

ASSEMBLY BILL NO. 104—ASSEMBLYMEN MYRNA WILLIAMS, PORTER, PRICE, CALLISTER, ARBERRY, GOETTING, MCGAUGHEY, NORTON, GIUNCHIGLIANI, GREGORY, CARPENTER, SPITLER, LITTLE, KRENZER, WENDELL WILLIAMS, SCHERER, STOUT, BAYLEY, HARDY, GARNER, BENNETT, PETRAK, WONG AND BACHE

JANUARY 22, 1991

Referred to Committee on Taxation

SUMMARY—Makes various changes relating to taxation. (BDR 32-138)

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; requiring the department of taxation to establish uniform standards and required training concerning the assessment of property by county assessors; revising the provisions governing the assessment roll of county assessors; revising the formula for the distribution of the proceeds of the supplemental city-county relief tax; authorizing certain counties to impose certain additional taxes to replace revenue lost as a result of the revision of the formula; making an appropriation; and providing other matters properly relating thereto.

- 1 WHEREAS, In 1981, the Nevada Legislature substantially revised the laws
- 2 governing the financial structure of the local governments of this state; and
- 3 WHEREAS, As part of that revision the supplemental city-county relief tax
- 4 was imposed at the rate of 1.75 percent of taxable sales and a formula was
- 5 enacted which allocated the revenue from that tax among the local govern-
- 6 ments; and
- 7 WHEREAS, The amount of property taxes that each local government was
- 8 allowed to receive was reduced by an amount equal to the amount of revenue
- 9 from the supplemental city-county relief tax that was allocated to that local
- 10 government; and
- 11 WHEREAS, Various other controls were also instituted that limited the
- 12 amount of revenue which could be received by a local government; and
- 13 WHEREAS, The formula for the distribution of the supplemental city-county
- 14 relief tax was based upon the replacement of equal amounts of property tax
- 15 revenue and did not attempt to return a particular portion of the proceeds of
- 16 the sales and use tax to the area in which they were collected; and
- 17 WHEREAS, This legislature hereby finds and determines that it is more
- 18 equitable to distribute the revenue from the supplemental city-county relief
- 19 tax to the counties in which it was collected and to counties in which the
- 20 persons who pay the tax may reside; and

This bill is 35 pages long and may be viewed in its entirety in the Research Library.

Amendment adopted.

Bill ordered reprinted, re-engrossed and to third reading.

Senate Joint Resolution No. 20.

Resolution read second time and ordered to third reading.

GENERAL FILE AND THIRD READING

Assembly Bill No. 104.

Bill read third time.

Remarks by Assemblymen Myrna Williams, Haller, Elliott, Carpenter, Anderson, Freeman, Johnson, McGinness, Giunchigliani, Sader, Price, Evans, Pettyjohn, Kerns, Humke and Gibbons.

Assemblyman McGaughey requested that the following remarks be entered in the Journal.

ASSEMBLYMAN MYRNA WILLIAMS:

Thank you, Mr. Speaker. A.B. No. 104 does a number of things, and may I move to Order of Business 15? During the interim, we had a tax study committee of which I happened to be a member; I had the sub-subcommittee on local governments. In that capacity, I took a trip with fiscal analysts for the Assembly Taxation and fiscal analysts for Senate Taxation. We went to the annual assessors' meeting in Pahrump, and we found out how some terrible mistakes were made. They were made because we have 17 counties in the State of Nevada who were all using different assessment practices—nothing standardized. Back to Order of Business 12.

A.B. No. 104 does a number of things. It standardizes, makes uniform, assessment practices throughout the state. It provides for the repayment of errors made as a result of assessment practices. It corrects the unfair distribution formula for SCCRT that was begun 10 years ago under the tax shift program. We fooled around with it for a long time, but I must tell you, your Committee on Taxation has worked long hours to bring this before you. It guarantees under the new distribution formula the rural counties to remain whole. It does many things. If you have specific questions or anyone has specific questions on the assessment portion, we have our resident assessor from Hawthorne who worked very hard on the assessment portion of this bill. The technical end of the bill Mr. Price is prepared to address. In essence, what this is going to do is bring those counties who have been exporters into line by receiving their fair share of money, while not hurting the smaller counties that can't support themselves. But they will be able to take care of their infrastructure needs, their service needs, etc., along with Clark County. There's been one beneficiary as a result of the way the formula worked, and it's unfortunate that it all has to hit at once, but it does, and your Committee on Taxation urges your support.

ASSEMBLYMAN HALLER:

I rise in opposition of A.B. No. 104. This bill is a raid on the taxpayers of Washoe County perpetrated by the members of the Assembly from Clark and Elko counties. It is very clear that Clark and Elko counties suffer from extravagant growth, a growth that has had a disastrous effect on their infrastructures; an uncontrolled growth that they welcomed, but which they are unable to pay for. Their solution appears to be to "sock it to the taxpayers of Washoe County."

The number crunchers have had a field day in figuring how to justify a hard-hearted mugging of the northern county. The 25 co-sponsors of the bill are all from Clark County, with the exception of a colleague from Elko. Yes, my colleagues, you have the power to ruin us, but if you do, the great State of Nevada will be irreparably damaged, and some day you will have to face up to your guilt. What goes around comes around!

I am sure that there have been campaign promises made based on the idea that Clark County dollars have been flying to the north, but I assure you if you pass this immoral bill, there will be fewer dollars from the north to put in the state kitty to be distributed to Clark and Elko.

Finally, in the bill it is stated that the aim is to "ensure equity and fairness in taxation." This bill is neither fair nor equitable. It is a tax shaft for Washoe County. The people of Washoe County urge you to vote against this punitive bill.

ASSEMBLYMAN ELLIOTT:

Thank you, Mr. Speaker. I rise in opposition to A.B. No. 104. Don't worry, Mr. Speaker, I'm not going to take off on a tangent here. A.B. No. 104—I guess what I've heard a great deal about A.B. No. 104 is that it's Washoe County, but I'd like to point out Washoe County is people. You have poor folks, and you have wealthy folks. You have in-between folks and you have retired folks. You have people on fixed incomes, and you have all the things that make up a county. It's not just lines on a map. And I would wish that you would consider that sort of a situation because it is apropos to all counties throughout the state.

My feeling is that the SCCRT is flawed, and that in itself is where lies the problem, and I would suggest, and for the record, that in the next interim that what we do is study the way the sales tax is divvied up, and make up regions. For example, let's just, for example, take Washoe County, and we take Reno, Carson City, Douglas, those cities that are very close and people drive into those major centers, for example, Reno. Take all of the sales tax from one particular area, put it into a grand pot, and then distribute it according to the population. I would suggest that that probably would be more equitable than basing it simply and solely on property tax valuation, particularly given what's going to probably happen here today. I don't think there's time to correct it this time, certainly, but I would urge those who are going to be sitting on the interim committees to study that potentiality. That's all I have to say. Thank you.

ASSEMBLYMAN CARPENTER:

Thank you, Mr. Speaker. I don't know whether I'm for it or "agin" it, but anyway, we do appreciate going from 44 percent up to 79 percent of our sales tax. I think that the rural counties, other than possibly Churchill, do benefit from the bill as written now, but poor Churchill, they only gain, I think, \$28,000 and, I think, are going to be really in the middle of a bad situation again. Although I realize that this is somewhat of a perplexing problem to Washoe County, Elko County will still be contributing \$1.6 million of our money to you. So, if you don't welcome us with open arms, I still hope you let us in your shopping centers down there. Thank you.

ASSEMBLYMAN ANDERSON:

Thank you, Mr. Speaker. You know I wish I could say that my remarks are going to be brief, but they're not. I want to prewarn you. I guess the history teacher in me required that I spend a good deal of time researching this and it's not that I want to share that information in a direct fashion. I am not going to read the entire Price Waterhouse study back to you but in 1987 this legislature commissioned the Price Waterhouse study of the tax conditions in the State of Nevada. That Price Waterhouse study was presented to the Legislative Commission in November of 1988. Part III of that study details the State of Nevada's assessment of local governments, more specifically state control of local revenue raising in Nevada. It describes in great detail the Supplemental City/County Relief Tax (SCCRT) which was the centerpiece of the 1981 tax shift program with the 57-steps process that calculate that SCCRT payment.

If we're to look back at the tax climate of 1981 when the tax shift program was initiated we see the mid 1970's were characterized by relatively high rates of inflation that increased property tax values and property tax burdens significantly. There was a rapid increase in property taxes that contributed to a growing taxpayer revolt nationally and here in Nevada, where properties were reappraised every five years, it was even more dramatic. California, of course, had Proposition 13. Nevada taxpayers passed Question 6, that constitutional initiative to limit local property taxes. The 1979 Legislature then approved a tax relief package and when Question 6 appeared on the 1980 ballot, it was defeated by the voters. The 1979 Legislature accomplished this turn around in voter behavior by providing across-the-board property tax relief by changing the maximum rate from \$5 to \$3.64 per \$100 of assessed valuation, and further it limited the local

government's general fund expenditures and the amount of property taxes that a school district may levy. Of course we know the local governments were able to get around that by expanding activities in other funded areas and user fees.

Still as the 1981 Legislature convened, property tax issues were still on the agenda since the effect of the five-year reappraisal cycles were in place and the state could not meet its requirement to control property tax relief. In addition, the rapid growth in population was placing a greater burden on the school districts so the cap there proved to be more restrictive than had been anticipated. The 1981 Legislature passed the package we are now bemoaning and crying with the following major provisions: First, it cut property taxes by 50 percent. Then it increased the Local School Support Tax (sales tax) from 1.0 to 1.5 cents to reduce the burden on the Distributive School Fund. It passed the Supplemental City/County Relief Tax (SCCRT) of 1.75 cents which is mandated in addition to a 50 cent Basic City/County Relief Tax. The purpose of this new SCCRT was to replace local property taxes on a dollar-for-dollar basis. A formula, jurisdictional property taxes of 1981, charged against the CPI and a growing of assessed valuation and some other magic formulas were created for determining the basic ad valorem. The combined SCCRT and the Property Tax Review, which is the big thing we keep on talking about, and each jurisdiction would receive a certain percentage. Then there is a limit to property taxes of 4.5 percent growth annually. A cap on fees and licenses based upon the local CPI. Assessment procedures were significantly modified including the value for residents to be based on replacement costs rather than sales value computed annually.

The Interim Legislative Commission on Local Government Finance was created. Still we move forward. In 1983, fiscal problems remained. When the national recession had an adverse effect here in Nevada and local governments would cut their property taxes as mandated by this body found a significant shortfall in SCCRT payments and were limited to their ability to generate and allocate revenues. Yet the population continued to grow and demands on services on the infrastructure continued to mount.

In 1983, the legislature addressed the revenue shortfalls and the various other problems by enacting several revenue raising measures. Tax rates for local school districts were increased from 50 cents to 75 cents per \$100 assessed value. A statewide ad valorem tax of 5 cents per \$100 plus another additional 75 cents for hospital care for indigent persons injured in car accidents. A 4.5 percent limitation on local government property tax collections was suspended to make up the differences between the estimated and actual SCCRT payments. The Interim Legislative Commission on Local Government Finance was eliminated and returning that authority to oversight of local governments to the Nevada Tax Commission and again limits on licenses and permits were redrawn.

The 1985 Legislature, the economy was starting to look a little healthy and an anticipated general fund surplus here at the state level for '83-85 biennium of \$154 million. Still, the local governments had financial problems and big problems. So the legislature added a statewide ad valorem tax of 2 cents per \$100 assessed valuation for bond interest. An ad valorem tax of 3 cents with 90 percent going to the county of origin for indigent medical care up to \$25,000, ten percent coming back to the state to pay indigent medical cares in excess of \$25,000. They created the emergency 911 telephone system, at a cost of 5 cents per \$100 of assessed valuation. The authority over the SCCRT was moved from the Nevada Taxpayer Commission back to the Interim Finance Committee which, of course, had just been done away with. Other changes in local city and county tax structure were authorized.

The 1987 Legislature saw the continued increase in population and the subsequent demand on government services and passed 44 significant revenue-related bills including 16 bills affecting local finances. Now, I want to let you all rest assured, I won't speak of all 44 of those unless you really want me to.

The 1989 Legislature again changed the process so there was an increased amount of SCCRT distributed to Churchill, Clark and Elko with reductions to Douglas and Washoe, as well as a separation of the SCCRT and property taxes. In fact, that was a clear setup in 1989 for the events that are about to take place here now.

The SCCRT payments program must be considered a success if the purpose was to hold down increases in local property taxes. From 1977 to 1986, cities and counties increased

their property tax collections 25 percent and 83 percent respectively, while nationally, cities and counties increased their property taxes by 60 and 97 percent. All this is great, however, the picture is incomplete since it ignores the factors that affect the demand for governmental service. Population increases, the highest population increases in the United States with a decrease in per capita spending from 116 percent to a mere 106 percent in 1986. We leave behind the rest of the country.

While the SCCRT program seems to be achieving its narrowly defined goals of limiting local property taxes, the real losers are the citizens of the state who have had to forego providing the level and/or quality of services demanded and expected by our citizenry. We have deferred maintenance on capital facilities, reduced the scope of services. Revenue raising responsibility has moved from the local level to the state legislature and in this session we see the proliferation and continuing of local revenue bills because we become more powerful.

That is the point of this long historical statement. Fair-Share is the failure of the 1981 tax proposal and a pure and simple local revenue bill. Your concept of Fair-Share is both anti-democratic and anti-republic. Not Democratic or Republican in the party sense; but rather, in the concept that they have provided from the inception of government itself. The purpose of my statement is not to delay the inevitable power of majority rule; but rather to remind my fellow members of the need for their actions to be just. We are told that justice cannot be found in the courts since they merely interpret the law nor can it be in the hands of the executive since he enforces the rules we make. Here then in the legislature, the oldest branch of government in the country, do we look for justice. It is for the legislative branch that recognizes the responsibility of collective security and collective need for all of its citizens to do what is best for all. Now the Taxation Committee maintains that this body should change the formula for distributing the taxes. Some members of this body, in fact, have promised that they would bring home the bacon to their constituents. The tax dollars will filter back and they're unwilling to listen to the punitive damages of their actions to Washoe County.

Shall Washoe pay more for following the legislative mandated plan? Where is the justice when Washoe citizens lose more services because we do not have growth? Where is the justice when we open our books for legislative inspection and Clark refuses to? Where is the justice of the political "jingoism" with response to Fair-Share is no more fair than I am brief.

Mr. Speaker, I thank you for your patience in allowing me to speak. I ask my fellow members to recognize that justice needs to be served here—that fair-share is anything but just.

ASSEMBLYMAN FREEMAN:

Thank you, Mr. Speaker. I rise in opposition to A.B. No. 104. I would like to echo the comments of my colleague from Sparks. You know, this is my third session here, and this has to be probably one of the most painful situations I've ever encountered in the three sessions I've been down here, because it seems that by the raid on the people and the taxpayers of Washoe County, that we are being made the scapegoat for the irresponsible and unplanned growth in Clark County. We have watched it over the years with no, seems to be, no concern for what the impact on the people who actually live in the area and how it affects everybody.

You know, I'm the kind of a person that when it was time to do your taxes you added up all your receipts and went to a bookkeeper or CPA. So, I came into this process certainly not a tax expert, but I did go to our financial expert from Washoe County and asked him to explain to us the tax system that was initiated in 1981, and to even an unschooled person like myself in regards to taxation, I was appalled that it was unnecessarily complicated. It was appalling. There were built-in inequities, and the intent seemed to be very unclear other than the purpose to lower property taxes. The fact that we have 17 counties all using different assessment practices certainly is an indication as a result of what happened.

One of the reasons that it grieves me when I vote "no" on this bill is that I shall not only be voting "no" on the so-called fair-share issue, but there's a lot of language in this bill dealing with the question of cleaning up our assessment practices, and I'll be forced to vote against that at the same time. I think that's something that severely needs to be

addressed. My colleague from Hawthorne tells me there are other bills that we've already voted on that address that to an extent, but I'm also concerned that we haven't really addressed the problem of the tax shift that took place in 1981. I would like to echo the comments of my colleague from Washoe Valley. We need to do something in the interim that will send a very clean, clear signal to the people who live in this state that we are going to address this in a serious fashion that will benefit all of us.

ASSEMBLYMAN JOHNSON:

Thank you, Mr. Speaker. I would like to rise in opposition. I have this prepared statement, but I won't present it. Early in the session we identified some problems we would be facing in this session. Water importation was probably one of those along with taxes and spending. "Fair-Share" was certainly identified. I think there has been some confusion. The pipeline was built and was used to transport dollars instead of water. I simply oppose this bill as being unfair.

ASSEMBLYMAN MCGINNESS:

Thank you, Mr. Speaker. I also rise in opposition. My cowboy colleague from Elko County prompted me to stand up one more time. When this discussion began evolving, there were some rural counties that really began to rally around because they felt that perhaps some inequities that have been perpetrated were going to be taken care of. Not all rural counties are affected, but those that are affected are affected in a tough way. Out in Churchill County we are taking a big hit, and we don't have the luxury of doing things like supporting our youth activities and recreation programs. Thankfully, we have a lot of volunteers to get those done. The Senior Center has been operated by a service club. They have just bailed out and now they are scrambling to try and put a nonprofit organization together to keep that going. The infrastructure is not what it should be. I'm not going to pretend to walk you through, as my colleague from Sparks did, the complicated procedures and formulas and figures and theories of all these plans that have been put together, but I can tell you that the loss to the small counties is significant. If you look at the numbers that have added up over the years, the amount of money we have exported, it amounts to a substantial sum of money even on a per capita basis. Those of us who live close enough to those large counties—my colleague from Elko also alluded to this—if you park in Churchill or Lyon or Pershing or one of those counties out there and watch the paychecks flow into the shopping malls on Fridays, that would also amaze you. When the original version of A.B. No. 104 came out, Churchill County was in line for an additional \$700,000, and then there was a rural compromise that brought it down to about \$500,000. There were other panic compromises produced by the rural counties to try to maintain some sort of equity. The bottom line is Churchill County comes out with about \$28,000 plus.

Now during this whole process, there have been great quotes, one of those when the chairman of Taxation felt he was being jerked around—and I think the rural counties are being jerked around by their pocketbooks—Mr. Anderson stole a great quote, "Some of those people have to bring home the bacon." Well, I can attest, "The hog has been butchered and his carcass is hanging out in rural Nevada."

ASSEMBLYMAN GIUNCHIGLIANI:

Thank you, Mr. Speaker. I rise in support of Assembly Bill No. 104. Having served on the subcommittee, there's just one point I would like to make. As we debated the issues on fair—and yes, fair is in the eye of the beholder—what we attempted to do was recognize that we have 17 counties. If you remember, the original plan was to put it to Washoe County alone. After taking a look at the other points that were brought forth and through the support of some of the rural county assessors, what the subcommittee made as a final recommendation is to look at the state as a whole, to try to hold the rural counties harmless, to rebate the rebasing program to the counties that were the major exporters and to give them back additional revenue that they have not been getting and have been sending off into other areas, and not to single out Washoe County. So I recognize the individuals from the northern part of the state need to stress their concern to their constituents. We have been fair.

ASSEMBLYMAN SADER:

Thank you, Mr. Speaker. After all this debate on Assembly Bill No. 104, I don't think that any of us are going to be changing any votes with our statements. I do think, however, that there are some points being made in the discussion that is food for thought in the future. I guess the good thing to say about this is that we'll soon be done with the "fair share" issue in this session. The bad thing is that I don't think it goes away. That is, this particular tax, this particular revenue distribution system may go away, but the thought process that gives rise to the "fair share" issue doesn't go away. There are lots of other taxes and revenue distribution systems that you can look at and isolate and compartmentalize and say, "This is unfair." And that is the fallacy of this whole reasoning of so-called "fair share," that we are compartmentalizing one particular tax and revenue system making some conclusions based on how revenue is distributed and saying that regions are not getting their fair share. The fallacy is that we must look at the tax picture as a whole, and only when we do that, based on all of the political and judgment values that go into making compromises and allocations, can we say whether an overall system is fair or not. I would like to suggest three specific areas to consider in this session and in recent years that illustrate my point that picking this particular tax structure and making a value judgment that it is fair or not is not appropriate.

Consider, for instance, the transportation situation. We have in this state primarily federal funds given to us for the construction of roads. Now, we have had in the last biennium, a major rethinking of the allocation of interstate and primary road money. That rethinking has come based on political pressure from Clark County, because of Clark County's growth, to redistribute those funds to Clark County. Now, I don't think there's anything wrong with that. I think that the money probably should be redistributed to Clark County. That's where the growth has been. That's where the need is most. That's where the traffic jams occur. However, for the resident who lives in Washoe County or out in Lyon County or over in Winnemucca, it doesn't make a darn bit of difference to them whether there's been growth or not except they're not getting money they otherwise would have gotten because Clark County has grown in a much larger proportion to the rest of the state. Sure, the money is needed there, but from an equitable point of view, it doesn't make any difference to the rest of us who haven't grown like that.

Consider, for instance, the same situation with library funds. I can't remember whether it was '87 or '89 when we passed state bond money for the construction of new libraries, almost all of which was gobbled up by Clark County. No question that the need was in Clark County; no question that an overall state view should consider the allocation of money to Clark County to be fair because that's where the need was greatest. Nevertheless, the child who will not get new library services in Washoe County or out in the rural counties is every bit as prejudiced by that position—is every bit as prejudiced as if it were not considered on a statewide basis. The point being that, again, although the need is the greatest and growth indicates that you should put the money there, for the residents—the rest of us—it doesn't make any difference. We're going to pay a proportion of burden for that growth.

Now consider the big one. The big one is this session, and what we're going to do this session in our revenue picture. Consider the fact that we now stand here, and probably within a week, we'll make decisions on what appears to be approximately \$300 million of revenue shortfall in the state budget. Consider the statements made by the most affected persons on the money committees who suggest that the reason largely that we need these revenue increases is because of growth in the state, and that we have what is called a structural deficit in this state; that is, a tax system which does not pay for growth. It is structurally deficient in that regard. Being that as it is, as long as we grow the way we're going to grow, we're going to have to increase our taxes each year. Consider the disproportionate growth in Clark County; whereas a county like Washoe has grown by large numbers, by national standards, just under 3 percent a year, Clark County has grown by 7 percent each year of the last biennium. Sure, gaming taxes and sales taxes which have been generated from some of that growth helped to defray some of the state expenses, but they don't do enough. There's still a structural deficit. Now we face sales tax, service tax and business taxes that *all* residents of the State of Nevada will pay, and

the residents in Washoe County and the residents in the rural counties will pay a disproportionate share for the growth that has occurred because Clark County has grown faster than the rest of the state.

Now this is not an indictment of growth. It is an indictment of a tax structure that is structurally deficient and allows this kind of disproportionate burden in new tax sources. I think it is the ultimate irony in this session that we should in one week pass a so-called "fair share" bill allocating money primarily to Clark County and then in the next week pass a budget which will tax all the rest of us in a disproportionate manner for Clark County's growth. That is not fair. That is very regional, but that is not fair.

ASSEMBLYMAN PRICE:

Thank you, Mr. Speaker. To you and through you, I rise in support of A.B. No. 104, even though I had supported other versions of the bill. As we all know, a compromise is what our business is all about, and if there's to be any changes made, it will be through A.B. No. 104. I would like to compliment, by the way, all of the prior speakers, particularly our historian—I would hope that you would let me have a copy of your, I might add, very accurate historical recollection of what happened. There are one, two, three, four of us who were here when it started, and it will continue. I do not believe that Assembly Bill No. 104, as it is currently structured, will eliminate the problem either, and I would certainly agree with the distinguished Chairman of Judiciary that the culprit is the system and certainly not the citizens or the officials of Washoe County nor of Clark County nor of the rest of the state.

I would like to respond at least once to one remark that was made by my colleague from Sparks concerning the Clark County officials refusing to open books, and so forth, and that is incorrect. I, too, have read that in the newspapers, and even this morning, you will notice that some of the officials from our Department of Taxation have refuted the remarks that were attributed to them. By the way, I have suggested, and we may yet hopefully between now and the next session, that we have our Department of Taxation get to the bottom and look into the various allegations that seem to be floating around. But, at any rate, the last line of Randy Travis' song says, "If you see what's wrong, and you try to make it right, then you'll be a point of light." I got to tell you, this is a system that many of us have recognized, and as has been articulated, is not right at this point in time. It's wrong, and we've made an effort to compromise, and I suppose the Senate will be tinkering even more to try and make it right, but at least we're taking a step in a direction that is necessary. I regret, in fact, that it will mean that our friends and colleagues in Washoe County will have to be looking toward either increased revenue measures or reductions in services, but somewhere along the line, we're going to have to correct that, at this point in time, flawed system, and this is our best offer to this point.

ASSEMBLYMAN EVANS:

Thank you, Mr. Speaker. I also speak in opposition to A.B. No. 104. Most of what is on my mind has been said and been said quite eloquently. I am concerned, too, about the longer term effects. We had to give up money in 1989, we're giving up money in 1991, I hate to think what's going to happen two years from now. What is the price tag going to be, because I don't see anything in A.B. No. 104 that causes me to feel secure that is the last go-around, that this is the last time we will face this issue. A few days ago in Legislative Functions and Elections, there was a suggestion that we have an interim study again on taxes, and my esteemed colleague from Douglas County raised the question of, "Well, we've studied and we've studied and we've gone all over the state and we've talked to just about everybody, and I don't know if we need to continue this." But after hearing the debate on this question today, some of the very fine points that have been raised, I think that it is clear in my mind that, indeed, we must continue working on this subject in terms of tax equity. How many times, how many speakers, even the chairman of Taxation, talked about a tax system that is flawed. I would hope if there is some good to come out of this, that we do recognize it is flawed, it is *still* flawed, and that we still need to work on the equity side.

