayer by Senator Cegavske.

This morning let us keep Pope John Paul II in our prayers along with Terri Schiavo and her family.

Merciful and loving God, whose clear direction to us includes loving actions towards all people, we pray for the insight and will to treat others as we wish to be treated. Lift us above the physical limitations we have accepted for ourselves so that the image we have of ourselves reflect the image of heaven. Help us to embody lasting values in all of our relationships and to become a part of Your transforming plans for our world.

AMEN.

Pledge of allegiance to the Flag.

Senator Raggio moved that further reading of the Journal be dispensed with, and the President and Secretary be authorized to make the necessary corrections and additions.

Motion carried.

MESSAGES FROM THE ASSEMBLY

ASSEMBLY CHAMBER, Carson City, March 31, 2005

To the Honorable the Senate:

I have the honor to inform your honorable body that the Assembly on this day passed Assembly Bill No. 145.

Also, I have the honor to inform your honorable body that the Assembly on this day adopted Assembly Concurrent Resolution No. 2.

Also, I have the honor to inform your honorable body that the Assembly on this day adopted, as amended, Assembly Concurrent Resolution No. 5.

Also, I have the honor to inform your honorable body that the Assembly on this day appointed Assemblymen Buckley, Giunchigliani and Hettrick as a first Conference Committee concerning Assembly Bill No. 489.

DIANE KEETCH

Assistant Chief Clerk of the Assembly

MOTIONS, RESOLUTIONS AND NOTICES

Assembly Concurrent Resolution No. 2.

Senator Raggio moved that the resolution be referred to the Committee on Judiciary.

Motion carried.

Assembly Concurrent Resolution No. 5.

Senator Raggio moved that the resolution be referred to the Committee on Human Resources and Education.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

Assembly Bill No. 145.

Senator Raggio moved that the bill be referred to the Committee on Taxation.

Motion carried.

SECOND READING AND AMENDMENT

Senate Bill No. 31.

Bill read second time.

The following amendment was proposed by the Committee on Human Resources and Education:

Amendment No. 115.

Amend the bill as a whole by renumbering sec. 2 as sec. 3 and adding a new section designated sec. 2, following section 1, to read as follows:

"Sec. 2. NRS 427A.370 is hereby amended to read as follows:

427A.370 1. The Nevada Silver Haired Legislative Forum shall elect from among its members, to serve a term of 1 year *beginning on July 1 of each year*:

(a) A President, who shall conduct meetings and oversee the formation of committees as necessary to accomplish the purposes of the Nevada Silver Haired Legislative Forum.

(b) A Vice President, who shall assist the President and conduct meetings of the Nevada Silver Haired Legislative Forum if the President is absent or otherwise unable to perform his duties.

(c) A Secretary, who shall:

(1) Prepare and keep a record of meetings, including, without limitation, the date, time, place and purpose of every meeting; and

(2) At the first meeting ~~every year~~ of the Nevada Silver Haired Legislative Forum ~~on or after July 1 of each year~~, prepare a list of the dates of the meetings that are scheduled for the year.

(d) A Treasurer, who shall, with the assistance of the Director of the Legislative Counsel Bureau, administer any account established pursuant to NRS 427A.395.

2. The Director of the Legislative Counsel Bureau shall provide such persons as are necessary to assist the Nevada Silver Haired Legislative Forum in carrying out its duties."

Amend the bill as a whole by renumbering sec. 3 as sec. 6 and adding new sections designated sections 4 and 5, following sec. 2, to read as follows:

"Sec. 4. NRS 427A.390 is hereby amended to read as follows:

427A.390 The Nevada Silver Haired Legislative Forum may:

1. Submit a report containing recommendations for legislative action to the Legislative Commission and the Governor before ~~July~~ *September* 1 of each even-numbered year.

2. Accept gifts, grants and donations that must be deposited in an account established pursuant to NRS 427A.395.

3. Adopt procedures to conduct meetings of the Nevada Silver Haired Legislative Forum and committees thereof. Those procedures may be changed upon approval of a majority vote of all members of the Nevada Silver Haired Legislative Forum who are present and voting.