ASSEMBLYMAN PETTYJOHN:

Thank you, Mr. Speaker. I rise in support of A.B. No. 104, and I'm certainly not a tax expert. There have been a lot of very salient words spoken today on this issue, and I appreciate the dialogue which has been put forth. I guess I just resent a little bit Clark County being painted as a culprit in this. I don't know the history of how it all started. I've read quite a bit about it and I understand a part of it, but it seems to me it boils down to being a fairly simple proposition that there is a great inequity throughout the state in terms of the financial centers, the revenue generating locations, Clark County, of course, being the major one and Washoe County following close behind. It seems to me that those people who are our predecessors tried to find some way to resolve those inequities in the revenues which had been generated by those two centers and to help the other outlying areas of the state who did not generate large revenues to support the infrastructure and to build hospitals and to serve patients, and things like that. So I applaud those people on that effort to try to find some ways to take the money which is being raised in the populous areas and distribute it out to those who need it.

I would call attention, though, to a group here, as I watched the elections this past three or four weeks in Reno and Sparks, I saw there was a debate between the candidates about growth and no growth. There were those who advocated there should be no growth, and they were supported by a lot of the supporters of those candidates along that line. That's a choice for them to make, but the fact there was no growth there is a fact. In Clark County we did have great growth, no doubt about it. We built up the city tremendously. There was a lot of industry and a lot of casinos being built, a lot of revenue being generated. Now if we talk about fair, I suppose we could have a formula whereby all revenue which is generated in one county could stay in that county regardless of who the purchaser is. We could not, perhaps, even attempt to go out and say if a man came from one county into Clark County and bought an automobile or a truck or a tractor or whatever, we would try to find out where he lived and then redistribute that sales tax back to him. We could, in fact, keep it all there. Easy way to do it, but in talking about fairness, that's not fair. So, as I said, our predecessors tried to find a way to distribute that back out and to help all those who need it. So I really think that even though there are inequities, I kind of resent the fact that Clark County is being characterized as being totally unfair when I think, in spite of the inequities, in spite of the fact it's not a perfect system, there is not an attitude or an attempt on their part to be totally irresponsible and totally unfair. Thank you.

ASSEMBLYMAN KERNS:

Thank you, Mr. Speaker. I had decided I wouldn't speak on this, but then I decided I might say a couple of words. It'll be a little shorter than my colleague from Sparks because I discovered the facts have absolutely nothing to do with what we are talking about. I was kind of surprised that my colleague from Clark County was interested in what Bernie had to say. Facts haven't entered into it before; I don't know why he'd be interested in it now. There have been a lot of people from Clark County who have come to me in the last couple of weeks saying, "Gosh, this is bad and I really hate to vote for it, but I don't have any choice. It doesn't make any difference if it is good or bad, we're not left a choice, we have to vote for it. Our leadership would stop us, and when we went back home, we'd be painted as a person who gave away Clark County." Unfortunately, the people who feel that way are still going to feel that way after they vote for this bill, and there's nothing we can do for you there. You'll just have to continue feeling that way, and heaven help you. Thank you.

ASSEMBLYMAN HUMKE:

Thank you, Mr. Speaker. I rise in opposition to A.B. No. 104. I, too, was not going to say anything, but I thought someone should dedicate a few remarks to all those people who stand silent in the face of what we know is a majority that will vote for this bill. Just because we don't say anything, it doesn't mean that we are not opposed to it. I would call that the tyranny of the majority. The distinguished chairman of Taxation perhaps mis-spoke, but nonetheless he said, "This is the best offer." I would submit that this is not an offer. I would submit that the citizens of Washoe County can have the same choice that a

condemned man may have in some states, either die by firing squad or by hanging. Those are the choices we have. Mr. Speaker, this is the day that fairness, the sanity and the justice take a holiday. Thank you.

ASSEMBLYMAN GIBBONS:

Thank you, Mr. Speaker. I am sure that the comments of all of us are not going to change the outcome of what's already a "fait accompli" on this measure. I do want to say though, as I look out at all 41 of my colleagues, I see that we are all after the same goal, and that is we want a better state for our children to grow up in, to be educated in, and to lead a better way of life. I think we are elected to this position not just, as a reminder, to represent our own districts, but to represent the state as a whole, for it is our challenge to represent the state to the best interest of the state as a whole. I don't think that Assembly Bill No. 104 really is in the best interest of the state as a whole. I think the challenge here today is one of fundamental fairness. I appreciate the gracious reduction of parts of this bill that you have been so generous with in not attacking us for. For example, the payback from \$99 million down to \$10 million. But I would say, to be statesman like, for an act which was ingeniously following what the law said we were to do should be eliminated altogether. I think you should remove the punitive \$10 million payback provision. It reminds me of when a child gets caught with his hand in the cookie jar. The initial confrontation is one of shock when the child realizes he has been caught. It's an emotional trauma to them, and normally they do cry, and some point in time you realize you don't need to slap them on the hand for that because all that does is add injury to an already emotional sting. I think this payback provision is doing just that, it's a slap on the hand for getting caught for something that really didn't have a wrong attitude when it was initiated or followed by the law. You know, \$3 million a year is certainly not something that's going to make Clark County rich, it's certainly not going to take care of your problems, and I would also assert it's not going to break Washoe County. It is a sting, and it will sting, but it is unnecessary. Washoe County is going to have to get by on a lot less. Our kids are not going to be able to enjoy the libraries that we've heard about. Our senior citizens and the citizens of our county are probably going to have to do with less police protection because of this bill. I've always been told that wealth, after all, is a relative thing, that a person who has little and wants less is richer than a person who has much but wants more. I don't want to delay the outcome of what is inevitable this afternoon, but I do want to leave all of you with one nagging thought that sort of parallels my colleague from District 27's thoughts today, and that is that everybody sooner or later sits down to a banquet of consequences. Thank you, Mr. Speaker.

Roll call on Assembly Bill No. 104:

YEAS—26.

NAYS—Anderson, Bergevin, Elliott, Evans, Freeman, Gibbons, Haller, Humke, Johnson, Kerns, Lambert, McGinness, Marvel, Sader, Spriggs, Mr. Speaker—16.

Assembly Bill No. 104 having received a constitutional majority, Mr. Speaker declared it passed, as amended.

Bill ordered transmitted to the Senate.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Arberry moved that Assembly Bill No. 673 be taken from the General File and placed on the Chief Clerk's desk.

Remarks by Assemblyman Arberry.

Motion carried.

MINUTES OF THE NEVADA LEGISLATURE
ASSEMBLY COMMITTEE ON
LEGISLATIVE FUNCTIONS AND ELECTIONS

Sixty-sixth Session
June 20, 1991

The Assembly Committee on Legislative Functions and Elections was called to order at 2:50 p.m. on Thursday, June 20, 1991, by Chairman Myrna Williams in Room 345 of the Legislative Building, Carson City, Nevada. The purpose of the meeting was a Work Session.

MEMBERS PRESENT:

Mrs. Myrna Williams, Chairman
Mr. Bob Price, Vice Chairman
Mr. Louis W. Bergevin
Mr. Joseph E. Dini
Mrs. Jan Evans
Mr. Val Z. Garner
Mr. David E. Humke
Mrs. Joan A. Lambert
Mr. James E. McGaughey
Mr. J. Coy Pettyjohn
Mr. Gene T. Porter
Mr. Robert M. Sader
Mr. Scott Scherer

MEMBERS ABSENT:

None.

GUEST LEGISLATORS PRESENT:

None.

STAFF MEMBERS PRESENT:

Mr. John Crossley/Director, Legislative Counsel Bureau

Minutes of the Nevada Legislature
Assembly Committee on Legislative Functions and Elections
Date: June 20, 1991
Page: 2

Chairman Williams asked the committee to review the minutes of April 23rd through May 30, 1991, in order to approve them at the next committee hearing.

SENATE BILL 335 - Revises provisions governing challenge of voter at polling place and authorizes registration of voters by mail.

Chairman Williams requested the subcommittee consisting of Mrs. Evans, Mr. Sader and Mr. Scherer, meet at their earliest convenience in order to take action on the bill.

Chairman Williams referred to the proposed studies and she asked the committee if they had taken the opportunity to review the suggested recommendations by Mr. Crossley and Mr. Erickson. Mr. Humke questioned if there would be seven studies for each house. Mrs. Williams replied "yes." Mr. Humke called attention to discussions with some of the Senators who indicated they did not feel there were seven legitimate studies. Chairman Williams responded she would contact the chairman of the Senate committee to determine the number of studies being discussed.

Chairman Williams asked the committee to consider the statutory committee on taxation including tax policy and the structuring of the composition of the committee, due to the earlier floor discussion on AB 104.

Chairman Williams announced the Senate had added an "Ethics in Government" study to AB 190 and, in her opinion, the study should be considered a Senate study. If the Senate was short of the seven studies, they might possibly consider the ethics in government as a separate study.

Mr. McGaughey emphasized AB 190 should have an opportunity to work for a year and a half before it was studied. In his opinion, he felt there was nothing to study until there was an experience with the bill.

Chairman Williams referred to the proposed amendments from Mr. Erickson which were distributed to the committee for review (Exhibits A, B, C & D). Chairman Williams clarified the amendments were to incorporate related studies into the proposed studies.

Mr. Scherer indicated he and Mrs. Evans had discussed SB 335 and a proposed amendment had been suggested to make the challenge

MINUTES OF THE
SENATE COMMITTEE ON TAXATION

Sixty-sixth Session
May 23, 1991

The Senate Committee on Taxation was called to order by Chairman Bob Coffin, at 2:30 p.m., on Thursday, May 23, 1991, in Room 231 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Bob Coffin, Chairman
Senator Ronald V. Cook, Vice Chairman
Senator Joseph M. Neal, Jr.
Senator Ernest E. Adler
Senator Ann O'Connell
Senator Virgil M. Getto
Senator R. Hal Smith

STAFF MEMBERS PRESENT:

Kevin Welsh, Deputy Fiscal Analyst
Deborah Riggs, Committee Secretary

OTHERS PRESENT:

Dick Franklin, Washoe County Assessor's Office, Nevada
Assessors Association
Mark Schofield, Assistant Assessor, Clark County Assessor's Office
Martin Lane, Laughlin and Associates
Deborah Sheltra, Short Stop Market
Perry Comeaux, Executive Director, Nevada Department of
Taxation
John Bartlett, Deputy Attorney General, Nevada Department of
Taxation
Lorne J. Malkiewich, Legislative Counsel, Legislative Counsel
Bureau
Carole Vilardo, Nevada Taxpayers Association
Richard E. Frost, concerned citizen

Kevin Welsh, Deputy Fiscal Analyst, distributed bill explanations of Senate Bills 297, 421, 584, Assembly Bills 82, 335 and 337 (Exhibits C, D, E, F, and G).

Senator Coffin opened the hearing on Assembly Bill (A.B.) 82.

A.B. 82: Makes various changes concerning property taxes and estimate of population for apportionment of certain tax revenue.

Kevin Welsh, Deputy Fiscal Analyst, explained that A.B. 82

assessors' omnibus bill, designed to clarify language in Nevada Revised Statutes (NRS) 361.

Dick Franklin, Washoe County Assessor's Office, Nevada Assessors Association, stated the assessors had worked closely with the Nevada Department of Taxation, the Legislative Counsel Bureau, and Maude Naroll, State Demographer on A.B. 82. Mr. Franklin presented a summary of the bill and explained proposed amendments (Exhibit H). He said the first amendment makes changes consistent with amendments attached to Assembly Bill (A.B.) 104.

A.B. 104: Requires department of taxation to establish uniform standards and required training concerning the assessment of property by county assessors and review certain previous distributions of supplemental city-county relief tax revenue.

Mr. Franklin provided a section by section explanation of A.B. 82. He said sections 1 through 8 were technical changes and language clarification only and do not alter existing law. Section 9 permits organizations to forego annual filings for tax exemptions on real property for as long as the property remains exempt. Section 10 adds an exemption for property owned by governmental entities and used for low-cost housing, clarifies that owners of tax exempt property may rent out meeting rooms, and allows the operation of day care centers by nonprofit organizations without jeopardizing the property's exempt status.

Senator Cook asked:

Going back to the day care, and also, tying it together with your proposed amendment, under section 8.5 subsection A, it says, "Any corporation whose objects and purposes are religious, educational, or for public charity..." Why isn't day care considered under education without having to further define it? Wouldn't that be an educational activity?

Mark Schofield, Assistant Assessor, Clark County Assessor's Office, replied, "It could be construed as that, but the key is the profitability. Is it a nonprofit, or a profit-making entity, whether it be educational or not."

Senator Cook inquired, "If it is a profit-making entity owned by a nonprofit organization, why should we grant it an exemption?"

Mr. Schofield answered, "We would not."

Mr. Franklin said the way the law is written regarding possessory

interest, all exceptions must be listed. He pointed out, even parsonages must be listed, because residences are taxable property.

Senator Cook:

Is the point here that under [Nevada Revised Statutes] NRS 361.157 we are saying if a nonprofit [organization] leases the property out to another nonprofit [organization] then we need this phrase in order to handle this? Is that the purpose?

Mr. Schofield and Mr. Franklin both answered, this is correct.

Mr. Franklin explained the proposed amendment addresses tax exemptions for pollution control devices. He said A.B. 82 allows processing of new applications for exemption of property that controls air and water pollution, made after the roll is closed.

Mr. Franklin:

Now that we are going to reopen the roll for a whole long list of changes, we don't need to make this special provision in [Nevada Revised Statutes] NRS 361.077. What this amendment will do is take out the new language on page 3, lines 27 to 30.

Mr. Franklin said the amendment would also remove from the bill, page 7, lines 20 through 24, because this is covered by the more general provisions of reopening the roll. He explained that section 8.5 of the amendment addresses the funding of charitable organizations. He said certain charitable organizations receive a substantial part of their funding from public grants and are therefore ineligible for a property tax exemption. The amendment would allow these charitable organizations to receive the exemption if they meet all other requirements of a nonprofit organization.

Senator Cook read from page 2 of the amendment, "Amend section 9, page 7, line 4 after 2 by inserting..." He said, "Then it shows an amount that is deleted. Are we just taking it from down below and moving it up?"

Mr. Franklin answered, "Yes," and drew attention to the next line in the amendment which deletes those lines.

Senator Cook said, "But we want that phrase in there."

Mr. Franklin said, "No, we want that phrase out."

Senator Cook stated, "But what it is saying is, it is deleting the method of getting the property back on the tax roll."

Mr. Franklin responded, "That is because of these changes I mentioned in A.B. 104 that will reopen the entire secured roll once we have published it in the newspaper."

Senator Cook asked, "What if that other bill doesn't come through?"

Mr. Franklin said, "Well, then we have a problem. We have discussed this with the bill drafter and people in the assembly, and under their advice, this is the way we are handling it."

Senator Cook:

The point I am trying to make is: Are we taking this wording out of here, which is the way to get a tax exempt property back onto the rolls, and waiting, and hoping that another bill may be passed by the assembly, which will correct this? If the bill doesn't get passed by the assembly, have we created a problem?

Senator Coffin said, "That bill is going to pass."

Mr. Franklin continued his explanation of A.B. 82. He said section 11 addresses another situation which has not been spelled out very well in the statutes. He explained the provision would allow:

When a taxpayer wants us to, we will take his personal property and attach it to the secured roll, so he will get one tax bill for both his real and personal property. Line 42 would be changed to read: 'anytime before the lien date for the following fiscal year' we can do this. Page 9, line 3, is a very technical change. We are changing any real property to an improvement on real property because that is all that we do supplemental bills on.

Mr. Franklin said section 12 addresses a situation where a property owner refuses to allow the assessor to inspect his property. Section 13 is a language change and does not alter any current practice. Section 14 provides for assessment of new parcels acquired by governmental entities after the close of the roll. Sections 15 through 18 clarify the assessment of new mobile homes and remove the requirement for issuing separate decals for each quarterly payment. Sections 19, of the bill and the amendment, expand the definition of a factual error to include legal or physical restrictions and demolitions or removals of property. He said, "The way factual error works is, if it is an overassessment because of this, we can go to the county commissioner and lower the assessment." Mr. Franklin said the only change in section 20 is for conformity with [Nevada Revised Statutes] NRS 361.260, which addresses properties that exist on the lien date and are not on the

secured roll. Section 21 does nothing except refer to the other sections. Section 22 spells out procedures for assessors to follow if deferred tax was not assessed when it was due, because of a mistake by the assessor, or because the owner of agricultural property did not notify the assessor that the property was converted. He said the first three paragraphs of section 23 replace language that used to be included in NRS 361.280. The fourth paragraph is new language that requires recording a list of properties that have liens. Mr. Franklin stated, sections 25 and 26 provide technical changes and section 27 clarifies what zoning is looked at when calculating deferred taxes and what zoning was historically in effect at the time. He said section 28 is a technical change and section 29 clarifies how to calculate values when a converted parcel is created after the roll is closed. He explained this is so that the person does not have to pay higher taxable value on the upcoming roll simply because he subdivided his property at a different time. He continued, "Sections 30 and 31 make no substantive changes and section 32 covers what we do once a parcel is converted."

Senator Coffin closed the hearing on A.B. 82 and opened the hearing on Senate Bill (S.B.) 584.

S.B. 584: Imposes license fee upon certain businesses.

Deborah Sheltra, Short-Stop Market, testified against S.B. 584. She said she was also speaking on behalf of six Bi-Rite Markets, owned by Ron Mestre, and two Shop N Go Markets. Ms. Sheltra drew attention to the proposed tax on equipment and stated that grocery stores are equipment-intensive, as are many other businesses. She reported that the Business Activity Tax [BAT] and the proposed employment tax would each cost her small business approximately \$750 per year. She said the proposed tax on her business's equipment would be \$1500 per year. She revealed that her business nets 1 cent on the dollar, so to generate \$1500 she would have to increase sales \$150,000. She said increasing volume of sales was impossible because the store is located in a locked-in neighborhood in Reno. She said gaming regulations prohibit increasing the number of slot machines in the store and she maintained merchandise prices could not be raised, because prices at the store are already noncompetitive. Ms. Sheltra reported her average sale per customer is \$2.34, so to generate enough cash to pay the new tax she would need an additional 75,000 transactions per year. She stated that she earned no profit during the past 2 years and could not continue operating her store if charged an additional \$1500 in taxes per year.

Martin Lane, Laughlin and Associates, spoke next in opposition to S.B. 584. Mr. Lane reported that Laughlin and Associates is resident agent for 3,000 Nevada corporations and is responsible for 10 percent of new incorporation in the state. He said he believes a business tax is bad for Nevada, negates its image as a pro-

MINUTES OF THE
SENATE COMMITTEE ON TAXATION

Sixty-sixth Session
June 15, 1991

The Senate Committee on Taxation was called to order by Chairman Bob Coffin, at 12:05 p.m., on Saturday, June 15, 1991, in Room 231 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Bob Coffin, Chairman
Senator Ronald V. Cook, Vice Chairman
Senator Joseph M. Neal, Jr.
Senator Ernest E. Adler
Senator Ann O'Connell
Senator Virgil M. Getto
Senator R. Hal Smith

GUEST LEGISLATORS PRESENT:

Senator Leonard V. Nevin
Senator Diana M. Glomb
Assemblyman Robert E. Price
Assemblyman Myrna T. Williams

STAFF MEMBERS PRESENT:

Kevin Welsh, Deputy Fiscal Analyst,
Deborah Riggs, Committee Secretary
Ted Zuend, Deputy Fiscal Analyst, Assembly Committee on
Taxation

OTHERS PRESENT:

Mary Walker, Director, Administrative Services, Carson City
Guy Hobbs, Clark County
Marvin Leavitt, Clark County
Sam McMullen, Washoe County

Senator Coffin opened the hearing on Assembly Bill (A.B.) 104.

A.B. 104: Makes various changes relating to taxation.
(BDR 32-138)

Senator Coffin explained that the Assembly Committee on Taxation was still working on A.B. 104, now in its first reprint. He said he expected additional changes in the bill before receiving it from the Assembly. However, in the

interest of speeding along the legislative process, he felt the Senate Committee on Taxation should begin working on the bill now.

Senator Coffin welcomed Senator Leonard V. Nevin and Senator Diana M. Glomb of the Washoe County delegation, who were invited to testify on A.B. 104.

Senator Nevin testified:

We have to remember that this tax shift came in 1981. The reason this has resulted the way it has is because of the enormous growth that has occurred in Clark County. When that package was put together, it was put together by people from Clark County. It was not put together by Washoe County. I was a little offended by the statements that Washoe County is stealing money from Clark County. This was never the intention and I am sure if this was something that someone was concerned about, it should have been brought up a lot sooner than now. We would like to have some good consideration on this piece of legislation. If you have any questions of our delegation, we would be more than happy to talk with you. If we are going to call this a "fair share" then, all we are saying is, let's approach it in a fair manner.

Washoe County, at this point in time, is in a deficit. We are millions of dollars in deficit that we have to address. It is going to be at a point where we are approaching layoffs. God forbid, I hope it is not services like police, fire, and emergency services, but we are going to have to do some cutting back. There is no doubt about that. I realize the thought out there is that we have to pay you [Clark County] back a whole bunch of money. I think we should sit down and talk about that too. I think the time restraints set forth in the bill coming over, unless it is changed ... is going to be devastating to Washoe County. I just hope that our delegation and your committee can work together and see if we can address this in a fair manner, where

we don't put Washoe County in a deep hole
where it will take forever to climb out.

Senator Coffin invited Senator Diana M. Glomb to testify next and indicated the committee could ask questions of both senators following her testimony.

Senator Glomb read the following prepared testimony:

Thank you, Mr. Chairman, I appreciate your affording me the time to come and speak with you. I am Diana Glomb, State Senator, Washoe County District 1.

Victor Hugo once said that progress is the mode of man, that when it is blocked, just as an obstacle in a river makes the water foam, so an obstacle to progress makes humanity seethe. "Any plan for the future, therefore, which seeks to calm troubled waters will have to sweep barriers away, rather than pour oil over turbulent tides." These are words Martin Luther King used many years ago, regarding another matter, but they are just as applicable to us today. This legislature is seething with anger and unrest. We see divided parties, divided houses and a divided state. This so-called fair share issue is just a symptom of a greater far-reaching problem. A tax policy in structure that only leads to confusion, uncertainty and discord, that builds barriers to progress, rather than building bridges of unity. In the next few days ahead, you will be asked to make a decision that will have far-reaching effects for our state, our communities, and particularly, the people of Washoe County.

Because of the circumstances, the lines are drawn for some of us to be winners, and some of us losers, to stay divided and seething. It is my hope that you will build bridges for unity by hearing all parties concerned and evaluating all plans with an open mind. This is not a north-south issue, nor is it a Republican-Democrat issue. It is an issue that affects all the people, some of them negatively and some positively.

There is no way you can please us all and we realize that. But there is a way to diffuse the animosity, and that is by looking at the total fair-share issue, at the tax policies that brought this on in 1981 and suggested policies implemented by the A.B. 104 plan, which will make Washoe County bear the largest tax burden per capita in the state. Thank you.

Senator Coffin:

We thank you for your comments. They are very reasonable and constructive comments and open the beginning of what I hope is a very reasonable dialogue as we work this thing out.

Senator Smith:

I think it is fair to correct the record here. I think Marvin Leavitt, who is sitting back there, and I were partial participants, to some degree, in the '81 [tax] shift. As I recall it, the chief advocate was the Washoe County Legislative Advocate, David Henry. I don't believe it came from Clark County originally. I think that the record should show that.

Senator Nevin:

I wasn't here in 1981, so I will go by the Senator's [Smith's] statements, but I do know that some of the big players in it were Keith Ashworth, Paul May, and some other people, who helped put this together. It was, at that point in time, a combined effort totally under the control of more people than we [Washoe County] had.

Senator Coffin said he agreed with both Senator Smith and Senator Nevin. Although he was not present at the legislature in 1981, he stated he had followed this process closely through newspaper accounts at that time. He recalled that Mr. Henry was Clark County Manager before beginning contract work in the northern part of the state and surmised this had caused some people to believe Clark County participated in structuring the 1981 tax package. Senator Coffin pointed out:

As we are trying to participate in this thing 10 years later to straighten it out, if we make mistakes, we will all be blamed. As the bill is drafted now, it contains a lot of problems. We don't know for sure if it is going to solve the problem. It may make some [problems] worse. It has already caused some animosity between the rural counties and Washoe County. All of a sudden, Clark [County] and Washoe [County] have kind of gotten together on this thing. It is an interesting concept that the Assembly is proposing.

Senator Nevin gave a closing statement:

I will offer again: We are here to work with you any way we can. We are asking, please, don't bury Washoe County so deep at this time when everybody is having money problems.

Senator Coffin:

Senator Nevin, you are the elected leader of the Washoe County delegation and you will be included, as well as any other interested members of your delegation, in everything we do and [will be] consulted all along the way.

Senator Coffin stated several people were in attendance who are valuable sources of the origin of A.B. 104. He revealed, "It started out as a Clark County plan and then began to be known as the Washoe County plan." He added, "Neither one of those counties would prefer that they be called the author of the plan."

Senator Coffin called upon Ted Zuend, Deputy Fiscal Analyst, Assembly Committee on Taxation. He asked Mr. Zuend to provide an overview of A.B. 104 and report on any amendments which may be forthcoming.

Mr. Zuend explained that A.B. 104 in its current form, contains a repayment provision which has been revised to reduce the impact upon Washoe County by approximately \$4 million, by lowering the gain to the current tax exporters outside of Clark County, which are Carson City, Churchill, Elko, Humboldt, and Lander Counties.

Mr. Zuend testified:

The assembly adopted a proposal by Washoe County to consider regional ... I don't know if the amended version will come out under the regional approach, but the intent was to look at the rebasing from a regional standpoint. Under consideration, for example, Washoe, Carson City, Douglas, Churchill, Storey, and Lyon [counties], are essentially one market where people move back and forth to shop depending on their needs.

There are two ways to consider the fair-share issue. One is to base it where the sale is made. The other is to base it where the sale is made in conjunction with where a product is delivered, when it is delivered across county lines. What you would call the Clark County plan, the original [plan] in A.B. 104 treats it in the latter way. It essentially says that your taxable sales are those that result from direct in-county sales plus the net of what is delivered across county lines, so that a purchase by a Lyon County person in Washoe County, that is delivered to Lyon County, in theory, is credited to Lyon County not Washoe County. Washoe County's starting point was that all sales made by firms in Washoe County should be credited to Washoe County. That is fundamentally how they rebase these figures to come up with the Washoe County adjustment by looking at a regional approach. That is why Clark [County] was held harmless, effectively. I think Clark County even gains a little bit, because Clark [County] was put in conjunction with Nye, Lincoln, and one or two other counties.

Senator Cook asked how purchases made in one county and taken into another county are accounted for.

Mr. Zuend explained that the sales tax report filed by the retailer lists all 17 counties and each retailer is responsible for allocating the sales tax to the county where the product he sold is delivered. If a retailer sells a product to a resident of another county who picks up the product at the purchase location, no allocation is made. He pointed out that this is for purposes of the Basic City-County

Relief Tax (BCCRT). Mr. Zuend stated:

One issue that has gotten confused is: there is no allocation of the Supplemental City-County Relief Tax (SCCRT). What has happened over the years when the fair-share issue has been discussed, the Basic City-County Relief Tax distribution formula has been the way the fair share has been analyzed. But actually, the [Nevada Revised] Statutes do not speak to the crediting of the Supplemental City-County Relief Tax. The distribution formula is still under the formula which relates to the 1980-81 tax shift. That is the issue. Washoe County's issue is that there is another tax, the Local School Support Tax (LSST), which is credited the opposite way. It gives credit to the county where the retailer is located, regardless of where the product is delivered.

Senator Adler asked if the assembly amendment allows rural counties which are tax exporters to be credited for out-of-county sales the same as is Washoe County. Mr. Zuend responded it does. Senator Adler remarked that he failed to understand how Carson City [County] could be receiving credit for out-of-county sales considering that only 89 percent of the sales tax generated is returned to the county. Senator Adler pointed out:

This is not a total fair-share shift because Clark County will receive 97 percent no matter what happens. We have held a bunch of people harmless, including Clark [County] and then \$4 million goes to Washoe [County], so all of the adjustments have to be made in those remaining counties to balance things, so to speak.

Mr. Zuend:

The reason for that, under the Washoe County proposed amendment, is that they were looking at regions. The amount that Clark [County] had to give up, looking at it from the standpoint of the point of sale, Clark County ended up benefiting to the tune of \$21 million because the amount that they had to allocate to hold

the other counties harmless only came to
3 percent.

Senator Adler inquired, "But the amendment does away with the regional concept in the bill and then just keeps the distribution. Is that correct?"

Mr. Zuend replied, "Yes, I believe that is it. It is formulated on the regional concept, but they are not going to talk about a regional concept in the future."

Senator Adler clarified, "So, the assembly adopted the regional concept to come up with the numbers, then deleted the regional concept, and then passed the bill."

Mr. Zuend: "Well it has not been passed yet."

Senator Coffin interjected, "Senator Adler, you have summed it up, but we have to remind ourselves that Mr. Zuend is only the bearer of the bad news and we won't shoot the messenger today. Nor, is he defending the bill or the amendment."

Mr. Zuend stated:

It is my understanding, and I have been an observer to this process too. The 2-year phase-in will continue under the revised version, but with lesser amounts, so Washoe County's \$13 million will be essentially split in half. Carson's gain, Churchill's gain, Clark's gain, Elko's gain, and Humboldt's gain will be split in half the first year to reduce the first-time impact on Washoe. The remainder will be made up in the second year, under the current form of the bill. I also understand that the \$10 million amount being discussed on the repayment is still being phased-in over three years, which, in effect, costs \$10 million for Washoe County. All other counties benefit, with Clark getting \$6 million of that total. After the 3 years is over, Washoe would no longer have the obligation.

Senator Coffin said he would like to avoid use of the term, "Washoe County's loss," because he feels they are not really losing but just returning to an even receipt-distribution formula. He stated, "What we probably should say is a 'change' instead of a 'loss.'"

Mr. Zuend revealed:

The fundamental point of the change, whether you use the current version, you use the Washoe County suggestion, or you go to a different approach, whether you give credit to the retailer or credit to where the sale is made, is to distribute the sales tax to the point of origin of the sales tax. That was not the intent of the 1980-81 tax shift. The formula itself, probably did not account for growth as well as it could have and penalized the faster growing communities during the 10-year period.

Senator Getto:

I can't remember, back in '81 when we put this plan into effect, I can't remember why we differentiated between the local SCCRT to where the one that goes to schools is different than the SCCRT that goes locally and from the state distribution, as far as the credit and where it originates.

Mr. Zuend:

If you read the [Nevada Revised] Statutes concerning the BCCRT and the LSST, Senator Getto, the language is very much the same. I believe that the local school support tax was put in, in [19]67; I believe the BCCRT, in [19]69. Now, the records on this are lost, regarding how the statutes end up being interpreted. Obviously, there is no one from the tax department from that time, but the school support tax has always been credited to the county where the retailer is located. The Basic City County Relief Tax has always been credited netting out the effects of cross-county transfers, when they can be identified, which causes substantial differences in tax bases. This SCCRT was a whole different plan, which, essentially, replaced property taxes dollar-for-dollar. It had nothing to do with the other two formulas.

Senator Getto:

That is what has caused some problems, especially in the county I come from, Churchill. History really proves that. We have been the county that has been exporting, percentage wise, more taxes than any other county. We are also unique in that, for the size of our county, we have a large military base and also a county-owned telephone company and a city-owned electrical company and a lot of farm land.

Mr. Zuend stated the 1981 fair-share approach benefitted those counties with a strong per capita property tax base. He mentioned Douglas County and Washoe County as two such counties with high property assessment valuation. In addition, he pointed out that Washoe County also has had a high property tax rate. He explained that is why Washoe County became a sales tax importer under the plan to replace property tax dollars with sales tax dollars.

Senator Getto stated Washoe County has benefitted in another less obvious way in that many people from rural counties shop in Washoe County for items on which they pay sales tax that is never credited back to the shoppers' county of residence. He said this disparity, especially as related to the school tax, impacts the rural counties. He asked if any figures were available regarding the amount of shopping conducted in Washoe County by residents from the rural counties.

Mary Walker, Director, Administrative Services, Carson City, testified that Carson City had conducted a study through the University of Nevada, Small Business Administration, which revealed Carson City residents had purchased \$29 million in merchandise from Washoe County. She said that translates as \$550,000 in sales tax credited to Washoe County, spent by Carson City taxpayers. She felt these figures could be applied on a per capita basis to Churchill and Humboldt counties.

Senator Neal commented that it seems everyone is looking for a culprit in the tax shift because of the effect it has had over the past 10 years. Being one of the individuals who were present, and having voted against it, he said he knew exactly who the culprit was. He revealed:

It was a gentleman by the name of Dave Henry, whom Clark County had fired. And he came up here and went to work for Washoe County. He was very active in putting this scheme together and it really messed up Washoe County and a lot

of counties. Now that we know who the culprit was, we can go ahead and try to fix it.

Senator Coffin asked for a representative of Clark County to explain the contents of a packet supplied to the committee (Exhibit C). He said following that, the committee would hear from a representative of Washoe County.

Guy Hobbs, Clark County, stated the packet contains different scenarios which were developed for deliberation, based on population, point of origin, hybrids of population and different distribution schemes discussed during the Assembly Taxation subcommittee deliberations. He directed attention to Exhibit 1a in the packet, a table of importation and exportation of SCCRT amongst the counties. He reported the table shows Clark County exported over \$107 million, Elko \$28 million, and Carson City \$15.7 million. He compared this to the figures for Washoe County, the largest importer of sales tax dollars, who received almost \$100 million, nearly matching the amount exported from Clark County.

Senator Cook asked if the figures were based solely on point of sale as opposed to delivery location. Mr. Hobbs responded, "This would be based on where it was delivered."

Mr. Hobbs continued:

Much of what follows that table is what we previously referenced as various scenarios showing different methods of distribution, under population, point of origin, or hybrids of population or point of origin.

He drew attention to section 6 of the packet, which he said represents the formula prior to the adjustments referred to as the regional adjustments amounting to \$4 million. The table showed the amount of tax generated by each county and the amount to be distributed to each county as calculated by the department of taxation for fiscal year (FY) 1991-1992 using current capping formulas and SCCRT formulas. He pointed out that this is the amount upon which each of the counties based their budgets for FY 1991-1992. For those rural counties which are importers, the amount to be distributed is guaranteed. He said those counties which do not fall under that classification appear only in the amount-generated column on the table. He explained, the estimated total amount of SCCRT for distribution is approximately \$266.5 million. The first \$24 million would provide for the rural guarantees and the remaining \$249.9 million would be distributed by a point of origin formula based on where the purchases are delivered.

Senator Coffin observed, "This is the switch. This is the key element of the whole change."

Mr. Hobbs agreed, "This really is. This is the first time that it [the distribution of sales tax] has been based on point of origin."

Senator Coffin asked, "Point of origin or point of delivery?"

Mr. Hobbs responded, "Point of origin of the sales tax based on the where-it-is-delivered method."

Mr. Hobbs stated column 7 of the table showed the revised distribution amount for each county. He said the entire \$266.5 million would be distributed using the guaranteed-amount formula for importer counties and the point of origin formula for the remainder of counties.

Senator Cook asked, if the rural-guarantee amount was removed from the funds collected, would the amount of funds remaining to be distributed based upon where they were collected, be 97 percent.

Mr. Hobbs said that is correct. He said the final column of the table illustrates the gain or loss to each county resulting from this method versus the prior distribution method.

Senator Coffin stressed that the amount shown is gain or loss versus prior distribution formula not gain or loss versus taxes generated and received.

Mr. Hobbs agreed and stated this is also the amount of budgetary impact on those counties because budgets were based on the prior distribution formula.

Mr. Hobbs explained that the remaining four columns on the table illustrate the effects over the 3-year payback period. He explained half the redistribution effect would be felt the first fiscal year and the full effect of redistribution would be felt in all succeeding fiscal years.

Senator Adler asked how amounts for the redistribution adjustments were determined. He wanted to know why Carson City would pay \$685,000 to Washoe County and Churchill would pay Washoe County \$680,000.

Mr. Hobbs said the amounts originated from a regional plan prepared by Washoe County. The intent of the plan was to identify and reflect the regional marketplace concept.

Senator Adler asked if annual amounts paid to Washoe County by rural counties would fluctuate or remain constant.

Mr. Hobbs answered these would be fixed amounts.

Senator Adler inquired what would happen to amounts to be paid by Elko County, for instance, if sales tax revenues there declined due to reductions in the mining industry. Pointing out that the plan requires \$1.6 million to be deducted from Elko's share of sales tax-distribution funds, regardless of whether sales are up or down, he asked if a severe recession in that county's main industry could result in them receiving no sales tax distribution.

Mr. Hobbs answered, "If they generated no taxable sales, that is possible.

Senator Adler queried: "In which case we would be back in here adjusting the formula again. Is that correct?"

Mr. Hobbs replied, "That could be possible under a circumstance like that. If an economic anomaly occurs beyond what we could anticipate putting the formula together, that is certainly a possibility."

Senator Getto inquired as to the concept of a region in reference to a regional plan.

Mr. Hobbs replied that the state was divided into three sections by correlating taxable sales to population. He stated the regional concept itself is not embodied in the mechanics of the formula that will appear in the amendments. The only thing that is reflected are the annual adjustments in column 7. "What we have is not a regional plan, just a number that is inserted to reflect that there may be regional differences," he explained.

Senator O'Connell:

I wonder if you could tell us the logic behind when we were initially looking at the fair-share distribution, Elko was being gouged, so to speak, almost as badly as Clark County when you look at it percentage-wise. Why was that not taken into consideration when these figures were put together? Why is Elko County one of the counties that is being hurt instead of benefiting from this?

Mr. Hobbs:

If you go back to table 6a and the original formula to deal with this, you are absolutely right. Elko probably was being hit harder than anyone. An amount of 42 cents on the dollar comes to mind. I am not sure if that is exactly right, but it was something extraordinary. In the original formula all of the exporting counties were going to be getting back 97 cents on the dollar, so it did deal with the exporting counties on an equitable basis. After the adjustments had been inserted to reflect the regional philosophy, appearing on table 6b, some of that is lost.

Marvin Leavitt, Clark County, commented on the intent of the original sales tax-distribution formula. Mr. Leavitt explained:

What we were essentially trying to do is make this do a couple of logical things. We felt there was not enough economic activity taking place in certain counties that they could stand on their own based on the point of collection or identifiable sales where the merchandise was transferred to those counties. So the first thing we tried to do was to make those counties whole by providing them as much money in the next year as they were previously going to get. That is the first basic thing we tried to do. We had a pot of money here, so to speak. We took that off the top and gave it to those counties.

The money that was left was distributed to everyone else in relation to their sales. So it is a fairly simple plan based upon a guarantee to certain counties and based on economic activity in other counties. We felt this had a very logical basis and we could defend the logic of it at least. Of course when we arbitrarily provide certain monies, distributed on an annual basis, it makes it more difficult to logically defend the reason for that.

These LSSTs, BCCRTs and such are so confusing that I wonder if it might be of

some advantage if I take a couple of minutes and go through this process of how we came to all this. In the [19]50s the original 2-percent sales tax was enacted by the legislature and passed by the voters. That money was to go into the state general fund. Since the voters had approved that, any increase in the sales tax after that time also had to go back to the voters [for approval]. We come to the mid [19]60s and we have two needs identified: one in the area of schools and the other in the area of local governments. The idea came forth that if we enact two taxes different than sales tax, that are not going into the state general fund, then we do not have to go to an election to get those passed. So, we had the Local School Support Tax (LSST) and the City-County Relief Tax (CCRT). There wasn't any such thing as a basic or supplemental [tax] at that time. The City-County Relief Tax was 1/2 of 1 percent. That was distributed to cities, counties and other special districts. In larger counties it was distributed exclusively to cities. The Local School Support Tax, at that time, was 1 percent. In 1981, there was a desire to reduce property taxes, so the additional city-county relief tax was passed at the rate of 1 3/4 percent, and an additional 1/2 percent Local School Support Tax [was enacted] at that time also. Since the new 1 3/4 percent tax was to be distributed to offset property taxes, and was to be distributed to a whole wide range of governments in different amounts than before, the original tax was identified as the Basic [BCCRT] and the new portion was identified as the Supplemental [SCCRT]. That is essentially where we are. What was to be called the Supplemental [SCCRT] was distributed by a formula that attempted to distribute sales tax in the same proportion as property tax. How much money you got from it depended a lot on where you came into it at. If property was reassessed the very year you go into it, you have a big benefit over someone whose property had been reassessed 5

years before. Where you came into it had a big effect on how much you were going to get. That is one of the reasons we have seen such a wide disparity over these years.

Senator Coffin stated Washoe County had been successful in keeping property taxes down and that was good for their citizens. He said, "And then, by accident, I suppose, the way this formula worked, by having lower taxes you have a higher distribution of the sales taxes?"

Mr. Leavitt responded that the higher property taxes were the more the county received under the redistribution formula. He explained: "What happened was, you took your taxes, the dollar amount that had been levied for operating purposes in the 1980-1981 fiscal year, and you multiplied that by 1.12 and that new amount became the way sales taxes were distributed.

Senator Coffin asked, "Where was Clark [County] at that time? What was the situation in Clark [County]?"

Mr. Leavitt replied:

The situation in Clark [County] was that the big towns, Winchester and Paradise in particular, where we have heavy assessed valuation, new assessed valuation was to come the following year, the 1981-1982 fiscal year. It was right at the end of a cycle for them. Had the formula gone into effect a year later, the distribution effect would have been substantially different.

Senator Getto asked if, when the plan was formulated, any problems were foreseen regarding people shopping in other areas and [tax] money going to the hub.

Mr. Leavitt responded that when the plan was devised in 1981, it was apparent a disparity would exist between the amounts collected in any particular county and the amount that would be returned to them under the formula. He maintained this disparity would naturally occur because sales tax was being distributed on a property tax basis. He reported that, at that time, they considered a regional approach, but the same problems arose as the ones being faced now concerning the rural counties. He said it was decided by the legislature to distribute the money based on property taxes without any consideration of where the tax was collected.

Senator Coffin asked if the formula is revised, as suggested

in the plan under consideration, would it represent a permanent solution to inequities.

Mr. Leavitt replied it would as far as it is conceivable, but disparities related to the rural guarantees would possibly still occur. He said because it is based on point of sale, the formula should work well for a long time into the future. He added, making the \$4 million adjustment removes some of the logical base of the formula and will make it more difficult for the formula to work.

Mr. Hobbs mentioned that another proposal made by the rural counties would have redistributed approximately \$1.6 million from various rural counties to Washoe County instead of the \$4 million amount in the current package. The logic of the \$1.6 million figure was that, at that point, Washoe County would be neither an importer nor an exporter.

Senator Coffin introduced Assemblyman Bob Price, District 17, and Assemblyman Myrna Williams, District 10, and invited them to testify on behalf of Clark County.

Assemblyman Price stated, "I think Washoe [County] should be treated fairly and with great care because anything that is done in this body in trying to correct a long-time problem, should not be done with haste or ill intentions."

In reference to earlier remarks by Senator Getto that Washoe County had been in a high assessment area, Assemblyman Price recounted that 2 years prior to the change in 1981 there had been a grand jury investigation into the practices of the Washoe County Assessor's Office. No charges were ever filed but it was found that the assistant assessor had inadvertently forgotten to reassess the downtown casino area for a period of years. This resulted in a complete audit of reassessments in Washoe County. By the time of the 1981 tax shifts, Washoe County was probably in better shape than most areas because they were up to date on assessments.

Assemblyman Price reported the proposed amendments to A.B. 104 would be available Monday. He expected the bill would be heard on the floor of the assembly on Monday or Tuesday and said it would be sent over to the senate as quickly as possible.

Senator Coffin stated:

We know it has been a very difficult issue for you because it is complex and the political factors outweigh the logical factors sometimes on these things, so we know you have been doing

the best you can and you are not going to send it out unless you know the bill is clean. That is why we decided to go ahead and start acquainting ourselves with the issue, because you have been working on it a long time. You are to be commended for the work you have done so far. I guess it has been difficult, in committee.

Assemblyman Price:

It is very emotional because you have 264,000 citizens in Washoe County who are reading about all the services that they are going to lose and high taxes and everything. That is a very tough situation for them. Most of them probably didn't even live in Nevada when all of this started.

Senator Coffin remarked, "I am very frustrated when I get a call from somebody from Washoe County and they say that Clark County is going to be taking money away from Washoe [County]." He asked, "How do you answer that question when you get it?"

Assemblyman Price replied, "Well, I generally try to talk to them a little while and give them the background of what happened, as quickly as possible." He said he was approached at a carwash recently and asked about this issue by a gentleman who had lived in Nevada for approximately 6 years. After hearing the history of the issue, the gentleman remarked, "Well then, actually, this slow-growth policy that we have in Washoe [County] has been possible because we are being served by tax dollars from the rest of the state."

Assemblyman Price stated:

I had not really thought of it in that particular light, but I suppose that is one view that one might take. Because you can afford to have a lifestyle that is a little better, and certainly better than what we are living with in southern Nevada with all of our traffic and everything right now, as long as you are gathering money from another area. It was his thought, not mine, but I thought it was a good characterization, anyway.

Senator Getto commented:

You mentioned the fact that 260,000 people were going to get hit by this, but the other plan hits 100,000 people some place else, so whatever plan we have someone is gored. I really hope that we can have everybody give a little and come out with a plan so that not any particular group is going to get hit in a way that will really be detrimental to them.

Assemblyman Myrna Williams, District 10, testified that fair-share was not a new issue for her. She reported that in 1967 she filed the lawsuit that led to the reapportioning of the board of regents. She stated:

We are in a growth environment in southern Nevada. While 264,000 people in Washoe County may not be receiving benefits from the rest of the state, there are probably more than a million people in the rest of the state who are losing tax money that they paid for that is needed to supplement the services and the infrastructure in the areas that they live in. It is tax money that they have paid. That is why it is called fair-share. I have to be honest. The plan that was passed out with \$4 million was not a plan that I was happy with, but I represent Clark County and it appeared Clark County was not going to get its fair share. I had to bow to the wishes of the rural counties. I was deeply disappointed because, it seems to me, if we are once and for all going to accommodate fair-share it should be real fair-share and not just fair-share for some.

From the original bill and the original plans, we made many accommodations. We removed the interest, which would have amounted to close to \$3 million. We phased in implementation over 2 years, rather than having it be immediate. We phased in the repayment over 3 years. I think Ms. Walker offered a plan that, at least, the rural counties had agreed to on the repayment part. It was less, but it certainly did not impact the rural counties to the degree that the \$4

million will.

In the wisdom of this legislature, we will come up with a plan that is fair. It is my hope that when we say fair, we will mean fair. Once and for all, get this over with. We cannot come up with a plan, in my opinion, that is going to have a foundation that is going to lead us right back to where we are today, so that a future legislature will be sitting here and debating this issue all over again.

Assemblyman Williams said she knows Clark County's needs and knows how underfunded the county is in certain services and infrastructure. She added:

When people talk about us being a rich county, they forget that we are also rich in population and impact. The time has come for us to be able to take care of that and for all of us to become self-sufficient and, as much as possible, take care of those who cannot take care of themselves. That is why we put the rural guarantee in for those counties that cannot generate enough revenue to take care of their basic needs.

Senator Neal asked:

If we are still going to employ some portion of the sales tax as a mechanism to offset the property tax, and not deem, particularly the two larger areas, to be equal in assessed valuation of property, then it seems to me that we are going to have the same problems 2 years from now.

Assemblyman Williams agreed with Senator Neal and added:

I would oppose using any of this to offset property tax. I think it is unfair. SCCRT money is sales tax money. We have hundreds of thousands of people in the state who do not own property, who are the ones who put money into the SCCRT. They will gain no benefit. The only way those people gain a benefit is if the counties or local jurisdictions can use the money that comes back to

provide assistance to them in the area that they need assistance, whether that be services or infrastructure.

Senator Cook stated:

I am just starting to come to terms with this, and I certainly don't want to be unfair to Washoe County. As far as I am concerned, regarding the last 10 years with the program, my feeling on it is: you make a bad deal you live with it. If I sell someone a computer and I lose money on that sale, the next time they come in if I try to make it up I am going to have an unhappy customer and no agreement. So, I think what has gone by, except for possibly that error we spoke about where things were reported improperly, I think we just had a bad deal. Clark County legislators made a bad deal, Senator Neal tried to save it, but couldn't do it by himself... In any event, putting the past years behind and just forgetting it, I can understand that there are some small counties who possibly can't help themselves in total and we have to do something to help those counties. But I am looking down here and I see some small counties, like Humboldt County, and they are exporters. Is there any reason for them to be exporters? Do they have real low costs or is this just that they do not have enough votes to protect themselves?

Assemblyman Williams responded:

I will say, that was a plan that was in committee. The motion was made for that plan by a rural county legislator and seconded by a rural county legislator. But, certainly, thinking back to my earlier remarks, that is not what I consider to be fair, fair-share.

Senator Coffin announced the remaining time would have to go to the Washoe County representatives.

Sam McMullen, Washoe County, handed out copies of the Washoe County plan. He stated that it was important to understand some of the philosophies which guide Washoe County in this

issue. He maintained Washoe County has no desire to attack or instigate problems with any other county. He said Washoe County has tried to solve the fair-share issue, especially as it relates to Clark County. He explained:

The problem is that under any scenario, the counties which currently count on revenue, the importing rurals, need to be subsidized by someone. Frankly, we have also said, and our plan will demonstrate that, that we, as a regional center, have a responsibility to shift money out to neighboring counties to subsidize them for purposes of returning that money in respect to sales. Now, there are different ways that you can do that. When we started with this, the goal is to get to as fair a fair share as possible. Actually, when you start with it, the fairest fair share is to try to let people live with the resources that they have inside their border. The trouble with that is that not all counties would be left in a situation where they would have the current level of revenue that they have now. That is 11 rural counties. You have to understand that the driving feature of any one of these plans is holding them harmless. The only plan that took money from those rurals was the Carson City plan. Our plan did not take that approach. When you understand that is the driving feature of it, you have to understand that the money to subsidize those counties has to come from somewhere.

Senator Adler asked how Mr. McMullen could say only Carson City's plan took money from the rural counties when the Washoe County plan takes \$4 million away from those counties and the Carson City plan took \$1.5 million away from them.

Mr. McMullen responded, "The point is that, that \$1.5 million was made up out of the emergency fund but also out of a take-away from importing rural counties."

Senator Adler: "I think there is a little more logic to that. Your plan has Douglas County receiving almost what Carson City does and Carson City has a significantly larger population."