Sec. 5. NRS 218.2429 is hereby amended to read as follows:

218.2429 1. The Chairman of the Legislative Commission may request the drafting of ~~not~~ :

(a) *Not more than 15 legislative measures before the commencement of a regular legislative session, with the approval of the Commission, which relate to the affairs of the Legislature or its employees, including measures requested by the legislative staff [-]; and*

(b) *Not more than 5 legislative measures before the commencement of a regular legislative session, with the approval of the Commission, which relate to the recommendations for legislative action submitted to the Legislative Commission by the Nevada Silver Haired Legislative Forum pursuant to NRS 427A.390.*

2. The Chairman of the Interim Finance Committee may request the drafting of not more than 10 legislative measures before the commencement of a regular legislative session, with the approval of the Committee, which relate to matters within the scope of the Committee.

3. Except as otherwise provided by specific statute or concurrent resolution of the Legislature:

(a) Any other legislative committee created by statute may request the drafting of not more than 10 legislative measures which relate to matters within the scope of the committee.

(b) An interim committee which conducts a study or investigation pursuant to subsection 5 of NRS 218.682 may request the drafting of not more than 5 legislative measures which relate to matters within the scope of the study or investigation, except that such a committee may request the drafting of additional legislative measures if the Legislative Commission approves each additional request by a majority vote.

(c) Any other committee established by the Legislature which conducts an interim legislative study may request the drafting of not more than 5 legislative measures which relate to matters within the scope of the study. Except as otherwise provided in NRS 218.635, measures authorized to be requested pursuant to this subsection must be submitted to the Legislative Counsel on or before September 1 preceding the commencement of a regular session of the Legislature unless the Legislative Commission authorizes submitting a request after that date."

Amend the title of the bill by deleting the third and fourth lines and inserting: "absences from meetings; providing that officers of the Forum shall serve terms beginning on July 1 of each year; eliminating the restrictions on the locations in which the Forum may hold hearings; revising the date on which the recommendations for legislation of the Forum must be submitted to the Legislative Commission and the Governor; authorizing the

Chairman of the Legislative Commission to request the preparation of not more than five legislative measures for a regular legislative session which relate to the recommendations for legislative action submitted to the Legislative Commission by the Forum; and".

Senator Titus moved the adoption of the amendment.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 32.

Bill read second time.

The following amendment was proposed by the Committee on Human Resources and Education:

Amendment No. 37.

Amend sec. 2, page 3, by deleting lines 30 and 31 and inserting: "defined in NRS 396.540, ~~is~~ for at least 6 months ~~[before his matriculation]~~ prior to the "matriculation" of the".

Amend the title of the bill by deleting the ninth through eleventh lines and inserting: "receive free tuition; and providing".

Senator McGinness moved the adoption of the amendment.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 72.

Bill read second time.

The following amendment was proposed by the Committee on Human Resources and Education:

Amendment No. 24.

Amend the bill as a whole by renumbering sections 1 through 3 as sections 2 through 4 and adding a new section designated section 1, following the enacting clause, to read as follows:

"Section 1. NRS 427A.515 is hereby amended to read as follows:

427A.515 1. A senior citizen whose home is placed upon the secured or unsecured tax roll, who has owned the home and maintained it as his primary residence since July 1 immediately preceding the filing of his claim and whose household income is not more than \$24,016, as adjusted pursuant to subsection 3, is entitled to a refund of the property tax accrued against his home, except as otherwise provided in subsection 2, as follows:

(a) If the amount of the applicant's household income is at or below the federally designated level signifying poverty for a family unit of one or two, the applicant is entitled to a refund of 100 percent of the property taxes accrued.

(b) If the amount of the applicant's household income is above the federally designated level signifying poverty for a family unit of one or two, the applicant is entitled to a refund of a percentage of the property taxes accrued based on a graduated schedule adopted by the Division.

2. The amount of the refund must not exceed the amount of the accrued property tax or ~~[\$500,]~~ \$1,000, whichever is less.

3. The maximum allowable income to qualify for a refund set forth in subsection 1 must be adjusted for each fiscal year by adding to \$24,016 the product of \$24,016 multiplied by the percentage increase in the Consumer Price Index from December 2002 to the November preceding the fiscal year for which the adjustment is calculated."