Mr. McMullen:

That is no different in any of the plans so, I don't think that is a flaw in our plan, those things drive from the first proposal, which was Clark's, all the way through. I am not even sure it is a flaw because Carson City's people testified in the assembly that while they export \$30 million to Washoe County, they import \$55 million worth of sales from Douglas County. They even testified on the record, that Carson City, as a county, has an obligation to export sales tax dollars.

Senator Adler argued, "Right, export out, but not export out as much as they actually receive in their own county. Douglas County people do not buy twice as many products as Carson City people. That logically does not make sense."

Mr. McMullen pointed out the study was conducted by Carson City.

Senator Coffin interjected that this is a political solution, that is not necessarily, entirely of Washoe County's making.

Mr. McMullen agreed.

Senator Adler stressed:

I think we have to be honest about what was done in the assembly. This is a political solution. This is not a tax plan that cures a problem. If it is a political solution, let's call it a political solution. Let's try and play around with it and make it fair, even extend the payback even more for Washoe County if we are trying to help Washoe County. Let's not try and pretend like we have done something with numbers which we haven't. I get a little tired of "these numbers are good and this makes some kind of logical mathematical sense" when it doesn't. We should stop fooling around and say this is a political solution. Clark County wanted some money, they got their money. Washoe County is getting hammered, I think, which isn't fair and now we are passing this onto ... the rurals are getting hammered a little bit...but maybe we

should say we have a political problem and try to help out Washoe as best we can so they don't take too much of a hit. But when we construct all these numbers games that aren't logical, I have a real problem with that because that is not particularly, intellectually honest. I don't have a problem helping out Washoe County, because I don't see how Washoe County is going to be able to pay this money back.

Senator Cook queried:

"Forgetting what happened during the past 11 years, Washoe County is going to generate \$54 million in revenue and they are going to take \$57 million, which means they are going to take more in revenue than they are generating, under any of these plans. What is the justification for Washoe County being an importer of sales tax? Forget all the formulas. How do we justify that?"

Mr. McMullen responded that was going to be his next point. He stated Washoe County is not an importer. He explained the \$54 million figure was developed for BCCRT purposes, which has not only a definition of origin to it, but also has a distribution aspect built into it. What it does is distribute to outlying counties the sales tax based on delivery of an item.

Senator Cook:

Do you believe, that if a citizen of State of Nevada, purchases products in California and has them shipped in, are they legally responsible to pay the use tax?

Mr. McMullen answered yes, but insisted that is not the issue here.

Senator Cook asked if that tax was due in California or Nevada?

Mr. McMullen replied it is due in Nevada.

Senator Cook maintained that is the same issue. "We are talking about point of distribution. If the product is distributed to a county, it is accounted in that county. It

is no different going state to state than going county to county, if we wish to be fair.

Mr. McMullen stated that is the distribution aspect of it, but added the important point to remember is that those figures [\$54 million] pull \$10 million in sales out of Washoe County immediately. He stated Washoe County generates \$63 million in sales tax, so the \$54 million figure already has \$10 million netted out to outlying counties. He argued that saying Washoe County is a net importer based on the figures is incorrect.

In further discussion, Mr. McMullen supported the idea of a regional market theory.

Senator Cook asked again how a county that generates \$54 million in tax revenue can justify requesting importation of another \$3 million.

Mr. McMullen reiterated that the county is fundamentally an exporter of \$7 million dollars to outlying counties under the definition of collection. He repeated the county actually generates sales tax of \$63 million.

Mr. McMullen continued his explanation of the Washoe County fair-share tax plan methodology. He maintained the SCCRT was created in 1981 as a replacement for operating revenues of local governments, not as a revenue-sharing measure. He concluded, in reference to the Washoe County Plan:

There was significant thought put into it. It does, in fact, work. It is something that could have worked. The only trouble with it is it had "Washoe" in very small letters in the top right corner and that was enough to pop it out as a political feature.

Senator Coffin closed the hearing on A.B. 104 and presented Bill Draft Request (BDR) 32-2285.

BDR 32-2285: Revises provisions governing property tax assistance to senior citizens.

SENATOR ADLER MOVED FOR COMMITTEE INTRODUCTION OF BDR 32-2285.

SENATOR COOK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY

* * * * *

A.R. 104
BOKET FAIR SHARE RURAL PROPOSAL
FY 1991-92

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	STATUS ADJUSTMENT	UPGRADE ADJUSTMENT	REVISED STATUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
ROBIN CITY	98,239,807	84,427,317	80	98,239,807	0.97049	87,995,609	(9342,678)	87,653,931	87,653,931	81,226,614	(9784,646)	88	86,869,285	8441,958
CHURCHILL	2,870,492	2,878,822	0	2,870,492	0.97049	2,785,778	(348,084)	2,445,686	2,445,686	368,864	(354,474)	0	2,091,212	14,390
CLARK	169,604,851	115,442,775	0	169,604,851	0.97049	164,404,872	10,826	164,415,695	164,415,695	8,972,920	(4,481,848)	2,225,664	162,160,311	6,717,536
DOUGLASS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
ELKO	8,942,762	4,186,223	0	8,942,762	0.97049	8,678,817	(882,427)	7,876,390	7,876,390	3,770,167	(2,286,297)	0	449,129	0
EMERALDA	314,352	649,129	649,129	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
GENEVA	1,856,579	1,858,221	1,858,221	0	0.97049	0	0	0	4,822,776	824,279	(864,616)	0	3,338,340	759,863
GRANDVIEW	4,445,017	3,198,497	0	4,445,017	0.97049	4,327,329	(504,554)	4,822,776	4,822,776	24,803	(24,803)	0	1,878,746	(0)
LAUREL	1,986,998	1,878,746	0	1,986,998	0.97049	1,928,352	(24,803)	1,903,549	1,903,549	0	0	0	892,182	0
LEWIS	213,405	892,182	892,182	0	0.97049	0	0	0	4,363,866	0	0	0	4,363,866	0
LYNN	1,633,453	4,363,866	4,363,866	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
MILWAUKEE	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
MONTECALMO	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
PERKINS	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
STANLEY	312,706	854,795	854,795	0	0.97049	0	0	0	54,295,304	(15,187,644)	8,595,684	(2,225,664)	68,685,324	(8,877,626)
WATKINS	58,881,985	69,482,950	0	58,881,985	0.97049	52,291,582	2,003,722	54,295,304	54,295,304	0	0	0	1,942,320	0
WHITE PINE	1,434,871	1,942,320	1,942,320	0	0.97049	0	0	0	1,942,320	0	0	0	0	0
TOTAL	8266,531,950	8266,531,950	823,918,628	8249,991,832	8242,613,330	8242,613,330	88	8242,613,330	8266,531,950	80	80	80	8266,531,950	80

..B. 104
CCRT FAIR SHARE RURAL PROPOSAL
Y 1991-92

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
IRON CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$342,678)	\$7,653,931	\$7,653,931	\$1,226,614	(\$613,307)	\$0	\$7,040,624	\$613,307
ARCHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(340,084)	2,445,686	2,445,686	368,864	(184,432)	0	2,261,254	184,432
CLARK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	10,824	164,415,695	164,415,695	8,972,920	(4,436,460)	2,225,664	162,154,899	6,712,124
DOUGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
ELKO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	(802,427)	7,876,390	7,876,390	3,770,167	(1,885,083)	0	5,991,306	1,885,083
ESMERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
EUREKA	1,856,579	1,858,221	1,858,221	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
HUMBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	4,527,329	(504,554)	4,022,776	4,022,776	824,279	(412,135)	0	3,610,636	412,135
LANDER	1,986,998	1,878,746	0	1,986,998	0.97049	1,928,352	(24,803)	1,903,549	1,903,549	24,803	(12,401)	0	1,891,147	12,401
LINCOLN	213,605	892,182	892,182	0	0.97049	0	0	0	892,182	0	0	0	892,182	0
LYON	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
MINERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
MYE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
PERSHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
STOREY	312,706	854,795	854,795	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
WASHOE	53,881,905	69,482,950	0	53,881,905	0.97049	52,291,582	2,003,722	54,295,304	54,295,304	(15,187,646)	7,593,822	(2,225,664)	59,663,463	(9,819,4)
WHITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	

9. 104
 RT FAIR SHARE RURAL PROPOSAL
 1992-93

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
4 CITY	98,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$685,356)	\$7,311,253	\$7,311,253	\$883,936	\$0	\$0	\$7,311,253	\$883,936
HILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(680,168)	2,105,602	2,105,602	28,780	0	0	2,105,602	28,780
ARK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	21,647	164,426,519	164,426,519	8,983,744	0	2,225,664	166,652,183	11,209,408
JGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
CO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	(1,604,854)	7,073,963	7,073,963	2,967,740	0	0	7,073,963	2,967,740
HERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
REKA	1,856,579	1,858,221	1,858,221	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
MBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	4,527,329	(1,009,107)	3,518,222	3,518,222	319,725	0	0	3,518,222	319,725
NDER	1,986,998	1,878,746	0	1,986,998	0.97049	1,928,352	(49,606)	1,878,746	1,878,746	(0)	0	0	1,878,746	(0)
NCOLW	213,605	892,182	892,182	0	0.97049	0	0	0	892,182	0	0	0	892,182	0
ON	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
HERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
E	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
RSWING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
OREY	312,706	854,795	854,795	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
SHOE	53,881,905	69,482,950	0	53,881,905	0.97049	52,291,582	4,007,444	56,299,026	56,299,026	(13,183,924)	0	(2,225,664)	54,073,362	(15,409,588)
ITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	\$0

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
W CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$514,017)	\$7,482,592	\$7,482,592	\$1,055,275	\$0	\$0	\$7,482,592	\$1,055,275
WELL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(510,126)	2,275,644	2,275,644	198,822	0	0	2,275,644	198,822
WICK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	16,235	164,421,107	164,421,107	8,978,332	0	2,225,664	166,646,771	11,203,996
WGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	(1,203,641)	7,475,176	7,475,176	3,368,953	0	0	7,475,176	3,368,953
WCO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	0	0	649,129	0	0	0	649,129	0
WGERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	1,858,221	572,002	0	0	1,858,221	572,002
WREKA	1,856,579	1,858,221	1,858,221	0	0.97049	4,527,329	(756,830)	3,770,499	3,770,499	12,401	0	0	3,770,499	12,401
WBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	1,928,352	(37,205)	1,891,147	1,891,147	892,182	0	0	1,891,147	892,182
WBEN	1,986,998	1,878,746	0	1,986,998	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
WCOLN	213,605	892,182	892,182	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
WJN	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
WGERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
WE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	854,795	(14,185,785)	0	(2,225,664)	53,071,501	(16,411,449)
WRSHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
WREY	512,706	854,795	854,795	0	0.97049	52,291,582	3,005,583	55,297,165	55,297,165	0	0	0	55,297,165	3,005,583
WNOE	53,881,905	69,482,950	0	53,881,905	0.97049	0	0	0	0	0	0	0	0	0
WITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	0	0	0	0	0	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	\$0

..B. 104
 CCRT FAIR SHARE RURAL PROPOSAL
 Y 1994-95

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
			COLUMN (2)	COLUMN (1)		(4) X (5)		(6) + (7)	(3) + (8)	(9) - (2)	(10) / (2)		(9)+(11)+(12)	(13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
SON CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$342,678)	\$7,653,931	\$7,653,931	\$1,226,614	\$0	\$0	\$7,653,931	\$1,226,614
CHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(340,084)	2,445,686	2,445,686	368,864	0	0	2,445,686	368,864
ARK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	10,824	164,415,695	164,415,695	8,972,920	0	0	164,415,695	8,972,920
UGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	(802,427)	7,876,390	7,876,390	3,770,167	0	0	7,876,390	3,770,167
LKO	8,942,762	4,106,223	0	8,942,762	0.97049	0	0	0	649,129	0	0	0	649,129	0
SMERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
UREKA	1,856,579	1,858,221	1,858,221	0	0.97049	4,527,329	(504,554)	4,022,776	4,022,776	824,279	0	0	4,022,776	824,279
UMBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	1,928,352	(24,803)	1,903,549	1,903,549	24,803	0	0	1,903,549	24,803
ANDER	1,986,998	1,878,746	0	1,986,998	0.97049	0	0	0	892,182	0	0	0	892,182	0
INCOLN	213,605	892,182	892,182	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
YON	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
INERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
YE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
EREWING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
TOREY	312,706	854,795	854,795	0	0.97049	52,291,582	2,003,722	54,295,304	54,295,304	(15,187,646)	0	0	54,295,304	(15,187,646)
WASHOE	53,881,905	69,482,950	0	53,881,905	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
HITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	0	0	0	0	0	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	

B. 104
CCRF FAIR SHARE RURAL PROPOSAL
Y 1995-96

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-1M ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
WYSON CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$171,339)	\$7,825,270	\$7,825,270	\$1,397,953	\$0	\$0	\$7,825,270	\$1,397,953
CHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(170,042)	2,615,728	2,615,728	538,906	0	0	2,615,728	538,906
K	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	5,412	164,410,283	164,410,283	8,967,508	0	0	164,410,283	8,967,508
UGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
CO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	(401,214)	8,277,603	8,277,603	4,171,380	0	0	8,277,603	4,171,380
HERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
REKA	1,856,579	1,858,221	1,858,221	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
BOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	4,527,329	(252,277)	4,275,052	4,275,052	1,076,555	0	0	4,275,052	1,076,555
ANDER	1,986,998	1,878,746	0	1,986,998	0.97049	1,928,352	(12,402)	1,915,950	1,915,950	37,204	0	0	1,915,950	37,204
INCOLM	213,605	892,182	892,182	0	0.97049	0	0	0	892,182	0	0	0	892,182	0
ON	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
INERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
IE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
ERSHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
OREY	312,706	854,795	854,795	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
ASHOE	53,881,905	69,482,950	0	53,881,905	0.97049	52,291,582	1,001,861	53,293,443	53,293,443	(16,189,507)	0	0	53,293,443	(16,189,507)
HITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	\$0

B. 104.
CCRY FAIR SHARE RURAL PROPOSAL
Y 1996-97

ABC

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
PERSON CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	\$0	\$7,996,609	\$7,996,609	\$1,569,292	\$0	\$0	\$7,996,609	\$1,569,292
CHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	0	2,785,770	2,785,770	708,948	0	0	2,785,770	708,948
AK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	0	164,404,872	164,404,872	8,962,097	0	0	164,404,872	8,962,097
DOUGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
LKO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	0	8,678,817	8,678,817	4,572,594	0	0	8,678,817	4,572,594
SHERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
UREKA	1,856,579	1,858,221	1,858,221	0	0.97049	4,527,329	0	4,527,329	4,527,329	1,328,832	0	0	4,527,329	1,328,832
HUMBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	1,928,352	0	1,928,352	1,928,352	49,606	0	0	1,928,352	49,606
ANDER	1,986,998	1,878,746	0	1,986,998	0.97049	0	0	0	892,182	0	0	0	892,182	0
INCOLM	213,605	892,182	892,182	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
YOM	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
MINERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
YE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
PERISHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
STOREY	312,706	854,795	854,795	0	0.97049	52,291,582	0	52,291,582	52,291,582	(17,191,368)	0	0	52,291,582	(17,191,368)
WASHOE	53,881,905	69,482,950	0	53,881,905	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
WHITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	0	0	0	0	0	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	\$0

MINUTES OF THE
SENATE COMMITTEE ON TAXATION

Sixty-sixth Session
June 18, 1991

The Senate Committee on Taxation was called to order by Chairman Bob Coffin, at 2:45 p.m., on Tuesday, June 18, 1991, in Room 231 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Bob Coffin, Chairman
Senator Ronald V. Cook, Vice Chairman
Senator Joseph M. Neal, Jr.
Senator Ernest E. Adler
Senator Ann O'Connell
Senator Virgil M. Getto

COMMITTEE MEMBERS ABSENT:

Senator R. Hal Smith (Excused)

GUEST LEGISLATORS PRESENT:

Senator William J. Raggio
Assemblyman Joseph M. McGinness
Assemblyman John C. Carpenter

STAFF MEMBERS PRESENT:

Kevin Welsh, Deputy Fiscal Analyst
Deborah Riggs, Committee Secretary

OTHERS PRESENT:

John P. Comeaux, Executive Director, Nevada Department of Taxation
Janice A. Wright, Deputy Executive Director, Local Government Finance, Nevada Department of Taxation
Dave Purcell, Chief, Division of Assessment Standards, Nevada Department of Taxation
Mark Scofield, Assistant County Assessor, Clark County
Guy Hobbs, Controller, Clark County
Cyril Schank, Chairman, Churchill County Commissioners
Bjorn Selinder, County Manager, Churchill County
James Regan, Commissioner, Churchill County
James Carter, Commissioner, Churchill County
Mary Walker, Director, Administrative Services, Carson City
John Berkich, City Manager, Carson City
Roy Neighbors, Acting County Manager, Nye County

Senator Coffin called the meeting to order and opened the hearing on Assembly Bill (A.B.) 104. Senator Coffin indicated this was a continuation of the testimony on A.B. 104, even though the bill was not in the committee's possession, to expedite the legislative session. He said he hoped the bill would come to the committee in the next few days, fully amended, at which time a third, and perhaps final, hearing would be held. Senator Coffin said the committee needed to hear from those persons most skilled

in understanding the subject of valuing property, to determine the validity of allegations of under-assessment by Clark County, causing an excessive distribution of taxes to Washoe County.

A.B. 104: Makes various changes relating to taxation.

Senator William J. Raggio testified on A.B. 104 and stated there probably is no right or wrong on this issue. One of the difficulties is the focus on only one particular distribution of revenue, the basic city-county relief tax and the supplemental city-county relief tax. There ought to probably be a complete analysis of all of the distribution of state revenues. As an example, in the Distributed School Fund, Washoe County is the lowest county (other than Eureka, which is deemed a very wealthy county) in point of receiving per-pupil distribution, an inequity of over \$21 million between Clark County and Washoe County. This difference is due to the method or formula, predicated on the assessed valuation of the county. If a county under-assessed its valuation, the under-assessment has a direct impact on many related issues. There needs to be a review of the method of assessment and what part that has played in creating the "fair share issue." One of the areas that he has been incapable of understanding in the "fair share" distribution has been the impact of inappropriate assessment and reporting errors by several counties. Washoe County discovered its own mistake, and acknowledged that. Then after review, it was determined other counties, including Clark County, had made the same error. Because of another error in under-assessment, the error in Clark County had no real impact. But Senator Raggio said he and others in Washoe County have difficulty in understanding how two errors make it right. He said Washoe County is, unfortunately, not represented on the Senate Committee on Taxation. He appealed to the members to rise above their own sectionalism to make certain the final decision is appropriate and right, and not be the result of campaign rhetoric or frenzy caused by reports in the media. If a formula is going to be changed, Senator Raggio requested that it is not done in a punitive manner, but the transition be done in a way for the county to withstand any impact. Washoe County is faced with closing the main library, due to projected figures. The "best" amount suggested in "fair share" is \$13 million, which represents 10 percent or more of the whole Washoe County budget. It is a very important matter to the residents there. Whatever the outcome is, Senator Raggio asked, that it be something everyone can say to themselves is right, and not cause a rift that will divide this state for years to come. He appealed to the committee to look into the under-assessment and the impact it has on all formulas for distribution of revenue.

Senator Coffin commented the committee would do the best they can

to be fair to all concerned. A continuous dialogue will take place up until the last moment of the legislature, and stated Senator Raggio would be included in that dialogue.

Senator Raggio explained this was structured in 1982 as a fairness issue, to keep counties like Washoe, and others, who were losing revenue because of the caps, whole. If the reason for that is changed, it should be looked at in that manner. It was equal to everyone at that point in time. The calculation made on the origin of sales, as applied to Washoe County, has made a distinct difference in the Local School Support Tax distribution and Supplemental City-County Relief Tax. The Basic City-County Relief Tax, credited at the point of delivery, is a big issue of some \$7 to \$10 million.

Senator Raggio distributed copies of newspaper editorial columns from the various newspaper in the state (Exhibits C, D, E, and F) for committee member's review.

Senators Neal, Adler, and Getto discussed with Senator Raggio his testimony and reiterated his comments regarding A.B. 104.

Senator Coffin asked John P. Comeaux, Executive Director, Nevada Department of Taxation, to come forward. Senator Coffin asked Mr. Comeaux:

Is under-assessment in Clark County a compensating factor for the difference in these values that have been calculated so far, in terms of the payback, as has been discussed by the assembly committee? Does it enter into the re-basing? Is it something new, or has it been seen before.

Mr. Comeaux replied:

The terms under-assessed or under-valuation, is that an offset to the error that Washoe County made? The best answer I can give you is that it could be. We don't have the information to make that determination. We got involved in this payback controversy early on. We received some initial information on the effect of the over-statement of the assessed valuation of Washoe County, then we got some information from Clark County. Later on in the process, but before we got into analyzing comparable numbers, we backed out of the process, because that's when the counties started meeting together. Again, it could offset it. It just depends. We don't have the numbers.

Senator Coffin asked:

There are various standards of assessment that are required to be met by the various assessors, and the [Nevada] Department of Taxation has some role not only in designing them but in checking to see if they are following them. Do you have anything that tells you they have not been following them?

Mr. Comeaux answered:

One of the things we are required to do by statute is conduct a ratio study. We look at a variety of things. The main thing we are concerned with is, we select a sample of properties, and our appraisers appraise those properties in accordance with the provisions of the law. We compare our value with the value the county came up with, to see if the ratio provided in the statute has been met. We also look at other things, too, such as general assessment practices. In 1989, for the 1990 tax year, we looked at a sample of new construction properties in Clark County to determine if Clark County was placing on the roll for July 1, the value of the new construction in existence on that date. Our sample indicated they had some problems in that area. We discussed it with them. They indicated to us they would make the necessary corrections, and as far as we know, they have. We will be looking at them again this summer in connection with our next ratio study and we will determine then if, in general, those problems have been corrected.

Senator Coffin inquired if Mr. Comeaux had any idea of the magnitude of the problem. Mr. Comeaux answered, he had none.

Senator Adler asked if it was correct that the payback is based upon all 16 other counties having done everything properly. Mr. Comeaux said he was not sure because he was not involved in the process that resulted in the numbers the committee was looking at.

Senator Adler inquired if the other 16 counties were audited. Mr. Comeaux replied:

When the Department of Taxation was first involved in this last summer, Janice [Wright, Deputy Executive Director, Local Government Finance, Nevada Department of Taxation] wrote to every assessor and outlined the kind of error Washoe County had made and invited all the assessors to look at their records and tell us if

they had the same kind of problem.

Senator Adler asked if they were just addressing that one category of errors. Mr. Comeaux said yes. Senator Adler further asked, if a county had made other types of errors, or offsetting errors, that would not have been accounted for. Mr. Comeaux agreed that was correct.

Senator Adler commented:

A formula of \$10 million had been arrived at, based upon no auditing, and only comparing one category of error among 17 counties, so do we really even know if Washoe County owes any money based upon that error factor.

Mr. Comeaux replied, "I am not sure because my department was not involved in coming up with that \$10 million figure. So we are not sure what's included in there and what's not."

Senator Adler said, "So that \$10 million is just somebody's rough estimate. It's not based upon any auditing practice that we know of." Mr. Comeaux answered, "Not that I know of, but I'm sure the counties involved in coming up with that number can answer that question more authoritatively than I can."

Senator Cook commented:

It seems to me we are talking about three things. The first thing is the Supplemental City-County Relief Tax (SCCRT) and how that's distributed. The way it's been distributed since the original formula was set up, Washoe County has been receiving way more money back than it's been collecting in sales tax. That is the issue of 'fair share.' Whereas, some of the other counties, Clark and some of the smaller counties, have been what's been called donor counties. Where they don't receive back as much as they collect. So whether or not Washoe County or Clark County or some of the other counties have received too much or too little, they have all received accurately what they were supposed to receive under the formula.

Mr. Comeaux answered, "As far as we know."

Senator Cook continued:

The second thing, there was an error committed by the Washoe County assessor which resulted in this \$10 million excess amount of money that went to Washoe

County. The third item has to do with the Distributed School Fund. This fund is based upon various assessments. It has been alleged that Clark County received too much of its money because it under-valued its assessments.

Mr. Comeaux said, "That I can't respond to. That's a new one on me. The Department of Administration, I believe, handles that Distributed School Fund."

Senator Cook said he wanted to know factually what is going on with that issue, as it is one of the issues being pushed, regarding unfair treatment to Washoe County.

Senator Cook asked about problems in general. He inquired:

When you go out and audit, and check to see if the counties are assessing properly, in the last 10 years, have all the counties been perfect except for this one time.

Mr. Comeaux said, "Absolutely not."

Senator Cook said, "So you always tend to find errors."

Mr. Comeaux answered, "Always."

Senator Cook concluded:

So it's not one county having errors that other counties don't have. They all tend to have errors. And you find the problems, you give them the information. Part of the service you provide is gathering that information to enable them to make sure they are doing their job properly. Has it seemed to you the errors in Clark County are a lot different than they are anywhere else, or generally is it the same from year-to-year.

Mr. Comeaux explained, "We run into the same kinds of problems everywhere. It is a complicated process, especially in a fast growth area. It gets almost impossible sometimes."

Senator Cook queried, "So to the best of your knowledge, there was no ripping off, having to do with these assessments, having to do with the way property is being assessed."

Mr. Comeaux answered, "No."

Senator Coffin followed up on Senator Cook's comments and explained the editorial and article to which he was referring.

Senator Coffin asked, "Have you found a systematic, or in any way, consistent pattern, on the part of Clark County to under-value its properties, at any time now or in the past 10 years."