Amend section 1, page 2, line 6, by deleting "\$150,000." and inserting "~~[\$150,000,]~~ \$205,000."

Amend the title of the bill, by deleting the first and second lines and inserting:

"AN ACT relating to senior citizens; increasing the maximum amount of a refund of property taxes available to a senior citizen; increasing the assessed value of the home and the amount of liquid assets of a senior citizen for determining eligibility for".

Amend the summary of the bill to read as follows:

"SUMMARY—Revises provisions concerning refunds of property taxes paid by certain senior citizens. (BDR 38-282)".

Senator Titus moved the adoption of the amendment.

Remarks by Senator Titus.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 197.

Bill read second time.

The following amendment was proposed by the Committee on Human Resources and Education:

Amendment No. 97.

Amend sec. 6, page 2, line 34, by deleting "and".

Amend sec. 6, page 3, line 1, by deleting: "*Two representatives of organizations*" and inserting: "*One representative of an organization*".

Amend sec. 6, page 3, line 2, by deleting "*diseases.*" and inserting: "*diseases; and*"

(g) One registered dietician."

Amend sec. 13, page 5, line 31, by deleting:

"(b) and (f)" and inserting:

"(b), (f) and (g)".

Senator Wiener moved the adoption of the amendment.

Remarks by Senator Wiener.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 257.

Bill read second time.

The following amendment was proposed by the Committee on Commerce and Labor:

Amendment No. 92.

Amend sec. 3, page 4, by deleting lines 1 through 7 and inserting:

"3. ~~Have printed and published for public distribution in April of each year an annual register which must contain:~~ *Maintain a website on the Internet or its successor and post on its website:*

(a) The names arranged alphabetically by classifications of all accountants *and business entities holding licenses, certificates, registrations or permits* ~~to practice~~ under this chapter.

(b) The names of the members of the Board.

(c) Such other matter as may be deemed proper by the Board.

~~Copies of the register must be mailed to each person who holds a~~".

Amend the title of the bill, fourth line, after "Accountancy;" by inserting: "requiring the Board to post certain information on its website;".

Senator Carlton moved the adoption of the amendment.

Remarks by Senator Carlton.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Joint Resolution No. 1.

The following amendment was proposed by the Committee on Natural Resources:

Amendment No. 52.

Amend the resolution, pages 2 and 3, by deleting lines 44 and 45 on page 2 and line 1 on page 3, and inserting:

"1. As part of the legislative process for determining which federal lands should be designated as wilderness areas, and in accordance with stakeholder agreements, continue the policy of releasing federal lands that are a part of a wilderness study area for multiple use, and to continue the appropriate disposal of suitable federal lands for conversion to state or private lands, when the".

Amend the resolution, page 3, line 2, after "those" by inserting "federal".

Senator Rhoads moved the adoption of the amendment.

Remarks by Senator Rhoads.

Amendment adopted.

Resolution ordered reprinted, engrossed and to third reading.

Senator Raggio moved that the Senate recess subject to the call of the Chair.

Motion carried.

Senate in recess at 8:20 a.m.

SENATE IN SESSION

At 8:22 a.m.

President Hunt presiding.

Quorum present.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Carlton moved that Senate Bill No. 31 be placed on the Secretary's desk upon return from reprint.

Remarks by Senator Carlton.

Motion carried.

GENERAL FILE AND THIRD READING

Senate Bill No. 169.

Bill read third time.

Remarks by Senator Rhoads.

Roll call on Senate Bill No. 169:

YEAS—21.

NAYS—None.

Senate Bill No. 169 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 180.

Bill read third time.

Roll call on Senate Bill No. 180:

YEAS—21.

NAYS—None.

Senate Bill No. 180 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 189.

Bill read third time.

Roll call on Senate Bill No. 189:

YEAS—20.

NAYS—None.

NOT VOTING—Raggio.

Senate Bill No. 189 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 209.

Bill read third time.

Roll call on Senate Bill No. 209:

YEAS—21.

NAYS—None.

Senate Bill No. 209 having received a constitutional majority, Madam President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 270.

Bill read third time.

Roll call on Senate Bill No. 270:

YEAS—21.