Mr. Comeaux answered:

We have had people call us and make that statement. Our sample in Clark County is still a very small one compared to all the parcels in Clark County. But we do, from the number standpoint, [have] a large sample there. We never found any evidence there is a pattern of under-evaluation on any kind of property.

Senator O'Connell asked:

Perry [Comeaux], to help us put this in perspective, it is my understanding when the problem was identified, we found out that property assessments were not being done uniformly throughout the state. For the most part, assessors in different counties did not have the same way of interpreting the formula. Is that correct?

Mr. Comeaux answered, "I believe so."

Senator O'Connell continued, "Have we now addressed that problem and is it being taken care of where everybody is going to be doing this on a uniform basis."

Mr. Comeaux said, "I hope so. I'd like to ask Janice [Wright] to give you a little background on that."

Janice A. Wright, Deputy Executive Director, Local Government Finance, Nevada Department of Taxation, said she has helped through workshops with the assessors, to accurately report assessed valuation of property. That report becomes the basis for calculating the tax formulas. In the interim, after the 1989 session of the legislature, subcommittees examined portions of these problems. It is the desire of the Nevada Department of Taxation to write instructions to include all possible examples and exceptions. It is the opinion of the Nevada Department of Taxation that the assessors now have a fairly good understanding on how to accurately fill out the segregation reports.

Senator O'Connell clarified Mr. Comeaux's earlier comment about Clark County not placing the new construction on the property tax rolls and that the Nevada Department of Taxation discovered this, they were not aware of it. Mr. Comeaux said that is correct. He said part of the problem was in interpretation in how that partially-completed construction was treated at the roll date.

Senator O'Connell asked what the treatment of a partial-construction project is presently.

Dave Purcell, Chief, Division of Assessment Standards, Nevada Department of Taxation, explained through the past years we have dealt with this issue in all 17 counties. After the roll closes in December for the secured valuation of the property, any additional construction that could be there on the lien date (the following July) should be valued and placed on the unsecured roll. Some of the counties were waiting for the improvement to be 100 percent complete before it was put on the tax roll.

Senator O'Connell asked when a problem or oversight is identified, is there a time period in which to correct the oversight, and is there a process to check back to insure it is done. Mr. Purcell answered the Nevada Department of Taxation had come to an agreement with the assessors, that through the reappraisal cycle, some of these situations could be corrected as they reappraise the property. By statute, one-fifth of the property is valued each year and the other four-fifths is factored. We look at how large the problem is and if it needs to be fixed rapidly. Regarding monitoring this, findings are presented to the Nevada Tax Commission each year in May. It is up to the commission to make that decision. If they think it is something the county needs to correct immediately, they could direct the county commissions to take that under consideration.

Senator O'Connell asked for an explanation of the two errors committed by Clark County and how one corrected the other. Mr. Purcell said from his perspective, the incorrect valuing of partial construction was one error but he could not comment on the second one because he was not involved in it. Mr. Comeaux answered Clark County possibly made the same kind of error Washoe County did, double reporting of some new construction value. That was offset by this failure to include the partially-completed construction on the roll. The information received from Clark County initially, at the early stages, was an offsetting effect, but we never really found out, because the counties began working together to resolve the issue.

Senator Cook asked if the Nevada Department of Taxation was asked to be present at the committee meeting for show, as the Washoe County papers reported that morning. Mr. Comeaux said, "Absolutely not. We feel our role is to provide the legislature with any information we have that you might be interested in. We don't have opinions. The policy decisions are yours to make."

Senator Cook asked if the differences, excluding the \$10 million, in assessed valuations across the state in the last 10-year period are material. Mr. Comeaux said over time it all washes

out.

Senator Adler asked about the calculation of the payback due to various errors over the years. Mr. Comeaux said a payback could be calculated based on information available, and that would not guarantee the whole problem could be fixed. Senator Adler asked about past assessment errors by other counties, and if they were ever required to put money back into the state funds or pay a penalty. Mr. Comeaux said he was not aware of any. Senator Adler asked if it is known if other counties have made errors of equal magnitude. Mr. Comeaux said it is not known.

Mark Scofield, Assistant County Assessor, Clark County, spoke on A.B. 104 and distributed packets of information provided to the Assembly Committee on Taxation (Exhibits G and H). Mr. Scofield explained what happened in Clark County as it related to projecting the segregation reports.

Senator Coffin asked what happens when it is under-projected. Mr. Scofield said the county loses the SCCRT revenue that would ordinarily be generated until the following year. Mr. Scofield testified Washoe County contends Clark County should not have been allowed to take the residual from what was actual versus what was projected, and roll that over the following year. If that were to be the case, Clark County would never have been able to receive the proceeds from SCCRT, that was rightly theirs.

Senator O'Connell referred to Exhibit E and asked Mr. Scofield to comment on the statement that Clark County residents had to pay a higher property tax rate in order to make up for the under-assessment. Mr. Scofield said that is not the case. It did not occur and has never been reflected in any ratio study. He said the under-projections and under-assessments are two separate issues. The assessment process has nothing to do with projecting the new construction or the segregation reports.

Senator Getto asked for an explanation of the difference. Mr. Scofield said the difference is that projections assess value that has not materialized yet. The actual assessed value would not be reflected for 6 months after the time of projection. It was not the intent of the assessor to harm the various local governments in Clark County or to violate Nevada Revised Statutes in under-appraised property. When deficiencies were pointed out, Clark County moved expeditiously to make corrections.

Senator Coffin referred to the newspaper editorial (Exhibit F) which stated Clark County broke the law, and asked if that was the case. Mr. Scofield said:

Of course not. As Mr. Comeaux indicated, by the sheer

fact we were unable to pick up partial-completed improvements, technically the statute had not been followed appropriately. I don't think I'd go so far to characterize it as breaking the law. I don't know where that came from.

Senator Adler asked about the figures on re-basing, as they seemed to be accurate. Mr. Scofield said he had nothing to do with calculating the figures and referred the question to Mr. Hobbs. Senator Adler asked about the calculation of the payback being very speculative.

Guy Hobbs, Controller, Clark County, explained the numbers relative to the payback are calculated by a deterministic formula. Every effort was made to be comparing apples to apples all the way through the process in producing the numbers. Mr. Hobbs offered to provide the committee with the extensive calculation used to arrive at the payback number. The dispute on the validity of that number just came up 2 to 3 weeks ago. It is a deterministic calculation and is not a rough estimate.

Senator Adler commented, the figure was arrived at by comparing Washoe and Clark Counties and asked about factoring in the other counties. Mr. Hobbs replied, he understood the Nevada Department of Taxation sent letters to each county assessor, and only two out of the 17 responded. That information was run through the formula and the \$10.1 million figure was the result.

Senator Cook asked why six counties gave up \$9 million in phase-in. Mr. Hobbs replied that was the will of the Assembly Committee on Taxation. It provided a relief mechanism for the substantial impact this would impose on Washoe County to provide a 2-year phase-in of the redistribution formula, a 3-year payback, and a waiving of the interest originally called for on the \$10.1 million.

Senator Coffin called a recess. The committee reconvened at 4:30 p.m.

Assemblyman Joseph M. McGinness testified on A.B. 104 from prepared testimony (Exhibit I). Mr. McGinness offered the figures representing SCCRT distribution versus revenues generated at point of origin in Churchill County (Exhibit J) which calculates a loss of \$4.58 million since 1981.

Senator Cook asked if Mr. McGinness would be happy with the original Clark County proposal where they got 97 percent back. Mr. McGinness said yes. None of the rural county currently exporting felt they should become an importer of the taxes.

Cyril Schank, Chairman, Churchill County Commissioners, spoke in favor of the original Clark County proposal. Mr. Schank said he has been a member of the Churchill County Commission for 5 years, and was here to talk good common sense. He felt the rural counties would be forgotten, when Washoe and Clark Counties settle. Mr. Schank said for 10 years the rural counties have not been treated fairly. Mr. Schank appealed to the good judgement of the committee members to straighten out this inequity.

Senator O'Connell commented to Mr. Schank to not sell the senate short.

Senator Cook said Churchill County is out \$9.84 million in accumulated funds in the past 11 years. Clark County is out \$102 million since 1981.

Bjorn Selinder, County Manager, Churchill County, expressed support for the original version of A.B. 104. In 1989, the legislature recognized there were inequities relative to a number of counties. The formula was re-based slightly to provide for a greater amount of revenue for those counties. The proposed amendments to A.B. 104 would take away those gains, and Mr. Selinder said they support the original Clark County bill.

James Regan, Commissioner, Churchill County, concurred with the comments of the previous speakers.

James Carter, Commissioner, Churchill County, referred to Exhibit J, distributed by Assemblyman McGinness, and said the average loss to Churchill County was 30 percent, with a return of 70 percent. We would like to have that rectified, and are not asking for a payback.

Assemblyman John C. Carpenter spoke on A.B. 104. Mr. Carpenter said the "fair" has been taken out of "fair share" to the rural counties, as they are being asked to pay \$4 million. It is going to be very hard to do that. Mr. Carpenter explained the financial situation of Elko county. In Elko county, the mines that employ the people are in another county. Therefore, Elko County does not have the tax base of those mines contributing to the problems. The population of Elko County has doubled in the last 5 years, but the county has increased its staff only 8 to 10 percent. Elko County is down to bare bones for basic services. When this first started, Elko was only getting back 80 percent, but as a conservative county, they could get by. But now, with the increased population, and without the tax base of the mines, Elko County is running to the end of their rope. Assemblyman Carpenter asked for understanding of the committee that "fair share" would be fair.

Senator Getto asked if the residents of Elko are up to the maximum allowable on their taxes. Mr. Carpenter said:

I don't think they are, because we started out way low. In 1980, when this was put in, we had the lowest tax rate of any county in the state. So we started out low and remained low because of the caps that were put on us. We are the third highest in school construction rate, we have a 70 cent there. We are doing our part. When we built the new jail, I had to get special permission from the legislature to raise money to staff that jail. In addition to this \$4 million that we're paying, we're going to be paying another \$800,000 amongst all five rural counties to help our other neighbors stay whole. That's the 97 percent [figure]. We will be paying 3 percent, the same as Clark County (they will be paying \$5 million) and us other five will be paying another \$800,000 to keep our neighbors whole. We are glad to do that, but we think the other deal is really punitive.

Senator Getto clarified his question to Mr. Carpenter and said he meant to ask if Elko County is at the maximum allowable, where if they need more tax they would have to go back to the people. Mr. Carpenter said, yes, under the present formula, they are at the maximum.

Senator Cook asked if they were happy with the Clark County proposal as it was. Mr. Carpenter answered they thought it was fair, and was happy doing their part to help phase Washoe County in. The Washoe adjustment formula is the one they are opposed to (the \$4 million over the 3 percent).

Mary Walker, Director, Administrative Services, Carson City, said during the last 10 years Carson City has exported \$15 million, primarily to Washoe County. Churchill County and Carson City not only export sales tax dollars, but also customers, to Washoe County because they are so close in proximity. A study recently completed showed \$28 million in customer sales from Carson City were made in Washoe County, and Washoe County gets credit for that. Carson City has gone through severe financial hardship in past 10 years. Ms. Walker explained the financial difficulties Carson City has had in the past decade. Ms. Walker expressed support of the original Clark County formula, but not the new amendment, which takes an additional \$4 million from the rural counties. She said there was no justification for smaller, poorer rural communities to export sales tax dollars to a larger urban area, particularly when they also get our customers.

Senator Coffin asked:

Some time back we discussed this. You had actually gone over to the state tax department to look at the numbers. You particularly paid attention to the difference between Washoe and Clark. Did you get the impression that something was wrong.

Ms. Walker answered:

Absolutely, sir. In fact what was appearing, every year, the exportation to Washoe County was getting worse and worse. That was confirmed also in discussions I've had with John Sherman who has stated he has run some projections, in the future, if they stayed with current formula. His comment was, 'If you saw what we saw with what the current formula would do in the future, it would scare you to death.' That's one of the reasons I think Washoe County was willing to look at changing the formula, because they also saw that every year it was getting worse and worse. Seventeen million dollars is a big hit, on an annual basis. But what you have to remember is \$15 million of that is to take away the exportation.

Senator Coffin asked if Ms. Walker ever got the idea that somehow Clark County was intentionally doing something wrong.

Mr. Walker replied:

No, not at all. We are all victims, if you will, of a formula that is very complex. No one in the state really understood how it worked in each particular entity. Things just went awry. No one, even from the very beginning, figured a larger urban area was going to import sales tax dollars. If people had thought that was the ultimate outcome of this, I don't think we would have gone with the formula. That was not the intent. Part of the intent was to give back money to the rurals and to make them whole, but never the reverse. I think it was just the formula.

John Berkich, City Manager, Carson City, added his position on behalf of Carson City was best expressed by Assemblyman Myrna Williams who testified Saturday. She said, if we are trying to make this fair, make it fair for everyone. That best summarized where we are. Mr. Berkich said he believes Carson City needs a plan based on defined methodology, one which treats the counties, both urban and rural, consistently and fairly. For that reason, he supports the original Clark County plan, and would

look at a phase-in for Washoe County.

Senator Getto asked about a rural plan that was proposed and asked Ms. Walker to explain it.

Ms. Walker replied:

What we saw was a war between the north and the south. Bob Hadfield and I had gotten together and talked about some rural concessions. I went back and took a look at what the rurals were actually budgeted for per[taining to] the [Nevada] Department of Taxation, and what they were going to get under the Clark [County] plan. Under the Clark [County] plan, they had a \$2.5 million elimination of that emergency reserve fund. That reserve fund was going to be distributed to all the local governments. What I did, if the rural were going to make some concessions, was we tried to make a good faith effort to step forward to try to solve this war, to help in that regard. What the formula did was take the \$2.5 million emergency distribution that was going to go to the rural, took that away from them so that they remained whole to what they were budgeting. It took an additional amount from Churchill, Elko, Carson, and Humboldt. What we were looking at, we would be willing to go ahead and have a compromise to where Washoe County remained at 100 percent. We felt that if the legislature was asking rurals to export more in order for Washoe County to import, that's where we drew the line.

Senator Getto asked if the proposal of distribution of the emergency relief fund was still alive. Ms. Walker said it is in the original Clark County plan and that is part of the distribution back to the rural counties.

Senator Cook asked Ms. Walker about figures in her original testimony. Senator Cook reiterated that during the first 4 years of the plan, Washoe County was importing \$4.4 million each year on an average, and during the last 4 years, \$16.6 million; a 400 percent increase in the amount they imported. This covered the years of 1981 to 1985 and 1988 to 1992. Over \$12 million a year more than when originally set up. Ms. Walker agreed those figures were correct.

Roy Neighbors, Acting County Manager, Nye County, testified on A.B. 104. Mr. Neighbors reminded the committee the rural counties will contribute over \$100 million in the next 2 years to the state budget. They are contributing. The rural counties need some help. Mr. Neighbors said Nye County would testify on A.B. 104

when it came over from the assembly.

Senator Adler asked Ms. Walker:

Under the amended Washoe plan, we have certain rural counties continuing to give money to Washoe County under the distribution formula, and that goes on forever. Those are flat amounts of sales tax. They do not fluctuate up or down.

Ms. Walker replied:


Under the current amendment, that is correct. However, we did receive from Washoe County today another proposal they are taking to the assembly taxation committee. We were to hear it today. In that, Washoe County would like to propose another amendment which would take that from a flat dollar amount into an actual percentage. In doing that, calculated out, with a 6 percent growth rate, we would go from a \$4 million hit from the rurals to Washoe County, up to \$5 million within the fifth year.

Senator Adler asked if that is triggered to the growth rate in Washoe County. Ms. Walker explained it is triggered by the amount of money generated in sales tax in Washoe County, 7.4 percent of the total sales tax. As that grows, and the average is 5 to 7 percent, the rural counties would be paying 7.4 percent based upon that growth. Ms. Walker agreed with Senator Adler that the new amendment is much worse than the original amendment.

Senator Adler asked if that solves the problem. Ms. Walker said there are major problems with that. The cleanest way is the original Clark County proposal, even with an extensive phase-in.

There being no further business, Chairman Coffin adjourned the meeting at 5:15 p.m.

RESPECTFULLY SUBMITTED:


Theresa A. Fox,
Committee Secretary

APPROVED BY:

Senator Bob Coffin, Chairman

DATE: _____

Opinion 2 nm W

Rural counties getting the shaft in fair-share deal

Lost amid the debate and acrimony surrounding the fair-share debate, Nevada's rural counties cry that an Assembly proposal to distribute sales tax revenue gives them the shaft. They are right.

The deal struck by Assemblyman Matt Callister, a Las Vegas Democrat, stinks. Yes, Clark County gets more money. Yes, Washoe County's excessive helping from the state trough has been cut back. But what's fair about a system under which rich Washoe County gets back a \$1.04 for every \$1 it collects in sales taxes, while Elko County gets back 80 cents, Carson City County 89 cents, Churchill County 72 cents and Humboldt County 75 cents?

Rural legislators are right when they complain the deal takes the pain of least political resistance by sticking it to the cow counties. "It's a dirty deal," said Assemblyman John Carpenter of Elko. "Rural people have no political power, so they do this to us."

For years, urban Washoe County, with the aid of politically astute advocates in the legislature, lived off the rest of the state, taking in almost \$90 million since 1981 in sales taxes generated elsewhere. The fair-share issue was raised to spur action righting that inequity. In its original form, Assembly Bill 104 would have shifted more than \$17 million a year from tax-importing Washoe County to other areas of the state, including about \$9 million a year to Clark County. But an amendment approved last week in committee slashed Washoe's burden by \$4 million, taking the money by reducing the increases some rural counties would have received under the original bill. The full Assembly is expected to act on AB 104 today.

Clark County legislators, who control state government, should never sell out the politically weak rural counties to placate Washoe County. Instead, they should form an alliance with rural legislators and all other fair-minded lawmakers to see that once and for all "fair share" translates into just that — tax revenue fairly shared by all in the state.

The point of AB 104 as originally drafted wasn't to ensure only Clark County gets its fair share of tax dollars, it was to form a more equitable state tax distribution system for the entire state. Regrettably, that won't occur under AB 104 in its current form.

The richer, urban Nevada counties have an obligation to help their sparsely populated, poorer, rural counterparts. That Carson City, Elko and other rural counties will continue to subsidize Washoe County if AB 104 becomes law should embarrass all — especially Clark County legislators who should know what it feels like to get the tax shaft by Washoe.



Let
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Editorial

SCCRT — Stand up for fairness

Over the last 5 years, we have in this space frequently brought up the need for fairness in the state's formula for distributing sales taxes to the various counties.

Once Carson City, Clark and Elko county officials woke up to the fact that their counties were losing SCCRT (Supplemental City and County Relief Tax) tax funds to richer Washoe County, lawmakers from those areas started clamoring for a change.

It wasn't to happen in the 1989 session because powerful Washoe legislative leaders refused to allow any changes in the formula.

But earlier this year, the momentum of this "fair share" taxation issue finally took off. Lawmakers from the various counties which were exporting sales tax monies got together. With the power of the Clark County delegation behind them, it appeared a "fair share" formula would easily pass.

Then something ugly happened.

Clark and Washoe county lawmakers, who it appeared only weeks earlier had been at each other's throats over the SCCRT bill, made a deal.

And the deal was to screw the rural counties, including Carson City.

The Assembly Taxation Committee last week approved a "fair share" bill that is anything but fair. It cuts more than a half a million dollars from the amount that Carson City should receive. It also cuts millions from the SCCRT funds that Nevada's rural counties should receive.

Carson City can survive the deal. It might not be able to use the money for any huge projects, like a new jail or district court building, but the city isn't likely to go out of

business as a result of this unfair Clark-Washoe alliance. Some of the rural counties, however, are in dire economic straits. The SCCRT money taken away from them by the committee's action is absolutely crucial for their survival.

Members of the Assembly, who will consider the revised fair share bill this week, and members of the Senate, who got their first look at the bill Saturday and will deal with it further this week, should consider the rurals' needs when they examine this flawed piece of legislation.

But more than that, they should carefully consider the terrible signal such a politicized move sends to their constituents.

Fairness is fine if you have enough votes to back you up. Otherwise, it's everyone for himself at the Legislature.

If the Senate — usually the more careful, more experienced, and more conservative body — does not make sure the rural counties are given ample sales tax monies, and if the newcomers in the Assembly — many of them are from Clark County and campaigned on ethical government — don't listen to their consciences, then the Legislature will be telling everyone that politics is more important than fairness.

The proposed SCCRT distribution formula and the unfairness it would perpetuate can not be allowed in Nevada.

It's time for the ethical members of our Legislature to stand up for Nevada's rural counties — and for fairness in government.

Nevada Appeal editorials are the opinions of the newspaper's editorial board. All other opinions expressed on the Opinion page are those of the artist or author indicated.

If Clark County was ripped off, you can blame its own assessor

The more that one investigates the "Fair Share" issue, the more one is drawn to an inescapable conclusion:

If Clark County taxpayers have been shafted, it was not primarily by Washoe County. They were shafted by their own assessor.

Of course, Clark legislators insist that the state sales tax has not been distributed fairly, that Washoe has been stealing from Clark for years, and that Washoe now must repay Clark for that thievery. It does not matter to them that the formula was set up — fairly — under the 1981 tax shift that replaced part of the property tax with a sales tax. It does not matter to them that Clark legislators controlled the key committees in 1981.

And, quite clearly, it does not matter to them that if Clark lost tax money that it deserved, a good deal of that loss came because the Clark assessor failed to keep the tax rolls up to date.

But it should matter, because that is precisely what happened. The state Department of Taxation confirms that the assessor was not placing new construction on the property tax rolls, as required by law. This cost Clark County much property-tax money that it sorely needed to deal with runaway growth.

But the failure to quickly place new construction on the rolls also cost Clark a considerable amount of state sales tax money. The reason: The sales tax is distributed to the counties based upon their assessed valuation.

As a result, Clark residents had to pay higher property taxes to make up the difference.

This newspaper cannot arrive at a precise figure for the amount of property that was not assessed, or for the amount of money that Clark might have lost. The state does not have those figures, and Clark County isn't talking. This newspaper has made repeated calls to the Clark County Assessor's Office, and the calls have not been returned. Washoe County officials and other interested northern Nevadans report the same closed door. The assessor and his staff have been stonewalling for weeks, and are still stonewalling.

They are also stonewalling on the issue of double reporting. Washoe County has already admitted making

OUR VIEW

LOST A LOT OF MONEY

- **New construction** not reported in a timely manner.
- **Made same double reporting error** as Washoe did.
- **Yet Clark lawmakers** ignore all of this.

a serious blunder in this regard. Washoe reported new construction twice on the same roll. Washoe reported it once as partially completed construction and once as completed construction. Thus, the county reported more assessed value than it had. Under the distribution formula, this brought more sales tax money to Washoe than it deserved. Clark legislators insist that Washoe repay that money.

But the Department of Taxation now supports Washoe County's claim that Clark was also reporting new construction twice (when Clark was reporting it at all, of course). This is the department's conclusion after reading Clark's response to a special report on assessment errors. Washoe estimates this double counting at \$2.6 million, but the Clark assessor isn't talking. And there is no word out of Clark legislators about Clark repaying the rest of the state for its errors.

Oh, to be sure, Taxation Chairman Bob Price, D-Las Vegas, is willing to let the Taxation Department look at Washoe and Clark records and make revisions before the 1993 Legislature. But in the meantime, the "Fair Share" tax "repayment" will be adopted, costing Washoe taxpayers millions of dollars. In other words, rape now and ask questions later.

The time to ask those questions is now. The time to be fair is now. The time to be honest is now. If Washoe should repay the excess sales tax it received from double reporting, then so should Clark, and so should any other county that did the same. And the whole thing should be wrapped up in one package.

Further, Washoe should not be made the scapegoat for the inefficiency of the Clark assessor.

If this "Fair Share" bill goes through as Clark insists, unfair and thoroughly biased, there is one hell of a taxpayers' lawsuit waiting.

FAIR SHARE DISPUTE

Clark broke state law, official says

■ **1990 study cited:**
County kept partially
completed building projects
off tax rolls too long.

By Mike Norris
GAZETTE-JOURNAL

Clark County violated state law by dragging its feet on assessments of new construction, a state tax administrator said Monday.

The comments by David Pursell, administrator of the Division of Assessment Standards, could bolster Washoe County's attempts to stop or reduce millions of dollars in tax losses to Clark County as part of a so-called fair share tax settlement now being considered by the Legislature.

Clark County financial administrators could not be reached for comment Monday, but spokesman Greg Ferraro said the county considers the tax official's arguments completely false.

Washoe County officials have argued that the county should not be held accountable for mistakes made in Clark County's assessments, even if Washoe County itself also committed some of the same errors.

In related developments, Washoe County officials:

■ Are considering legal action to stop a \$10 million tax error repayment they say would require increases in local taxes and reductions in county services.

■ Told about 400 employees Monday that layoffs would be a last resort in efforts to deal with the revenue losses.

Washoe County Manager John MacIntyre said through a spokesman that Pursell's com-

ments confirmed there's confusion about the payback issue. "And I want to emphasize it is important for the Senate and the full Legislature to consider all the issues in this bill."

Pursell cited a 1990 study that showed Clark County had undervalued properties within its jurisdiction. The result was that over the past decade the nation's fastest-growing county received less state sales tax revenue than it should have, and its residents have had to pay higher property taxes to make up the difference.

Asked if that meant Washoe County correctly conducted that part of assessments and Clark County did it incorrectly, Pursell said, "In our opinion, yes."