NAYS—None.

Senate Bill No. 270 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 271.

Bill read third time.

Roll call on Senate Bill No. 271:

YEAS—21.

NAYS—None.

Senate Bill No. 271 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 278.

Bill read third time.

Remarks by Senators Nolan and Titus.

Senator Nolan disclosed that he is a certified occupational health and safety technologist and is a certified safety professional by the certifying body that is mentioned in the bill.

Roll call on Senate Bill No. 278:

YEAS—21.

NAYS—None.

Senate Bill No. 278 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 334.

Bill read third time.

Remarks by Senators Mathews, Townsend, Care, Horsford, Titus and McGinness.

Roll call on Senate Bill No. 334:

YEAS—12.

NAYS—Amodei, Care, Carlton, Coffin, Horsford, Lee, Mathews, Titus, Wiener—9.

Senate Bill No. 334 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

REMARKS FROM THE FLOOR

Senator McGinness requested that the remarks be entered in the Journal.

SENATOR MCGINNESS:

Last night it was discovered there was a reference to time-share projects in Assembly Bill No. 489. We do not know where it came from but decided that it should come out of the bill. We did not think time-share projects should be eligible for the 3-percent cap. The reference to time-shares will be deleted.

The second and more substantial change will provide for an easier way for small businesses to have their taxes reduced. The Nevada Tax Commission will be required to adopt a simple form and a procedure by which businesses can ask for a tax evaluation based on economic obsolescence. There is a way to simplify the income-evaluation approach used to measure obsolescence so that small businesses will have an easier time lowering their property tax liability.

In the hearings on Assembly Bill No. 489, both committees heard that large businesses were able to take advantage of these types of changes but small businesses were not able to afford the assistance necessary. We hope this will provide an easier process for small businesses to access the economic-obsolescence avenue for property-tax relief.

The third concern was expressed by both the Minority Leader and Senator Horsford, yesterday, that there was no relief for renters. We will provide a 3-percent cap for residential units with rents at or below levels set by the federal government for affordable housing. In order to qualify, all of the units would have to be within the rent limits for affordable housing. This is available under subsection 8; section 1 of Article 10 of the Nevada Constitution which provide for charitable exemptions. To be eligible, the owner of a rental property would be required to file a form signed under penalty of perjury that all of the residential units on the property were rented at or below the federal standard for affordable housing.

We also discussed the possibility of hotel or motel units being available, but it was decided they would not qualify as affordable housing. This is strictly for rental properties that met the criteria.

Our Legal Counsel, Brenda Erdoes, asked if the Fiscal Division found any technical fixes that needed to be included. Those issues and her explanations may be available when the conference report is presented.

SENATOR CARE:

Would this exclude residential homes where the rent might be a modest amount? Or does this only refer to certain apartment complexes?

SENATOR MCGINNESS:

We were not able to limit the language to only apartment, so it would include a single-family rental unit, but they would have to meet the affordable-housing standards. Assemblywoman Buckley had a report that comes out monthly that outlines the dollar amount that can be charged for a studio, one-bedroom or two-bedroom home. Those guidelines are out there. If someone has a single-family home that meets the criteria, they would be eligible.

SENATOR TIFFANY:

Thank you, Madam President. I have another question on affordable housing. I read in the newspaper the amount would be \$700 a month. Could that be clarified? Is there really a hard number fixed?

SENATOR MCGINNESS:

The report that comes out gives a hard number for every county. Churchill County is different from Clark County and different from Esmeralda County.

SENATOR TOWNSEND:

We do have a statistic on that. It is specifically outlined by the month. In Clark County, it was a little over \$600 for a studio, \$703 for a one-bedroom apartment and up to \$908 for a two-bedroom apartment. That report comes out every month. Other jurisdictions can be compared throughout the Country. It can also be compared county by county.

SENATOR WASHINGTON:

I would like to ask Senator McGinness who sets these numbers? Is it the county or federal government?

SENATOR MCGINNESS:

It is a federal government report.

Senator Raggio moved that the Senate recess until 11 a.m.

Motion carried.

Senate in recess at 8:46 a.m.

SENATE IN SESSION

At 11:27 a.m.