In addition, Deputy Taxation Director Janice Wright supports Washoe County's contention that Clark County also had doubled-dipped into sales tax funds by assessing some new projects twice. Washoe County already admitted doing that.

The issue of legal violations raises the ante in the fair-share debate by posing the possibility of judicial recourse. "We're looking at it," said Assistant County Administrator Bob Jasper.

But Washoe County has placed most of its hopes for significant revisions in the bill in the state Senate, where the first hearing on the issue is scheduled to begin at 2 p.m. today.

Taxation Committee Chairman Bob Coffin, D-Las Vegas, said he may invite the two tax administrators to testify before the Legislature, if it's something material.

But Washoe County legislators were skeptical. "It'll be for show only," said Senate Minority Leader Bill Raggio, R-Reno.

■ **Other legislation:** Senate Bill 51 gives UNR cops expanded jurisdiction. **3B**



clark county assessor's office

309 SOUTH THIRD STREET • LAS VEGAS, NEVADA 89155
(702) 455-3891



JEAN E. DUTTON, County Assessor

MARK W. SCHOFIELD, Assistant County Assessor

April 17, 1991

Myrna Williams
Assembly Taxation
401 S. Carson St.
Carson City, NV 89710

Dear Assemblywoman Williams:

Regarding new construction procedures and activity in Clark County, this letter and the attached material are presented for your information and review.

In the reporting methods employed by Clark County in prior years, the majority of new construction values appeared the following year on the Secured Segregation Report rather than in the actual construction year on the Unsecured Segregation Report. We elected to report in this fashion because of our concern for the impact that value estimates could have on local budget entities who rely on value for determining revenue generation. As you can well understand, if our estimated figures happen to be too high, the expected revenue would never materialize. As the reporting method currently stands, the assessors in all seventeen counties are expected to estimate the amount of new construction anticipated in their respective counties six months prior to that construction taking place. What further complicates this procedure is the requirement to also calculate the percentage of completion of the new construction in that time frame.

It should be noted that just because the actual new construction tally does not appear on the Unsecured Segregation Report, this does not mean that the new construction was not assessed in the appropriate time frame. The example provided on the following page reflects the amount of new construction estimated for the fiscal year 1990-91 as opposed to the actual assessment of new construction billed as unsecured real property:

EXHIBIT G

*1. ESTIMATED UNSECURED
NEW CONSTRUCTION

75,466,730

**2. ACTUAL UNSECURED
NEW CONSTRUCTION

658,132,048

*1. The assessed value of new construction estimated in
January, 1990.

**2. The assessed value of new construction actually billed
in July, 1990.

As denoted above, there was a tremendous disparity between what was estimated and what was actual. The actual unsecured new construction assessed value of \$658,132,048 represents \$1,880,377,280 in taxable new improvement value that occurred on 11,541 parcels of land. We believe these figures reflect our diligence in adding new construction to the tax rolls. Unfortunately, we have not been as adept in estimating new construction values in advance of that construction taking place.

We feel it would be beneficial if the requirement to estimate new construction was removed from the realm of the assessors' responsibilities. In place of estimates, allow the assessors to report actual new construction assessed values on the following year's Secured Segregation Report. This would provide a more realistic accounting of new construction. This would also eliminate the confusion caused by having new real property values reported on both the Secured and Unsecured Segregation Reports.

Additionally, if the thrust of the Legislature is to generate more revenue from property taxes, then consideration must be given to a change in assessment methodology. It appears that the focus is on uniformity in methods of assessment. However, as current Department of Taxation ratio studies indicate, there are few problems with uniformity throughout the state, with an exception being the assessment of new construction. Even that exception has been misrepresented as a major factor creating a loss of revenue, when, in fact, it has been a negligible contributor to the problem.

Relative to the burgeoning growth in Clark County, I am pleased to comment on those developments facilitating our efforts to keep abreast with this growth. With the new positions approved for our 1991-92 budget, we will once again realize the staffing level we had back in 1975. This staffing increase coupled with our advances in appraisal technology will enable our office to maintain the grueling pace necessary to keep up with this explosive growth.

Assemblywoman Williams
Page 3

I hope this information will be of help to you. If I can provide additional assistance, please do not hesitate to contact me.

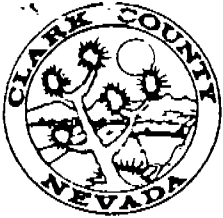
Sincerely,

A handwritten signature in cursive script, appearing to read "Mark".

Mark W. Schofield
Assistant Clark County Assessor

MWS/kk

Attachments



clark county assessor's office

309 SOUTH THIRD STREET • LAS VEGAS, NEVADA 89155
(702) 455-3891



JEAN E. DUTTON, County Assessor

MARK W. SCHOFIELD, Assistant County Assessor

March 25, 1991

Phil Stout
401 S. Carson St.
Carson City, NV 89710

Dear Assemblyman Stout:

In Assembly Taxation on March 21, you raised several questions regarding the assessment practices of the Clark County Assessor. I believe you were specifically interested in the Summerlin development and the valuation of major strip hotels.

Let me first address the Summerlin project. Your reference to the information provided to you prior to the meeting depicted only the portion of the Summa Corporation's acreage that is not subdivided nor scheduled for development for many years. As a matter of fact, if the water crisis situation continues in Clark County it may never be developed at all.

The more appropriate value comparison to the Lakes Development would be that portion of Summerlin that is either subdivided, scheduled to be subdivided or is currently in various stages of development. Those 560 acres range in value from \$125,000 per acre to \$20,000 per acre. The reason for the wide range in value varies from the stage of development that the acreage is in to the location of the acreage. To assume that property that is undeveloped nor currently scheduled to be subdivided holds the same value as contiguous property that is being developed defies all appraisal logic and methodology. The example that you were provided with was intentionally distorted or the provider is not cognizant of the elementary tenets of appraisal.

As it relates to the strip hotel valuations, you may wish to refer to the list of hotel valuations that this office has provided Chairman Price. It must be noted that all improvements are valued using the Marshall & Swift valuation guide as mandated by the State Department of Taxation. Often, there is no comparison between the owners' publicized cost and the cost derived from Marshall & Swift. The purpose for using Marshall & Swift on all improvements is to maintain equity in assessments.

Assemblyman Stout
Page 2

It might be beneficial for you to review the statutory history of Nevada's property assessment practices. The low property tax burden enjoyed by citizens and corporations alike was designed by the State Legislature in 1981 and is commonly referred to as the "Tax Shift". Because of the impending referendum, at that time, by Nevadans who believed that property taxes were excessive, the Legislature had little choice but to pass such measures.

Many of the allegations that Mr. Pinson continues to advance, have been reviewed by the Department of Taxation and subsequently found to be without merit. Mr. Pinson also brought a civil suit, based on these allegations, against the Clark County Assessor. That suit was dismissed for being frivolous. The presiding judge, in his order, stated that the "plaintiffs claim is surrounded by political overtones and was brought without reasonable ground and for the purpose of harassing the defendant".

I clearly understand the most difficult tasks that face the Legislature this session and I stand ready to assist in your deliberations on property assessment. Once again, let me extend an invitation to you to call me or visit our office in Clark County if you have any questions or concerns regarding our assessment practices. I feel confident that our mutual efforts to provide factual and informative data will ensure fair and equitable decisions for the people of Nevada.

Sincerely,



Mark W. Schofield
Assistant Clark County Assessor

MWS/kk

cc: Members of Legislative Taxation Committee
Senator Bob Coffin
Senator John Vergiels
Dave Pursell
Mike Alastuey
Dr. Brian Cram



clark county assessor's office

309 SOUTH THIRD STREET • LAS VEGAS, NEVADA 89155
(702) 455-3891



JEAN E. DUTTON, County Assessor

MARK W. SCHOFIELD, Assistant County Assessor

April 5, 1991

Bob Price
Chairman of Assembly Taxation
401 S. Carson St.
Carson City, NV 89710

Dear Chairman Price:

First let me take this opportunity to thank you for trying to clear up the various misconceptions about the property assessment practices of the Clark County Assessor's Office.

You requested a delineation of major hotel properties by assessed valuation rather than taxable values that you were provided with just recently. In attachment #1, I have provided you with both taxable and assessed values for each property. During our discussion you indicated a desire to see how Marshall & Swift treated the valuation of the major strip hotels.

As you are aware, we are mandated by Nevada Administrative Code to use the Marshall & Swift valuation guide. We find, as do other assessors in Nevada, that major properties often have unique amenities that are not spoken for in Marshall & Swift. When that occurs, we try to incorporate those amenities into the cost of replacement by either increasing the cost rank of the building or finding add-ons that are provided for in Marshall & Swift.

Regardless of the methods we employ, sometimes it is virtually impossible to arrive at the owner's actual cost of replacement, especially if the owner was not prudent and spared no cost. If we were to use the owner's actual replacement cost, we would be violating the Nevada Revised Statutes as they relate to the assessment of improvements on real property. Also we would certainly feel the wrath of the Department of Taxation as our ratio study would fall out of the appropriate range.

Chairman Price
Page 2

In attachment #2, I have provided for you a comparative analysis of several major hotel casino properties. This will give you just a small sample of differences in value that occur depending upon the type of construction and year of construction represented by these various properties. It should be noted that these costs indicate the value of replacement at the time these properties were reappraised as determined by Marshall and Swift plus any improvement factor.

In attachment #3, I have attached Marshall & Swift's replacement costs per square foot depending upon class and type of structure just for comparison purposes. I believe that you will find that we are well within the appropriate tolerance based upon the class of the building and the quality.

Additionally you should be made aware of the fact that we are currently being sued by the Imperial Palace because they feel that Marshall & Swift's replacement cost is too high compared to their actual replacement cost. Therein lies the reason for using Marshall & Swift. It standardizes replacement costs by limiting the disparities created when two similar buildings are constructed by different individuals and one can build the structure for considerably less than the other.

I hope this information will be helpful to you in your deliberations. If you desire additional information, please do not hesitate to contact me. Once again, thank you for taking the time to address this issue.

Sincerely,

Mark W. Schofield
Assistant Clark County Assessor

MWS/kk

Attachments

HOTEL	TAXABLE	ASSESSED
LADY LUCK	47,190,600	16,516,710
LANDMARK HOTEL	36,562,140	12,796,749
LAS VEGAS CLUB	24,118,220	8,441,377
LAS VEGAS HILTON	290,501,480	101,675,518
MARINA HOTEL	38,589,790	13,506,427
MAXIM HOTEL	45,128,820	15,795,087
MIRAGE	459,106,970	160,687,440
NEVADA HOTEL	6,187,140	2,165,499
NEVADA PALACE	8,729,680	3,055,388
PADDLEWHEEL	14,271,200	4,994,920
PALACE STATION	44,898,150	15,714,352
PARK HOTEL	44,172,750	15,460,462
PIONEER CLUB	3,791,600	1,327,060
QUALITY INN	9,623,710	3,368,299
RAILROAD PASS	6,353,530	2,223,736
RIO VEGAS HOTEL	98,972,570	34,640,400
RIVIERA HOTEL	188,567,260	65,998,541
SAHARA HOTEL	109,436,750	38,302,863
SAM'S TOWN	57,720,940	20,202,329
SANDS HOTEL	68,699,400	24,044,790
SAN REMO	25,206,950	8,822,433
SASSY SALLY'S	1,723,830	603,341
SHOWBOAT HOTEL	45,526,360	15,934,226
SILVER NUGGET	4,772,310	1,670,309
STARDUST HOTEL	79,534,120	27,836,942
TROLLY STOP	2,318,030	811,311
TROPICANA HOTEL	152,565,840	53,398,044
UNION PLAZA	97,312,430	34,059,351
VACATION VILLAGE	15,575,400	5,451,390
VEGAS WORLD HOTEL	44,427,200	15,549,520
WESTERN HOTEL	6,326,340	2,214,219
WESTWARD HO HOTEL	30,344,400	10,620,540
SUBTOTAL	4,841,131,920	1,694,396,172

HOTEL	TAXABLE	ASSESSED
COLORADO BELLE	88,123,240	30,843,134
CRYSTAL PALACE	1,858,110	650,339
EDGEWATER HOTEL	52,325,380	18,313,883
EMERALD RIVER	46,927,250	16,424,537
FLAMINGO HILTON	121,981,090	42,693,382
GOLDEN NUGGET-LA	25,705,380	8,996,883
GOLD RIVER HOTEL	87,937,180	30,778,013
HARRAH'S	77,972,010	27,290,204
PIONEER CLUB	31,453,430	11,008,701
RAMADA STATION	43,350,540	15,172,689
REGENCY CASINO	1,975,210	691,324
RIVERSIDE HOTEL	66,629,380	23,320,283
 SUBTOTAL	 646,238,200	 226,183,370

HOTEL	TOTAL	
GOLD STRIKE (JEAN)	16,936,780	5,927,873
NEVADA LANDING (JEAN)	19,217,160	6,726,006
PEPPERMILL RESORT (MESQUITE)	30,058,030	10,520,311
VIRGIN RIVER (MESQUITE)	5,354,400	1,874,040
PRIMADONNA (STATE LINE)	14,566,660	5,098,331
WHISKEY PETES (STATE LINE)	20,865,510	7,302,929
 SUBTOTAL	 106,998,540	 37,449,489
 GRAND TOTAL	 5,594,368,660	 1,958,029,031

CLARK COUNTY HOTELS 91/92

HOTEL	TAXABLE	ASSESSED
ALADDIN HOTEL	108,305,340	37,906,869
ARIZONA CHARLIES	12,775,140	4,471,299
ASTRO HOTEL	1,668,910	584,119
BALLY'S GRAND	264,476,430	92,566,751
BARBARY COAST	24,480,850	8,568,298
BOARDWALK HOTEL	7,014,090	2,454,932
BOURBON STREET	14,265,190	4,992,817
CAESAR'S PALACE	256,347,480	89,721,618
CALIFORNIA HOTEL	53,588,310	18,755,909
CIRCUS CIRCUS	182,518,900	63,881,615
CONTINENTAL HOTEL	17,268,510	6,043,979
DESERT INN HOTEL	131,650,890	46,077,812
DUNES HOTEL	119,312,480	41,759,368
EL CORTEZ HOTEL	36,380,370	12,733,130
ELDORADO CLUB	8,558,400	2,995,440
EL RANCHO HOTEL	59,944,260	20,980,491
EXCALIBUR	270,683,670	94,739,285
FITZGERALD'S	49,312,420	17,259,347
FLAMINGO HILTON	256,161,980	89,656,693
FOUR QUEENS	51,215,310	17,925,359
FREMONT HOTEL	35,182,030	12,313,711
FRONTIER HOTEL	98,391,840	34,437,144
GOLD COAST HOTEL	71,828,620	25,140,017
GOLDEN GATE HOTEL	6,998,120	2,449,342
GOLDEN NUGGET	180,152,570	63,053,399
GOLD SPIKE HOTEL	4,062,570	1,421,900
GOLD STRIKE HOTEL	8,290,740	2,901,759
HACIENDA HOTEL	44,255,700	15,489,495
HOLIDAY CASINO	43,346,650	15,171,327
HOLIDAY INN (CTR)	105,167,860	36,808,751
HORSESHOE HOTEL	56,789,750	19,876,413
IMPERIAL PALACE	143,786,070	50,325,125
JERRY'S NUGGET	8,694,560	3,043,096

April 10, 1991

CLARK COUNTY ASSESSOR'S OFFICE

HOTEL NAME	CASINO		HOTEL HI-RISE		MOTEL		PARKING GARAGE		ROOM COUNT
	CLASS	SQ.FT.COST	CLASS	SQ.FT.COST	CLASS	SQ.FT.COST	CLASS	SQ.FT.COST	
CAESAR'S PALACE	B 3.5	107.48	B 3	83.17	C D 3	58.89	B 1	15.56	1515
CIRCUS CIRCUS	B 2.78	79.64	B 2	66.73	C 2	41.08	B 1	15.41	4041
EXCALIBUR	A 3.0	104.01	C 2.5	56.55					4032
FLAMINGO HILTON	B 3	79.08	B 3	78.44	C D 2	49.52	B 1.5	18.28	3553
FRONTIER	B 3	87.87	B 2.5	77.71	D 2	45.85			988
IMPERIAL PALACE	C 3	73.83	C 2.5	67.52	C 2	47.14	B 1.2	17.03	2637
MIRAGE	A 4.5	151.55	B 3.5	90.67					3054
SAHARA	C 2.3	70.99	B 2.5	82.57	C 2	45.42	B 1	15.57	932

NOTES: THE SQUARE FOOT COST IS UNDEPRECIATED, UNFACTORED BASIC STRUCTURE COST INCLUDING HEATING AND COOLING, ELEVATORS AND SPRINKLERS IF APPLICABLE.

THIS SQUARE FOOT COST CAN VARY BASED ON WALL HEIGHT, STORY HEIGHT AND AREA PERIMETER.

HOTELS

(CALCULATOR METHOD)

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	COST		
						Sq. M.	Cu. Ft.	Sq. Ft.
A	Excellent	Best metal or stone, heat absorbent or double glazing	Fine detail and carpet, good plaster and wall coverings	*Best lighting, radio and TV circuits, top quality plumbing	Hot & chilled water (zoned)	\$1,137.22	\$10.57	\$105.65
	Good	Face brick, metal or concrete panels, individual design	Good detail, carpeted, highly decorated public rooms	*Good lighting, radio and TV circuits, good plumbing fixtures	Hot & chilled water (zoned)	903.31	8.39	83.92
	Average	Face brick, metal or concrete panels, plain exterior	Typical good transient or motor hotel, few public rooms	*Lighting/plumbing above code, standard fixtures	Warm & cool air (zoned)	685.99	6.37	63.73
	Fair	Brick, concrete panels	Coffee shop, transient facilities	*All rooms with bath	Hot water	592.67	5.51	55.06
	Low cost	Brick, concrete block, metal stud panels, little ornamentation	Small lobby, some carpet and tile, minimum ancillary facilities	*Minimum lighting/plumbing, few extras	Indiv. thru-wall heat pumps	506.23	4.70	47.03
B	Excellent	Best metal or stone, heat absorbent or double glazing	Fine detail, carpeted, highly decorated public rooms	*Best lighting, radio and TV circuits, top quality plumbing	Hot & chilled water (zoned)	1,111.17	10.32	103.23
	Good	Face brick, metal or concrete panels, individual design	Good detail, carpeted, highly decorated public rooms	*Good lighting, radio and TV circuits, good plumbing fixtures	Hot & chilled water (zoned)	881.36	8.18	81.88
	Average	Face brick, metal or concrete panels, plain exterior	Typical good transient or motor hotel, few public rooms	*Lighting/plumbing above code, standard fixtures	Warm & cool air (zoned)	667.48	6.20	62.01
	Fair	Brick, concrete panels	Coffee shop, transient facilities	*All rooms with bath	Hot water	575.77	5.35	53.49
	Low cost	Brick, concrete block, synthetic plaster, little ornamentation	Small lobby, some carpet and tile, minimum ancillary facilities	*Minimum lighting/plumbing, few extras	Indiv. thru-wall heat pumps	490.84	4.56	45.60
A-B	Basement, finished	Plaster or drywall interior	Plaster or drywall, vinyl composition, acoustic ceiling, shops, service functions	Adequate lighting/plumbing, restrooms, utility rooms	Hot water	453.16	4.21	42.10
	Bsmt., parking	Unfinished	No partitions or floor covering	Minimum lighting/plumbing	Ventilation	268.88	2.50	24.98
	Bsmt., utility	Painted interior	Few partitions and fire walls	Utility lighting/plumbing	None	247.14	2.30	22.96
	Mezzanine	Not included	Typical hotel finish and detail	Adequate lighting/plumbing	In bldg. cost	381.69	----	35.46
C	Excellent	Best metal or concrete panels, stone, face brick	Fine detail and carpet, good plaster and wall coverings	*Excellent lighting, radio and TV circuits, quality plumbing	Hot & chilled water (zoned)	915.16	8.50	85.02
	Good	Brick, metal or concrete and glass, good trim and entrance	Plaster or drywall, carpeted, public rooms, good decorating and detail	*Good lighting/plumbing, radio and TV circuits	Warm & cool air (zoned)	700.41	6.51	65.07
	Average	Brick, stucco on block, some front ornamentation	Carpeted, plaster or drywall and painted masonry	*All rooms with bath, adequate electric service	Heat pump system	552.84	5.14	51.36
	Low cost	Brick or concrete block	Painted block, some carpet and tile	Minimum lighting/plumbing	Indiv. Ht. pumps	404.73	3.76	37.60
D	Good	Brick veneer, metal and glass, good entrance and trim	Good finishes, carpeted rooms, good lobby and detailing	*Good lighting/plumbing, radio and TV circuits	Heat pump system	639.38	5.94	59.40
	Average	Stucco or siding, brick trim, some front ornamentation	Plaster or drywall, carpeting	*All rooms with bath, adequate electric service	Forced air	492.45	4.58	45.75
	Low cost	Stucco or siding	Drywall, wood or asphalt tile	Minimum lighting/plumbing	Wall furnace	364.58	3.39	33.97
C-D	Basement, finished	Plaster or drywall interior	Plaster or drywall, vinyl composition, finished ceiling, service functions	Adequate lighting/plumbing, utility outlets and fixtures	Forced air	329.06	3.06	30.57
	Bsmt., parking	Unfinished	Plaster ceiling, concrete floor	Minimum lighting/plumbing	Ventilation	174.81	1.62	16.24
	Bsmt., utility	Unfinished	Unfinished, no ceiling	Minimum lighting/plumbing	None	163.29	1.52	15.17
	Mezzanine	Not included	Typical hotel finish and detail	Adequate lighting/plumbing	In bldg. cost	283.31	----	26.32

MULTISTORY BUILDINGS — Add .5% for each story, over three, above ground, to all base costs, excluding mezzanines.

MEZZANINES — Do not use story height or area-perimeter multipliers with mezzanine costs.

SPRINKLERS — Systems are not included. Costs should be added from Page 22.

CANOPIES — Large entrance marquees or carport canopies generally cost 1/4 to 2/5 of the final base cost per square foot of the building, or they may be computed from the Segregated Costs, Section 41, or from Unit-in-Place Costs.

***ELEVATORS** — Buildings marked with an asterisk (*) include elevator costs. If none are found, deduct the following from the base costs on this page which are so marked. For buildings not marked or for basement or mezzanine stops, add costs from Page 22.

CLASS A & B	Sq. M.	Sq. Ft.	Sq. M.	Sq. Ft.	Sq. M.	Sq. Ft.		
Excellent . . .	\$45.21	\$4.20	Good	\$32.29	\$3.00	Average	\$23.14	\$2.15
			Fair	19.91	1.85	Low cost . . .	16.68	1.55

CLASS C & D	Sq. M.	Sq. Ft.	Sq. M.	Sq. Ft.				
Excellent . . .	27.45	2.55	Good	20.99	1.95	Average	16.15	1.40

- 1.139
B - 1.119
C - 1.109
D - 1.110
S - 1.129

APARTMENTS, HOTELS AND CLUBS

(CALCULATOR METHOD)

REFINEMENTS

On this page and the next are means of making adjustments to the base costs given in this section in addition to those given on the cost pages. The component parts which are not defined, such as the roof or foundation, are considered to be commensurate with the general quality of the building. If further refinements are required or the construction is unusual, either price entirely or adjust the base costs by the Segregated Cost System, Section 41, or the Unit-in-Place Cost Sections.

HEATING AND COOLING

These costs are averages of the total installed cost of the entire heating or cooling installation including its prorated share of contractor's overhead and profit and architect's fees. If the heating found in the building being appraised is different from that indicated for the base being used, take the difference between the costs of the two and add to or subtract from the base square foot cost. If a cubic foot cost is used, use one-tenth the difference shown to adjust the base cubic foot cost. All of the heating costs included in the base costs are those listed under "Moderate Climate". For specific system costs not found below, see Section 41 or 53.

TYPE	HEATING ONLY			SQUARE FOOT COSTS		
	SQUARE METER COSTS			Mild ModerateExtreme		
	Mild Climate	Moderate Climate	Extreme Climate	Mild Climate	Moderate Climate	Extreme Climate
Electric, cable or baseboard	\$16.15	\$24.22	\$37.14	\$ 1.50	\$ 2.25	\$ 3.45
Electric wall heaters	6.89	9.58	13.24	.64	.89	1.23
Forced air furnace	17.22	29.60	51.13	1.60	2.75	4.75
Hot water, baseboard/convactor	28.52	45.21	71.58	2.65	4.20	6.65
radiant floor or ceiling	31.75	50.05	79.12	2.95	4.65	7.35
Space heaters, w/fan or radiant	6.03	10.44	18.08	.56	.97	1.68
Steam (including boiler)	26.37	41.44	65.12	2.45	3.85	6.05
(without boiler)	22.07	35.52	57.05	2.05	3.30	5.30
Ventilation (blowers and ducts)	5.17	7.53	10.98	.48	.70	1.02
Wall or floor furnace	7.97	10.87	14.96	.74	1.01	1.39

HEATING AND COOLING

Package A.C. (short ductwork)	\$29.60	\$46.82	\$74.81	\$ 2.75	\$ 4.35	\$ 6.95
Warm and cool air (zoned)	40.90	65.12	103.33	3.80	6.05	9.60
Hot and chilled water (zoned)	69.97	104.41	155.54	6.50	9.70	14.45
Heat pump system	31.22	52.74	88.80	2.90	4.90	8.25
Individual thru-wall heat pumps	14.53	23.14	37.14	1.35	2.15	3.45

Small individual heat pumps cost \$750 to \$1,000 per ton of rated capacity.