President Hunt presiding.

Quorum present.

REPORTS OF COMMITTEES

Madam President:

Your Committee on Human Resources and Education, to which was referred Senate Bill No. 149, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

MAURICE E. WASHINGTON, *Chair*

REMARKS FROM THE FLOOR

Senator Raggio requested that the remarks of Brenda J. Erdoes, Legislative Counsel, and the following remarks be entered in the Journal.

BRENDA J. ERDOES (Legislative Counsel):

In Conference Amendment No. 1, the first substantive change is the taking out the time-share project on lines 38 and 44 of section 3. This removes time-share projects as a type of residence that someone could claim as their primary residence for the purposes of the severe economic-hardship cap. Section 3.5 has been added. This section is an additional cap which would apply to renters for low-income housing. It will operate in the same manner as the cap on other residences. The difference will be that this one will cap the property-tax liability of the owner of the apartment complex or the house that is being rented. This only applies if the rents charged are the same or lower than the fair-market-value chart put out by the U.S. Department of Housing and Urban Development. There are rents listed for zero-bedroom, one-bedroom, two-bedroom and three-bedroom units. The rent must be kept below the listed rents for all units on the parcel to be able to claim the exemption for the parcel. This exemption is coming under the charitable-exemption provision in the Nevada Constitution as is distinguished from the one for severe economic hardship which applies to owner-occupied, single-family residences. The remainder of the provisions added are the provisions that make it just like the 3-percent cap. It operates in the same manner.

There are internal reference changes to account for the new 3.5 section that was added. New language has been added under amended section 7, page 8, line 36, after "2" by inserting the language which is to insure the voter-approved overrides allowed to be outside the cap will only include those voter-approved overrides that are approved by the voters after the effective date of this act. There is an exception to that which would provide for "grandfathering" in any of the voter overrides from the 2004 election not yet implemented. Those overrides will start on July 1. Those will be outside the cap as well.

The new subsection 3 requires that when a local government puts a question on the ballot for a voter override which would be outside the cap, they must make it clear on the ballot question so that the voter knows they are voting on something that will be outside the cap.

Section 7.5 is the next section added. There are three subsections and all direct the Nevada Tax Commission to come up with a simple form for a business to apply for the business-obsolescence reduction in their assessed valuation. This is a process currently being used by the Department of Taxation, but the testimony heard by the committees was that small businesses are often unaware of this manner of having the income approach applied to their

property. For that reason, they often do not avail themselves of the obsolescence provision. This will get the information to them and make it simple enough for them to fill out the forms.

In section 7.5, subsection 3, in the third reprint of the bill, this provision was directed toward each tax levy that a local government had. It would have restricted their operating and their debt service separately. Instead, this changes it so that a local government's rate is restricted. In order to change the total of all the rates, not just the individual rate that makes up that total rate, they would have to go to the Nevada Tax Commission.

The last pages of the amendment show you that we are adding a digest that reflects what the bill will be like in the fourth reprint.

SENATOR CEGAUSKE:

Under "amend section 9, page 9, by deleting lines 15 through 20 and inserting "subsection 1," I do not understand this section. I do not sit on the Committee on Taxation, and I am not a certified public accountant. Does the local government have a cap as to how high they can go? It sounds like they have to go before the Tax Commission to ask for more. Is there a limit to what they can go to?

MRS. ERDOES:

Yes, those limits are existing limits. There is a total of \$3.64 that the total rate cannot go over. There is, also, in chapter 354 a limitation that they cannot grow by more than 6 percent. It is a 106-percent cap.

SENATOR CEGAUSKE:

That does not change? That is what I wanted to find out. It is still at the 6 percent?

MRS. ERDOES:

Yes.

SENATOR TITUS:

I would like to follow up on the point where it says a local government "cannot increase its tax rate unless," does that mean it can increase its tax rate if it meets these requirements? If the local government can increase its tax rate, does that mean that this cap can be overridden if they do increase their tax rate? How does that work?

MRS. ERDOES:

The only increase that is allowed to be outside the cap by this amendment is the one for voter overrides. All of the other times when local government would be able to increase their rate would be within the cap and now with this provision in section 9 it would also have to go before the Tax Commission to get that rate approval. All of the increases would be within the cap with the exception of the ones approved by the voters after the effective date of this bill.

SENATOR TITUS:

I would like an answer about the revenue report I looked at today. In one section it shows the percentage of growth with caps using the new formula at 6 percent. I would like to point out this is the same percent of growth that we would have had with the freeze.

The report says these are the figures for the 2005-2006 fiscal year. What are the figures for the second year of the biennium?

SENATOR TOWNSEND:

The committee was given the figures for the loss of revenue no matter which plan was presented. We had the loss for the Distributive School Account (DSA), but we never saw the spreadsheet for the second year of the biennium. We know what the DSA is because this State is responsible for that, and the committees on taxation will have to make that determination. The second year of the biennium shows approximately a \$32-million loss. The totality of that is the difference between the bill that was sent over and the bill we are processing and was an additional \$20-million loss.

SENATOR TITUS:

The point I was trying to make is that with all of these different proposals, we only know the impact for one year. We do not have any idea what the assessed value and growth rate and the impact are going to be beyond one year. We have never received any figures except for one year.

SENATOR BEERS:

The 6 percent is not quite what we would have gotten to with the freeze because that is a coincidental number coming from a blend of some areas with the 8-percent cap and for other areas in Nevada who are not experiencing enough property value to get them up to 6 percent. The 6 percent represents only the inflation factor that our local governments are going to receive. This number does not reflect property-tax-revenue growth due to population growth and the development of new places to live and new buildings in which to conduct business. That 6 percent should be compared against the expected increase in the Consumer Price Index which is 2 to 3 percent. It is the combined growth plus population growth that our local governments are going to receive from this. They have other sources of revenue besides property tax.

SENATOR RAGGIO:

I believe this will reflect a decrease in DSA over the 2 years of \$44 million dollars. I would like to thank our Legislative Counsel and her staff for the hard work they did on this report.

Madam President announced that if there were no objections, the Senate would recess subject to the call of the Chair.

Senate in recess at 11:46 a.m.

SENATE IN SESSION

At 11:55 a.m.

President Hunt presiding.

Quorum present.

MESSAGES FROM THE ASSEMBLY

ASSEMBLY CHAMBER, Carson City, April 1, 2005

To the Honorable the Senate:

I have the honor to inform your honorable body that the Assembly on this day adopted the report of the first Conference Committee concerning Assembly Bill No. 489.

DIANE KEETCH

Assistant Chief Clerk of the Assembly

UNFINISHED BUSINESS

REPORTS OF CONFERENCE COMMITTEES

Madam President:

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 amendments of the Senate be concurred in.

It has agreed to recommend that the bill be further amended as set forth in Conference Amendment No. 1 which is attached to and hereby made a part of this report.

Conference Amendment.

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."

MIKE MCGINNESS
RANDOLPH J. TOWNSEND
JOHN LEE

Senate Conference Committee

BARBARA BUCKLEY
CHRIS GIUNCHIGLIANI
LYNN HETTRICK

Assembly Conference Committee

Senator McGinness moved that the Senate adopt the report of the first Conference Committee concerning Assembly Bill No. 489.

Motion carried by a constitutional majority.

Remarks by Senator Raggio.

Senator Raggio requested that his remarks be entered in the Journal.

All Senators were present for the vote and unanimously voted yes.

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the President and Secretary signed Assembly Bills Nos. 13, 96, 130, 131, 135.

GUESTS EXTENDED PRIVILEGE OF SENATE FLOOR

On request of Senator Beers, the privilege of the floor of the Senate Chamber for this day was extended to Mark De Stefano.

On request of Senator Hardy, the privilege of the floor of the Senate Chamber for this day was extended to Carol Hardy and Kathleen Magdaluyo.

On request of Senator McGinness, the privilege of the floor of the Senate Chamber for this day was extended to Paul Willis.

Senator Raggio moved that the Senate adjourn until Monday, April 4, 2005, at 11 a.m.

Motion carried.

Senate adjourned at 11:59 a.m.

Approved:

LORRAINE T. HUNT
President of the Senate

Attest: CLAIRE J. CLIFT
Secretary of the Senate