COOLING ONLY

Cooling costs vary greatly but, in general, the following figures will serve as a guide:

Central refrigeration with ducts and zone controls			
per square meter	\$ 20.99 to	\$ 54.36	
per square foot	1.95 to	5.05	
Central evaporative (with ducts)			
per square meter	\$ 15.07 to	\$ 24.76	
per square foot	1.40 to	2.30	
Package refrigeration			
per ton of rated capacity	\$900.00 to	\$1,125.00	
Evaporative coolers			

BUILT-INS

APPLIANCE	LOW	AVG.	GOOD	EXCL.
Allowance (if not itemized)	\$ 840	\$1,450	\$2,525	\$4,400
Single unit (self-contained) kitchen	2,125	2,675	3,350	4,225
Range and oven combination	425	585	800	1,100
microwave combination	1,075	1,275	1,475	1,750
Range top	225	330	490	725
induction top	1,075	1,200	1,350	1,500
Ovens	395	600	925	1,400
microwave combination	1,100	1,225	1,375	1,550
Oven, microwave	460	565	695	850
Bathroom heater, electric	80	110	150	210
Exhaust fan	80	105	135	175
Exhaust fan and hood	95	165	285	500
Refrigerator	315	565	1,025	1,825
deluxe, built-in	1,650	1,950	2,325	2,750
Dishwasher	345	450	585	760
Mixer-blender (food center, processor)	285	380	510	680
Garbage disposer	125	165	220	290
Trash compactor, single family	350	405	475	550
Trash compactor, apartment or hotel	3,225	7,500	13,750	23,500
Radio-intercom, base system	275	350	450	575
add per satellite	60	70	85	100
Gas incinerator	575	650	750	850
Vacuum cleaner system, 3 outlets	1,050	1,150	1,250	1,350
add for extra outlets	110	130	160	200
Clothes washer, single family	365	460	580	735
dryer	305	375	455	560
combination unit	700	850	1,025	1,225
House phone, located at entrance*	365	410	465	525
Intercom, master station, 10 - 30 station	725	925	1,175	1,500
add per intercom outlet or remote station	75	85	95	105
*add per door release	110	120	130	140

FIREPLACES

Cost per fireplace. For each additional opening using the same chimney, add 30% to 50%. Buildings, with basements, add 40% to extend the foundation to the basement level. Steel, with flue, is the prefabricated hanging or free-standing type fireplace or stove.

TYPE	LOW	AVG.	GOOD	EXCL.
One story	\$1,275	\$1,850	\$2,675	\$3,875 up
add per additional story of chimney flue	320	440	605	830
Steel, with flue	725	1,000	1,375	1,875 up
add per additional story of chimney stack	130	205	330	525
Add for Heatilator type	215	280	360	470
Add for raised hearth	100	160	250	395
Add for log lighter	65	90	120	165

TRADE FIXTURES AND EQUIPMENT

APARTMENTS, HOTELS AND CLUBS

(CALCULATOR METHOD)
REFINEMENTS

ELEVATORS

Lump sum cost per elevator plus the cost per stop or landing including the ground level. Use the cost per stop for basement and mezzanine stops. See Section 58 for more detailed costs, for observation elevators and for escalator costs.

TYPE	COST RANGE
Base cost, passenger, 2 to 3 story	\$21,250 - \$35,500
4 to 7 story	36,750 - 54,500
8 story and over	57,500 - 110,000
add, cost per stop	3,250 - 4,500

SPRINKLERS

Sprinkler costs include all costs for the system and supply lines, but not tanks, towers, or high-pressure pumps. The square foot costs listed are based on the total area of sprinkler system installation on a single main connection including its prorated share of contractor's overhead and profit and architect's fees. For a more specific cost, see Section 41 or 53. Small intricate installations (i.e., Group Care Homes) may run twice the averages as shown. Sprinklers should not be modified for size or shape. To convert square foot costs to a square meter cost, multiply by 10.764.

COVERAGE (Square Feet)	WET SYSTEMS	DRY SYSTEMS
under 10,000	\$1.66 - \$2.50	\$2.05 - \$3.08
10,000 to 100,000	1.28 - 1.82	1.52 - 2.18
over 100,000	.96 - 1.32	1.13 - 1.53

STORY HEIGHT MULTIPLIERS

Multiply base cost by following multipliers for any variation in average story height from the 10 foot (3.05 M.) base.

AVERAGE WALL HT.	SQUARE FOOT OR SQUARE METER MULTIPLIER	CUBIC FOOT MULTIPLIER
(M.) (FT.)		
2.13 7	.922	1.317
2.44 8	.947	1.184
2.74 9	.973	1.081
3.05 10 (base)	1.000	1.000
3.35 11	1.027	.934
3.66 12	1.055	.879
3.96 13	1.084	.834
4.27 14	1.114	.796
4.57 15	1.144	.763
4.88 16	1.175	.734
5.18 17	1.207	.711
5.49 18	1.240	.689
5.79 19	1.274	.671
6.10 20	1.309	.655

FLOOR AREA — PERIMETER MULTIPLIERS

AVERAGE FLOOR AREA																			AVERAGE FLOOR AREA		
Sq. M.	Sq. Ft.	M. FT.	49	55	61	76	91	107	122	152	183	213	244	305	366	427	488	610	M. FT.	Sq. Ft.	Sq. M.
139	1,500	1.099	1.133	1.14	1.247	1.329	1.267	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1,500	139
186	2,000	1.034	1.059	1.083	1.143	1.206	1.267	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	2,000	186
232	2,500	.992	1.012	1.034	1.083	1.133	1.181	1.231	1.231	1.231	1.231	1.231	1.231	1.231	1.231	1.231	1.231	1.231	1.231	2,500	232
279	3,000	.967	.984	1.000	1.042	1.083	1.123	1.165	1.247	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	3,000	279
372	4,000	.935	.947	.959	.989	1.021	1.052	1.083	1.143	1.206	1.268	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	4,000	372
465	5,000	.926	.935	.959	.984	1.009	1.034	1.083	1.133	1.181	1.231	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	5,000	465
557	6,000	.917	.938	.959	.980	1.000	1.042	1.083	1.123	1.165	1.247	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	6,000	557
650	7,000	.924	.942	.959	.977	1.011	1.047	1.083	1.118	1.188	1.257	1.329	1.329	1.329	1.329	1.329	1.329	1.329	1.329	7,000	650
743	8,000	.913	.929	.944	.959	.989	1.021	1.052	1.083	1.143	1.206	1.268	1.329	1.329	1.329	1.329	1.329	1.329	1.329	8,000	743
836	9,000	.917	.932	.945	.973	1.000	1.028	1.056	1.110	1.165	1.220	1.274	1.329	1.329	1.329	1.329	1.329	1.329	1.329	9,000	836
929	10,000	.910	.922	.935	.959	.984	1.009	1.034	1.083	1.133	1.181	1.231	1.329	1.329	1.329	1.329	1.329	1.329	1.329	10,000	929
1,115	12,000	.907	.917	.938	.959	.980	1.000	1.042	1.083	1.123	1.165	1.247	1.329	1.329	1.329	1.329	1.329	1.329	1.329	12,000	1,115
1,301	14,000	.906	.924	.942	.959	.989	1.021	1.052	1.083	1.143	1.206	1.268	1.329	1.329	1.329	1.329	1.329	1.329	1.329	14,000	1,301
1,486	16,000	.898	.913	.929	.944	.959	.989	1.021	1.052	1.083	1.143	1.206	1.268	1.329	1.329	1.329	1.329	1.329	1.329	16,000	1,486
1,672	18,000	.898	.917	.932	.945	.973	1.000	1.028	1.056	1.110	1.165	1.220	1.274	1.329	1.329	1.329	1.329	1.329	1.329	18,000	1,672
1,858	20,000	.898	.910	.922	.935	.959	.984	1.009	1.034	1.083	1.133	1.181	1.231	1.329	1.329	1.329	1.329	1.329	1.329	20,000	1,858
2,230	24,000	.886	.896	.907	.917	.938	.959	.980	1.000	1.042	1.083	1.123	1.165	1.247	1.329	1.329	1.329	1.329	1.329	24,000	2,230
2,601	28,000	.888	.898	.907	.917	.938	.959	.980	1.000	1.042	1.083	1.123	1.165	1.247	1.329	1.329	1.329	1.329	1.329	28,000	2,601
2,973	32,000	.882	.888	.898	.906	.924	.942	.959	.977	1.011	1.047	1.083	1.118	1.188	1.257	1.329	1.329	1.329	1.329	32,000	2,973
3,344	36,000	.883	.890	.904	.917	.932	.945	.959	.984	1.009	1.034	1.083	1.133	1.181	1.231	1.329	1.329	1.329	1.329	36,000	3,344

A - 1.139

B - 1.119

C - 1.109

D - 1.110

S - 1.129

APARTMENTS, HOTELS AND CLUBS

(CALCULATOR METHOD)

GENERAL INFORMATION

The following "rules of thumb" should not be used for actual appraisals, but should be considered rough budgeting guides and checks only. The costs in some cases are based only on a few construction projects. They are presented here in conformity with our policy of furnishing all possible information to the users of the Marshall Valuation Service, with the knowledge that they will use the data with consideration for its probable degree of accuracy. All costs are converted to the Section 11 base. Current Cost and Local Multipliers should be used for adjustment.

HOMES FOR THE ELDERLY

COST PER UNIT: Average cost per living unit including cost of common areas.

TYPE	LOW	AVERAGE	GOOD
Class A & B	\$36,500	\$46,000	\$58,000
Class C, D & S	25,000	34,250	47,000

Average square foot area per unit, excluding extremes.

LOW	AVERAGE	GOOD	HIGH
680	745	810	885

DORMITORIES OR RESIDENCE HALLS

COST PER BED: Average costs per bed of rated student capacity, including built-ins commensurate with the quality, but not furnishings and equipment.

TYPE	LOW	AVERAGE	GOOD	EXCELLENT
Class A & B	\$11,500	\$16,000	\$22,250	\$31,000
Class C	9,000	12,750	18,000	25,500
Class D & S	8,250	11,750	17,000	24,500

Average area per bed at rated student capacity (square feet), excluding extremes. The low range would not include dining facilities.

LOW	AVERAGE	GOOD	HIGH
195	240	295	365

BASEMENT PARKING

COST PER CAR SPACE: The high end of the range will include minimal service facilities.

TYPE	LOW	AVERAGE	GOOD	EXCELLENT
Class A & B	\$7,000	\$8,000	\$9,250	\$10,500
Class C, D & S	4,700	5,600	6,750	8,100

Average square foot area per parking space.

LOW	AVERAGE	GOOD	HIGH
290	320	350	385

Cost per space for parking structures, see Section 14. Surface lots, see Section 66.

MAUSOLEUMS

COST PER CRYPT: Average cost per crypt plus a cost for each niche.

Corridor types are at the high end of the range with garden types at the lower levels.

TYPE	LOW	AVERAGE	GOOD	EXCELLENT
Crypts	\$675	\$975	\$1,425	\$2,100
Niches	55	60	70	75

Crematory retorts cost \$37,500 to \$55,000 installed.

Average area per crypt for corridor buildings is 10 to 14 square feet, excluding extremes.

HOTELS

A rough guide which sometimes may be used for quick budgeting of hotels is that the total cost per room, excluding land, should be \$1,000 for each \$1.55 to \$1.75 of daily room rent projection. This, with average conditions, should give an adequate return.

COST PER HOTEL ROOM

Cost per room includes cost of garages, shops, lounges, banquet rooms, kitchens, etc., completely equipped, ready for operation, excluding extremes.

TYPE	QUALITY	COST RANGE PER ROOM
Class A	4 Excellent	\$92,000 - \$145,000
	3 Good	60,500 - 96,000
	2 Average	39,750 - 63,750
	1 Low cost	26,250 - 42,250
Class B	Excellent	\$90,000 - \$141,000
	Good	59,000 - 93,500
	Average	38,500 - 62,250
	Low cost	25,250 - 41,250
Class C	Excellent	\$60,250 - \$ 96,500
	Good	40,750 - 66,500
	Average	27,500 - 46,000
	Low cost	18,750 - 31,750
Class D	Good	\$37,000 - \$ 58,000
	Average	24,500 - 39,750
	Low cost	16,250 - 27,250

HOTEL FIXTURES

Typical cost range of hotel furniture, fixtures and equipment is 13.5% to 25% of the total project costs from above table or (18.5% to 29% of building construction).

GROUP CARE HOME FIXTURES

Total furniture cost, excluding linen and kitchen appliances.

	LOW	AVERAGE	GOOD
Base cost	\$9,500	\$15,000	\$23,000
plus cost per bed	1,350	2,000	2,000



clark county assessor's office

309 SOUTH THIRD STREET • LAS VEGAS, NEVADA 89155
(702) 455-3891



JEAN E. DUTTON, County Assessor

MARK W. SCHOFIELD, Assistant County Assessor

May 29, 1991

Bob Price
Chairman of Assembly Taxation
401 S. Carson St.
Carson City, NV 89710

Dear Assemblyman Price:

Attached for your perusal is the correspondence that I have had with Janice Wright, beginning with the letter of June 29, 1990, in which I informed her of the errors that occurred in Clark County relative to the segregation reports. There was no reply to that particular correspondence. The next correspondence occurred on October 12, when the Department of Taxation apparently elected to pursue this issue.

I feel that you can see by the correspondence that the communication lines from Clark County's perspective have always remained open.

If you require additional information, please do not hesitate to contact me.

Sincerely,

Mark W. Schofield
Assistant County Assessor

MWS/kk

Attachment

EXHIBIT H



clark county assessor's office

309 SOUTH THIRD STREET • LAS VEGAS, NEVADA 89155
(702) 455-3891



JEAN E. DUTTON, County Assessor

MARK W. SCHOFIELD, Assistant County Ass

June 29, 1990

Janice Wright
Department of Taxation
Division of Assessment Standards
1340 S. Curry
Carson City, NV 89710

Dear Janice:

As per our phone conversation regarding new construction, I have enclosed an analysis that reflects what occurred in Clark County over the last seven years as it relates to the segregation reports. This data may require some explanation. If so, please contact me at your earliest convenience.

I hope this information will be of some benefit to you.

Sincerely,

A handwritten signature in cursive script that reads "Mark".

Mark W. Schofield
Assistant County Assessor

MWS/kk

<u>FISCAL YEAR</u>	<u>UNDER PROJECTED SUPPLEMENTAL</u>	<u>AMT DUPLICATED FROM PRECEEDING YEAR</u>	<u>ACTUAL UNDERPROJECTION</u>
90/91	unavailable	no duplication	unavailable
89/90	289,900,765	-54,137,217	= 235,763,548
88/89	189,470,303	-39,363,678	= 150,106,625
87/88	104,224,792	-9,173,862	= 95,050,930
86/87	76,809,088	-16,247,460	= 60,561,628
85/86	55,991,780	-4,786,803	= 51,204,977
84/85	95,173,887	-5,326,353	= 89,847,534



STATE OF NEVADA
DEPARTMENT OF TAXATION

Capitol Complex
Carson City, Nevada 89710-0003
Telephone (702) 687-4892
In-State Toll Free 800-992-0900
Fax (702) 687-5981

BOB MILLER
Governor

JOHN P. COMEAL
Executive Director

October 12, 1990

Mr. Jean Dutton
Clark County Assessor
309 South Third
Las Vegas, NV 89155

Dear Jean:

It is apparent that reporting new construction on the Segregation Forms 8A and 8B have caused problems for all of us. The Department of Taxation is aware that some property projected as new on the unsecured roll was also reported as new on the following year's secured roll.

Let me provide you with an example of how new construction should be reported on the Segregation Forms. Assume construction of a new residence began in April, 1988, was 30% complete as of June 30, 1988 and was 100% complete by October, 1988. The assessed value of the completed building was \$30,000. A supplemental bill for \$9,000 assessed value would have been sent in November, 1988 for the 1988-89 tax year and a secured bill for \$30,000 assessed value would have been sent in August of 1989 for the 1989-90 tax year. (The land would have been assessed on the secured roll for both years.) The \$9,000 supplemental assessment should have been included in your projection of new real property (Column H) on your 1988-89 unsecured Segregation Forms (sent to the Department in January and March of 1988). For your 1989-90 Segregations Forms, that \$9,000 should have been reported in Column A and only \$21,000 should have been reported as new real property on the secured roll (Column B). If you had incorrectly reported the \$30,000 as new real property in Column B of your 1989 Segregation Forms, you would have doubled up on the supplemental \$9,000 estimated as new in 1988.

The Legislature had not authorized any supplemental billing prior to 1983-84, so the first secured segregation that could have included such property as "new" would have been 1984-85. Most counties probably did not double up on the reporting of "new" until 1985-86.

The Department of Taxation requests that each Assessor review the policies and reporting procedures for the Segregation Forms. If you determine that problems did exist, please send corrected Segregation Forms to the Department. If no corrections are necessary, please send us that information in writing for our files. If you conclude that the new construction was "doubled up," perhaps the easiest solution would be to subtract the total amount of the supplemental billing from the subsequent year's report of new construction.

Mr. Jean Dutton
October 12, 1990
Page 2

Please contact me so we can discuss this at your convenience. Thank you for your cooperation in this matter.

Sincerely,

Janice A. Wright

Janice A. Wright
Deputy Executive Director

JAW:nc



clark county assessor's office

309 SOUTH THIRD STREET • LAS VEGAS, NEVADA 89155
(702) 455-3891



JEAN E. DUTTON, County Assessor

MARK W. SCHOFIELD, Assistant County Assessor

October 22, 1990

Janice Wright
Deputy Executive Director
Department of Taxation
1340 S. Curry
Carson City, NV 89710

Dear Janice:

Please refer to the attached document that reflects assessed values that were underprojected as well as those that were duplicated from the prior year's segregation reports. As these figures indicate, the disparity that existed in prior years, was created by underprojecting the unsecured new construction.

We have always exercised cautious conservatism when projecting values lest we find ourselves reporting assessed values that never materialize.

It is our view, that the Assessor's primary function is to value real and personal property. The ancillary task of prognosticating growth places the assessor in a difficult position especially if that projection predicate's revenue distribution.

Perhaps a revision in the method of reporting could be entertained, such as reporting addendum values or adjusting the current year's values based upon last year's actual values compared to what was projected for that year.

I hope the information I have provided you will prove useful. If I can be of additional assistance, please do not hesitate to contact me.

Sincerely,

Mark W. Schofield
Assistant County Assessor

MWS/kk

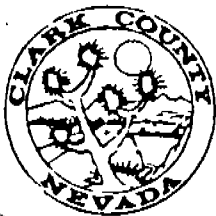
Attachment

cc: Guy Hobbs

<u>FISCAL YEAR</u>	* <u>UNDER PROJECTED SUPPLEMENTAL</u>	** <u>AMOUNT DUPLICATED FROM PRECEEDING YEAR</u>
90/91	574,301,972	No Duplication
89/90	289,900,765	-54,137,217
88/89	189,470,303	-39,363,678
87/88	104,224,792	- 9,173,862
86/87	76,809,088	-16,247,460
85/86	55,991,780	- 4,786,803
84/85	95,173,887	- 5,326,353

* Amount underprojected on the Unsecured Segregation Report.

** Amount on Secured Segregation Report (new) that also appeared on the prior years Unsecured Segregation Report (new).



clark county assessor's office

309 SOUTH THIRD STREET • LAS VEGAS, NEVADA 89155
(702) 455-3891



JEAN E. DUTTON, County Assessor

MARK W. SCHOFIELD, Assistant County Assessor

November 28, 1990

Janice Wright
Department of Taxation
1340 S. Curry
Carson City, NV 89710

Dear Janice:

Enclosed for your perusal are copies of the requested segregation reports with the duplicated new construction removed. As you indicated I am very aware of the statutory provision for redistribution and also recognize that any additional reimbursement that Clark County is entitled to, will have to be effected by legislation. However, I can find nothing that would prohibit the netting of Clark County's duplication against its underprojection of new construction when the final analysis is performed; to do otherwise distorts accuracy, as it leaves a vital component out of the analysis.

Contrary to the recent implications made to our County Commissioners that Clark County is withholding pertinent data from Department of Taxation, rest assured that we have and will continue to supply the Department with any and all information required in as timely as fashion as our work load dictates.

As always, if you require additional input do not hesitate to contact me.

Sincerely,

Mark W. Schofield
Assistant County Assessor

MWS/kk

CLARK COUNTY
RECEIVED

NOV 5 10 30 AM '90



W. H. H. H.
J. H. H.
A. H. H.
B. H. H.

STATE OF NEVADA
DEPARTMENT OF TAXATION

Capitol Complex
Carson City, Nevada 89710-0003
Telephone (702) 687-4892
In-State Toll Free 800-992-0900
Fax (702) 687-5981

BOB MILLER
Governor

JOHN P. COMEAUX
Executive Director

November 1, 1990

Mark W. Schofield
Assistant Clark County Assessor
309 South Third Street
Las Vegas, NV 89155

Dear Mark:

Thank you for the information on new construction you sent me on October 22, 1990. I agree that the Assessor's primary function is to value property. The requirement that some value must be projected has been difficult for all the Assessors. However, we must focus on valuing property and properly reporting that value.

As you are aware, the current statutes do not allow an assessor to correct underprojections from a prior year in the reporting of next year's segregation of values. Since you sent a copy of your letter to Guy Hobbs requesting that change, perhaps he can incorporate that in Clark County's proposed legislation.

Because the current statutes do not provide for corrections to estimates, I am unable to utilize that information from any assessor. Therefore, I am requesting that you provide the corrected segregation reports for the affected years, showing the change for new construction previously reported on a prior year. The law simply does not allow for you to net the information against the underprojections.

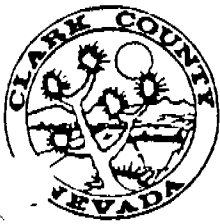
If I can be of any assistance in this matter, please don't hesitate to contact me.

Sincerely,

Janice A. Wright
Janice A. Wright
Deputy Executive Director

JAW:law

cc: Guy S. Hobbs
Clark County Comptroller
225 Bridger Street, 6th Floor
Las Vegas, NV 89155



clark county assessor's office

309 SOUTH THIRD STREET • LAS VEGAS, NEVADA 89155
(702) 455-3891



JEAN E. DUTTON, County Assessor

MARK W. SCHOFIELD, Assistant County Assessor

December 10, 1990

Janice Wright
Department of Taxation
1340 S. Curry
Carson City, NV 89710

Dear Janice:

As we discussed on December 7, 1990, please delete the segregation reports for the fiscal years 83/84, 84/85, and 85/86 from the information I sent you on November 28, 1990.

We are not certain when the projections for supplemental real property were first reported on the unsecured segregation reports because of the confusion about the reporting methodology that existed when supplemental billings were first brought on line.

It appears based on historical instructions that the first request for supplemental real property projections on the unsecured segregation report appeared in 85/86. Subsequently, the first duplication occurred in 86/87. After further review, the assessed values projected up to 84/85 appeared not to include supplemental real property values. You will notice a tremendous increase comparing 84/85 to 85/86, thus 85/86 is the first year we believe a projection was made that a portion was subsequently duplicated.

I appreciate you drawing this matter to my attention, and I apologize for any confusion it may have caused. It appears that we were over zealous in our quest to provide accurate figures that had been duplicated.

If you require a more detailed explanation, please do not hesitate to contact me.

Sincerely,

Mark W. Schofield
Assistant County Assessor

MWS/kk



Jim
Audley Jr

STATE OF NEVADA
DEPARTMENT OF TAXATION

Capitol Complex
Carson City, Nevada 89710-0003
Telephone (702) 687-4892
In-State Toll Free 800-992-0900
Fax (702) 687-5981

BOB MILLER
Governor

JOHN P. COMEAU
Executive Director

December 24, 1990

Mr. Jean Dutton
Clark County Assessor
309 South Third
Las Vegas, NV 89155

Dear Jean:

Enclosed are the 1991-92 Segregation Forms 8A and instructions. The centrally assessed values, both unitary and construction work in progress, have been entered in the appropriate columns for you. The deadline for submission of the completed reports to the Department of Taxation is January 31, 1991.

If you have any questions on this report please don't hesitate to contact me.

Sincerely,

Janice A. Wright

Janice A. Wright
Deputy Executive Director

JAW:nc

Enclosures

INSTRUCTIONS FOR SEGREGATION FORMS

Due Dates: Form 8A, January 31, 1991
 Form 8B, March 4, 1991

The attached forms are provided pursuant to NAC 361.156 and NRS 361.390.

All secured and unsecured values are to be reported net (gross less exemptions). However the values on the Exceptions page will include some exempt property.

These forms require the reporting of values in the primary categories of secured and unsecured. The Exceptions page includes a variety of categories. Net proceeds should not be included on the Secured or Unsecured page. Net proceeds should be reported in Column K c the Exceptions page. Assessed values for the county and the school district should be the same since all property in the county is also in the school district.

For those counties which have redevelopment districts, please report the value of the incremental growth on the line specifying the redevelopment district. That incremental growth should also be included in the county value and any overlapping districts, where appropriate, to insure the proper distribution of Supplemental City-County Relief Tax.

If you choose to send us a computer printout rather than completing these forms, please be sure the format is the same. If you have created tax districts not included in these forms please add them in at the bottom of the form.

Specific instructions to complete each column now follow.

SECURED PAGE

- COLUMN A The amount reported in this column is to reflect only that property in existence on both prior rolls at the value as it will appear on the following secured roll. This will include the increase in value due to reappraisal, factoring and the decrease in value due to depreciation. It will be the year's value of everything on last year's roll, and will be used by the Department and added to the centrally assessed values for Column 3 of the ad valorem cap sheets to be provided to your budget officer. Any property reported new last year will be reported here this year. Remember do not report the prior value as new again or you will double up the actual value.
- COLUMN B The Department will supply the centrally assessed secured value, already apportioned by district for you. This will be added to the secured values already used as Column 3 of the ad valorem cap sheets.
- COLUMN C Please subtotal columns A and B.
- COLUMN D Report any new equipment or other property on the secured roll which is being assessed for the first time only and is not included in Column E.
- COLUMN E This column includes only new real property, (improvements & increase in land), annexations, possessory interests and mobile homes which were not reported on the F88 for the prior year's secured or unsecured roll. If an annexation moves a value out of a district, subtract the value from that district in A. If the property was listed on last year's unsecured roll as new, and is now being moved to the secured roll, it should not appear as new on this year's secured roll. Include it in Column A. This column is outside the tax caps and will be used by the Department for Column 4 of the SCCRT cap spread sheets.
- COLUMN F The amount reported here should be the sum of Columns C through E. This value will be used by the Department for Column 8 of the ad valorem cap spread sheets.

UNSECURED PAGE

- COLUMN G The amount reported in this column is to reflect only that property in existence on the prior unsecured roll at the value as it will appear on the following unsecured roll. This will include the increase in value due to factoring up the cost and the decrease in value due to depreciation. It will be this year's value of everything on last year's unsecured roll and will be used by the Department for Column 4 of the ad valorem tax cap sheets to be provided to your budget officer.
- COLUMN H The Department will supply the centrally assessed unsecured value, already apportioned by district for you. This will be added to the unsecured value in Column J and used as Column 5 of the SCCR tax cap spread sheets.
- COLUMN I Estimate the value of new personal property and equipment on the upcoming unsecured roll. New mobile homes, possessory interests and supplemental bills for real property do not belong in this column but go in Column J. Whatever does not go in Column J belongs in this column.
- COLUMN J The estimate of the value of new mobile homes, possessory interests and supplemental real property first appearing on the next unsecured roll should be projected in this column. This value is outside the tax caps and will be used by the Department for Column 5 of the SCCR tax cap spread sheets.
- COLUMN K Please subtotal Columns H and J.
- COLUMN L The amount reported here should be the sum of Columns G through J. This value will be used by the Department for Column 9 of the ad valorem tax cap spread sheets.

EXCEPTIONS PAGE

- COLUMN M For those counties that have net proceeds, please estimate the value you are projecting to be billed on June 25, 1991. This information will not be available from the mining taxpayers' 1990 calendar year reports because those are filed too late with the Department to be helpful.
- COLUMN N Carson City, Clark and Washoe should complete the next three columns. Please report the assessed value which was last equalized before the effective date of the ordinance approving the redevelopment plan. This is the base value that was frozen and is already included in the value of the county, city school district and any overlapping districts. This should include both secured and unsecured values. This is a "memo total" only and will not be used as part of the value of the redevelopment district.
- COLUMN O Any increased value over the base value of redevelopment, that was reported on last year's roll, should be reported here. This should include both secured and unsecured values. (Last year's column N.)
- COLUMN P Any increased value over the base value of redevelopment that is new and was not reported on last year's roll should be shown here. This should include both secured and unsecured values. The total of Columns O and P will represent the value of the growth and will be used to calculate tax revenue for the redevelopment district.
- COLUMN Q Please subtotal columns O and P.
- COLUMN R AB 599 states "The county assessor shall continue to assess real property which is transferred from private ownership to public ownership for the purpose of conservation as if it remained taxable property . . ." Douglas and Washoe should report here the total assessed valuation of a fire protection district attributable to real property which has been transferred from private to public ownership. This includes the Burton Santini Bill impact on property purchased for conservation purposes.
- COLUMN S SB 197 states "For the fiscal year beginning on and after July 1, 1990, if the assessed valuation of all real property, possessory interests and mobile homes owned by the state within the boundaries of a local government exceed 5 percent of the total assessed valuation of the local government. . .," the increase will be added to increase the Supplemental City-County Relief Tax (SCCRT) to that government.

Any county that meets the 5 percent minimum should list only the increases over the preceding year in the assessed valuation of property owned by the state. Only the amount of new real property should be shown here.

TOTALS PAGE

COLUMN T Please subtotal E and S.

COLUMN U This column is obtained by adding Columns F and L and subtracting Q. This is the total secured and unsecured value and excludes all exceptions. This is used to calculate the ad valorem operating rate.

COLUMN V This column is obtained by adding Columns F, L, R and S. This is the total value only excluding net proceeds and is used to calculate Supplemental City-County Relief Tax (SCCRT) and becomes the basis for next year's Supplemental City-County Relief Tax (SCCRT) distribution factor.

COLUMN W This column is obtained by adding Columns U and M. This is the total value including net proceeds but excluding all other exceptions. It is used to calculate the tax rates for all overrides and the ad valorem revenue attributable to debt for each local government.

Please contact the Local Government Finance Section if you have any questions on these items.

SEGREGATION OF THE TAX ROLL
JANUARY 31, 1991 REPORT
NAC 361.156

Clark County
1991 - 1992

	A	B	C	D	E	F
TAXING ENTITY	1991-92 SECURED VALUE OF PROPERTY EXISTING ON BOTH 1990-91 ROLLS	CENTRALLY ASSESSED SECURED UNITARY AND 6-MONTH CONSTRUCTION WORK IN PROGRESS	SUBTOTAL OF A + B (AD VALOREM COLUMN 3)	NEW EQUIPMENT ON 1991-92 SECURED ROLL	NEW LAND, IMPROVEMENTS, POSSESSORY, AND MOBILE HOMES NOT PREVIOUSLY ASSESSED	TOTAL SECURED PROPERTY FOR 1991-92 ROLL (AD VALOREM COLUMN 6)
Clark County		738,063,692				
Clark County Schools		738,063,692				
Boulder City		9,240,765				
Henderson		36,812,403				
Las Vegas		134,596,861				
Mesquite		547,695				
North Las Vegas		23,677,660				
Bunkerville Town		8,920,651				
East Las Vegas		10,802,143				
Glendale		128,274				
Indian Springs Town		1,069,684				
Laughlin Town		20,518,785				
Moapa Town		79,455,185				
Moapa Valley Town		4,151,979				
Mt. Charleston Town		727,899				
Paradise Town		68,307,293				
Searchlight Town		16,691,510				
Spring Valley Town		15,663,411				
Sunrise Manor Town		48,876,429				
Winchester Town		21,465,488				
Fig Bend Water District		10,024,440				
Boulder City Library		14,822,896				
Clark County Fire		222,017,525				
Clark County Flood Control		738,063,692				
Clark County Sanitation No. 1		-0-				
Colorado River Ground Water		30,422,253				
Henderson Library		40,146,860				
Kyle Canyon Water		350,027				
Las Vegas Artesian Basin		482,714,373				

SEGREGATION OF THE TAX ROLL
JANUARY 31, 1991 REPORT
NAC 361.156

Clark County
1991 - 1992

	A	B	C	D	E	F
TAXING ENTITY	1991-92 SECURED VALUE OF PROPERTY EXISTING ON BOTH 1990-91 ROLLS	CENTRALLY ASSESSED SECURED UNITARY AND 6-MONTH CONSTRUCTION WORK IN PROGRESS	SUBTOTAL OF A + B (AD VALOREM COLUMN 3)	NEW EQUIPMENT ON 1991-92 SECURED ROLL	NEW LAND, IMPROVEMENTS, POSSESSORY, AND MOBILE HOMES NOT PREVIOUSLY ASSESSED	TOTAL SECURED PROPERTY FOR 1991-92 ROLL (AD VALOREM COLUMN 8)
Las Vegas-Clark County Library		657,582,260				
Las Vegas Metropolitan Police		642,121,758				
Las Vegas 911		367,552,489				
Las Vegas Redevelopment		1,657,896				
Moapa Valley Fire		87,600,845				
Moapa Valley TV District		-0-				
Moapa Valley Water		1,200,961				
Mt. Charleston Fire Protection Dist.		518,574				
North Las Vegas 911		23,677,660				
Overton Power District No. 5		-0-				
Overton Water District		-0-				
Fahrump Artesian Basin		-0-				

Prepared by: _____

Date: _____

Form 8A - Secured

SEGREGATION OF THE TAX ROLL
JANUARY 31, 1991 REPORT
NAC 361.156

Clark County
1991 - 1992

	G	H	I	J	K	L
TAXING ENTITY	PROJECTED 1991-92 UNSECURED VALUE OF PROPERTY EXISTING ON THE 1990-91 ROLL (AD VALOREM COLUMN 4)	PROJECTED CENTRALLY ASSESSED UNSECURED 12-MONTH CONSTRUCTION WORK IN PROGRESS	PROJECTED NEW EQUIPMENT AND OTHER PERSONAL PROPERTY ON ON 1991-92 UNSECURED ROLL	PROJECTED NEW MOBILES, POSSESSORY AND SUPPLEMENTAL REAL PROPERTY ON 1991-92 UNSECURED ROLL	SUBTOTAL OF H & J (SCRT COLUMN 5)	PROJECTED TOTAL UNSECURED PROPERTY FOR 1991-92 (AD VALOREM COLUMN 9)
Clark County		75,416,014				
Clark County Schools		75,416,014				
Boulder City		554,760				
Henderson		4,860,615				
Las Vegas		18,547,223				
Mesquite		127,079				
North Las Vegas		3,406,743				
Bunkerville Town		400,330				
East Las Vegas		1,304,041				
Glendale		19,504				
Indian Springs Town		151,329				
Laughlin Town		1,975,211				
Moapa Town		166,345				
Moapa Valley Town		20,467				
Mt. Charleston Town		107,262				
Paradise Town		11,868,804				
Searchlight Town		1,226,433				
Spring Valley Town		3,211,591				
Sunrise Manor Town		6,519,167				
Winchester Town		2,832,592				
Big Bend Water District		1,094,405				
Boulder City Library		908,597				
Clark County Fire		33,039,270				
Clark County Flood Control		75,416,014				
Clark County Sanitation No. 1		-0-				
Colorado River Ground Water		2,789,458				
Henderson Library		7,216,344				
Kyle Canyon Water		55,355				
Las Vegas Artesian Basin		60,598,900				

SEGREGATION OF THE TAX ROLL
JANUARY 31, 1991 REPORT
NAC 361.156

Clark County
1991 - 1992

	G	H	I	J	K	L
	PROJECTED 1991-92 UNSECURED VALUE OF PROPERTY EXISTING ON THE 1990-91 ROLL (AD VALOREM COLUMN 4)	PROJECTED CENTRALLY ASSESSED UNSECURED 12-MONTH CONSTRUCTION WORK IN PROGRESS	PROJECTED NEW EQUIPMENT AND OTHER PERSONAL PROPERTY ON ON 1991-92 UNSECURED ROLL	PROJECTED NEW MOBILES, POSSESSORY AND SUPPLEMENTAL REAL PROPERTY ON 1991-92 UNSECURED ROLL	SUBTOTAL OF H & J (SCCRJ COLUMN 5)	PROJECTED TOTAL UNSECURED PROPERTY FOR 1991-92 (AD VALOREM COLUMN 9)
TAXING ENTITY						
Las Vegas-Clark County Library		63,851,664				
Las Vegas Metropolitan Police		62,620,298				
Las Vegas 911		51,454,099				
Las Vegas Redevelopment		3,497,036				
Moapa Valley Fire		542,427				
Moapa Valley TV District		-0-				
Moapa Valley Water		32,492				
Mt. Charleston Fire Protection Dist.		81,215				
North Las Vegas 911		3,406,743				
Overton Power District No. 5		-0-				
Overton Water District		-0-				
Pahrump Artesian Basin		-0-				

Prepared by: _____

Date: _____

Form 6A - Unsecured

SEGREGATION OF THE TAX ROLL
JANUARY 31, 1991 REPORT
NAC 361.156

Clark County
1991 - 1992

	M	N	O	P	Q	R	S
	NET PROCEEDS PROJECTED TO APPEAR ON 1991-92 ROLL (AD VALOREM COLUMN 25)	BASE VALUE OF REDEVELOPMENT AGENCY BE- FORE IT BECAME EFFECTIVE CC, CL, WA	TOTAL GROWTH IN VALUE OVER BASE OF REDEVELOPMENT AS OF THE 1990-91 ROLL CC, CL, WA	INCREASE IN GROWTH BETWEEN 1990-91 AND 1991-92 ROLLS CC, CL, WA	SUBTOTAL OF O + P (AD VALOREM COLUMN 12)	VALUE OF FIRE DIST. PROP. PREVIOUSLY OWNED PRIVATELY (AD VALOREM COLUMN 11)	INCREASE IN VALUE OF STATE OWNED PROPERTY IF OVER 5 PERCENT OF ASSESSMENTS
TAXING ENTITY							
Clark County							
Clark County Schools							
Boulder City							
Henderson							
Las Vegas							
Mesquite							
North Las Vegas							
Bunkerville Town							
East Las Vegas							
Glendale							
Indian Springs							
Laughlin Town							
Moapa Town							
Moapa Valley Town							
Mt. Charleston Town							
Paradise Town							
Searchlight Town							
Spring Valley Town							
Sunrise Manor Town							
Winchester Town							
Big Bend Water District							
Boulder City Library							
Clark County Fire							
Clark County Flood Control							
Clark County Sanitation No. 1							
Colorado River Ground Water							

SEGREGATION OF THE TAX ROLL
JANUARY 31, 1991 REPORT
NAC 361.156

Clark County
1991 - 1992

	M	N	O	P	Q	R	S
	NET PROCEEDS PROJECTED TO APPEAR ON 1991-92 ROLL (AD VALOREM COLUMN 25)	BASE VALUE OF REDEVELOPMENT AGENCY BE- FORE IT BECAME EFFECTIVE CC, CL, WA	TOTAL GROWTH IN VALUE OVER EASE OF REDEVELOPMENT AS OF THE 1990-91 ROLL CC, CL, WA	INCREASE IN GROWTH BETWEEN 1990-91 AND 1991-92 ROLLS CC, CL, WA	SUBTOTAL OF O + P (AD VALOREM COLUMN 12)	VALUE OF FIRE DIST. PROP. PREVIOUSLY OWNED PRIVATELY (AD VALOREM COLUMN 11)	INCREASE IN VALUE OF STATE OWNED PROPERTY IF OVER 5 PERCENT OF ASSESSMENTS
TAXING ENTITY							
Henderson Library							
Indian Springs Town							
Kyle Canyon Town							
Las Vegas Artesian Basin							
Las Vegas-Clark County Library							
Las Vegas Metropolitan Police							
Las Vegas 911							
Las Vegas Redevelopment							
Moapa Valley Fire							
Moapa Valley TV District							
Moapa Valley Water							
Mt. Charleston Fire Protection Dist							
North Las Vegas 911							
Overton Power District No. 5							
Overton Water District							
Fahrump Artesian Basin							

Prepared by: _____

Date: _____

Form 8A - Exceptions

SEGREGATION OF THE TAX ROLL
JANUARY 31, 1991 REPORT
NAC 361.156

Clark County
1991 - 1992

TAXING ENTITY	SUBTOTAL OF E + S (SHEET COLUMN 4)	TOTAL SECURED AND UNSECURED EXCLUDING: NET PROCEEDS REDEVELOPMENT EXEMPT FIRE DISTRICT AND STATE PROPERTY F + L - Q (AD VALOREM COLUMN 12)	SUBTOTAL OF F + L + R + S (SHEET COLUMN 21)	TOTAL SECURED AND UNSECURED INCLUDING: NET PROCEEDS EXCLUDING: REDEVELOPMENT EXEMPT FIRE DISTRICT AND STATE PROPERTY U + M (AD VALOREM COLUMN 26)
Clark County				
Clark County Schools				
Boulder City				
Henderson				
Las Vegas				
Merquite				
North Las Vegas				
Bunkerville Town				
East Las Vegas				
Glendale				
Indian Springs Town				
Laughlin Town				
Moapa Town				
Moapa Valley Town				
Mt. Charleston Town				
Paradise Town				
Searchlight Town				
Spring Valley Town				
Sunrise Manor Town				
Winchester Town				
Big Bend Water District				
Boulder City Library				
Clark County Fire				
Clark County Flood Control				
Clark County Sanitation No. 1				
Colorado River Ground Water				
Henderson Library				

SEGREGATION OF THE TAX ROLL
JANUARY 31, 1991 REPORT
NAC 361.156

Clark County
1991 - 1992

TAXING ENTITY	SUBTOTAL OF E + S (SOGRT COLUMN 4)	TOTAL SECURED AND UNSECURED EXCLUDING: NET PROCEEDS REDEVELOPMENT EXEMPT FIRE DISTRICT AND STATE PROPERTY F + L - Q (AD VALOREM COLUMN 1?)	SUBTOTAL OF F + L + R + S SOGRT COLUMN 21)	TOTAL SECURED AND UNSECURED INCLUDING NET PROCEEDS EXCLUDING: REDEVELOPMENT EXEMPT FIRE DISTRICT AND STATE PROPERTY U + M (AD VALOREM COLUMN 2)
Kyle Canyon Water				
Las Vegas Artesian Basin				
Las Vegas-Clark County Library				
Las Vegas Metropolitan Police				
Las Vegas 911				
Las Vegas Redevelopment				
Moapa Valley Fire				
Moapa Valley TV District				
Moapa Valley Water				
Mt. Charleston Fire Protection District				
North Las Vegas 911				
Overton Power District No. 5				
Overton Water District				
Pahrump Artesian Basin				

Prepared By: _____

Date: _____

Form 6A - Totals



Nevada Legislature

SIXTY-SIXTH SESSION

COMMITTEES:

Member

Ways and Means
Health and Welfare

MIKE MCGINNESS

ASSEMBLYMAN

District No. 35

DURING THE ENTIRE DISCUSSION INVOLVING "FAIR SHARE"...RURAL COUNTIES HAVE BEEN RALLYING AROUND BECAUSE THEY FELT THIS WAS AN OPPORTUNITY FOR SOME EQUITY AFTER 10 YEARS OF PROBLEMS WITH THE FORMULA.

I WON'T PRETEND TO UNDERSTAND THE COMPLICATED FORMULAS, FIGURES, AND THEORIES OF EVERY PLAN PRESENTED DURING HOURS OF TESTIMONY. BUT I CAN REPRESENT THAT THE ULTIMATE PATH FOLLOWED WAS THAT OF LEAST RESISTANCE....

ONE OF THE COUNTIES I REPRESENT...CHURCHILL HAS CALCULATED A DOLLAR LOSS OF \$4.58 MILLION SINCE 1981 WHEN YOU COMPARE THE AMOUNT DISTRIBUTED VS. THE POINT OF ORIGIN GENERATION. IN CHURCHILL COUNTY. \$4.58 MILLION WOULD HAVE DONE A LOT OF THINGS----LOWER THE PROPERTY TAX RATE, BUILT A NEW ADMIN OFFICE FOR THE COUNTY SO THEY COULD MOVE OUT OF A CONVERTED BAPTIST CHURCH, PAVE SOME ROADS.....WELL, YOU GET THE PICTURE.

IS IT FAIR THAT SMALLER COUNTIES SUBSIDIZE THE WISHES OF LARGER COUNTIES? THE FINANCIAL IMPACT OF OUR RESIDENTS SUPPORTING THEIR SALES TAX IS NOT INCLUDED IN ANY FIGURES. PARK WEST OF CHURCHILL, LYON, AND PERSHING COUNTIES ON THE WEEKEND AND WATCH THE PAYCHECKS FLOWING OUT BY THE CARLOAD.

WHEN THE ORIGINAL VERSION OF AB 104 HIT THE STREETS...CHURCHILL COUNTY WAS IN LINE FOR AN ADDITIONAL \$700,000. UNDER THE RURAL "COMPROMISE PLAN" SUBMITTED THIS WEEK....THAT DROPPED TO \$587,000. THE LATEST PLAN NOW HAS CHURCHILL COUNTY RECEIVING AN ADDITIONAL \$28,780.

I HAVE READ COMMENTS DURING THIS WHOLE PROCESS ABOUT PEOPLE BEING JERKED AROUND....AND HOW IT'S TIME TO BRING HOME THE BACON. I CAN SAY THAT RURAL COUNTIES ARE BEING JERKED AROUND BY THEIR POCKETBOOKS----AND I CAN SAY THAT THE HOG HAS BEEN BUTCHERED AND HIS CARCASS IS HANGING IN RURAL NEVADA.

DISTRICT OFFICE:

770 Wildes Road, Fallon, Nevada 89406 • (702) 423-5889

LEGISLATIVE BUILDING

401 S. Carson Street, Carson City, Nevada 89710 • (702) 687-____

EXHIBIT I

SCCRT DISTRIBUTION V.
REVENUES GENERATED AT
POINT OF ORIGIN
IN CHURCHILL COUNTY

FISCAL YEAR	AMOUNT DISTRIBUTED	POINT OF ORIGIN GENERATED	DOLLAR GAIN OR (LOSS)	% GAIN OR (LOSS)
81/82	\$1,029,323	\$1,007,758	\$21,565	2.10
82/83	958,440	1,055,199	(96,759)	(10.10)
83/84	932,941	1,162,656	(229,715)	(24.62)
84/85	973,066	1,379,191	(406,125)	(41.74)
85/86	1,072,515	1,555,894	(483,379)	(45.07)
86/87	1,347,860	1,673,673	(325,813)	(24.17)
87/88	1,486,756	2,377,654	(890,898)	(59.92)
88/89	1,722,646	2,018,322	(295,676)	(17.16)
89/90	1,924,282	2,273,953	(349,671)	(18.17)
90/91 est.	2,027,980	2,769,218	(741,238)	(36.55)
91/92 est.	2,057,342	2,843,568	(786,226)	(38.22)
TOTAL	\$15,533,151	\$20,117,086	(\$4,583,935)	(29.51)

MINUTES OF THE
SENATE COMMITTEE ON TAXATION

Sixty-sixth Session

June 22, 1991

The Senate Committee on Taxation was called to order by Vice Chairman Ronald V. Cook, at 9:20 a.m., on Saturday, June 22, 1991, in Room 231 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Bob Coffin, Chairman
Senator Ronald V. Cook, Vice Chairman
Senator Joseph M. Neal, Jr.
Senator Ernest E. Adler
Senator Ann O'Connell
Senator Virgil M. Getto
Senator R. Hal Smith

GUEST LEGISLATOR PRESENT:

Assemblyman John C. Carpenter

STAFF MEMBERS PRESENT:

Ted Zuend, Deputy Fiscal Analyst
Kevin Welsh, Deputy Fiscal Analyst
Deborah Riggs, Committee Secretary

OTHERS PRESENT:

Sam McMullen, Washoe County
Marv Texeira, Mayor, Carson City, Nevada
Guy Hobbs, Clark County Assessors Office
Marvin Leavitt, City of Las Vegas
Dennis Sayan, Citizen
Harvey Whittemore, Partner, Lionel, Sawyer, and Collins
Elaine Lancaster, Nevada State Education Association
Bonnie James, Las Vegas Chamber of Commerce
Bob O'Connell, Hotel Owner, Las Vegas, Nevada
Mary Santina, Executive Director, Nevada Retail Association
Dave Horton, National Committee to Restore the Constitution
Janine Hansen, President, Nevada Eagle Forum
Lewis Laughlin, Senior Vice President, Chief Executive Officer,
Laughlin Associates

Senate Committee on Taxation
June 22, 1991
Page 2

Perry Comeaux, Executive Director, Department of Taxation
Carole Vilardo, Executive Director, Nevada Taxpayers Association
Dan Larkin, Sales Representative, Dry Cleaners of Las Vegas
Pat Ferguson, Sales Representative, Dry Cleaners of Las Vegas
Kay Elverum, Nevada Realtors Association

Senator Cook opened the hearing on Assembly Bill (A.B.) 104.

A.B. 104: Makes various changes relating to taxation. (BDR
32-138)

The senator asked Sam McMullen, Washoe County, to step forward and testify, as Mr. McMullen was unable to speak during the last hearing. Mr. McMullen explored the policy aspects of the bill, and distributed information on the fair-share formula to Senate Committee on Taxation members (Exhibits C and D).

Senator O'Connell:

Sam [McMullen], if I may, would you please address a statement that was made by Mary [Walker] from Carson City, where she talked about Carson and Douglas and Minden, and some of the smaller areas around here, giving to Washoe County the \$29 million, and that they could document that. I'm sure that they feel that plays a very big part in here somewhere. Would you just address your perspective of that statement?

Mr. McMullen:

First, let me say, in great part, the thing that you have not truly adequately seen, or I don't know if it is even worthwhile to explain, was that when we came up with a formula that we thought made, hopefully, some sense, of course it had the name Washoe on it, so it probably wasn't going to pass muster in the session, that was fundamentally based on an understanding that Washoe, Reno, Sparks arena is a regional economic center. We can't step away from that, nor do we want to. What we thought we would do, as a function of that, is continue to step up to the obligation to export dollars to subsidize other neighboring counties. Now, we are not subsidizing other exporting counties, we're subsidizing importing counties. Second point I think that you have to understand, it's a restatement of

my prior testimony, but it's a very important point to us. If this were only a revenue-sharing formula, then those arguments would have much more weight. What this is, in fact, is a continuation of a policy decision made in 1981, which we are modifying at this point, no question. That policy decision was to take property tax away, as a revenue source of local governments, and replace it with sales tax revenues. So the reason that you have people complaining about this, and the reason that it is so contentious, is that very fact. It is, in fact, a great part of what they rely on for operating revenues, providing the services of local government in these areas. I wish we weren't at odds with some of the other counties, but the very fact that they sit up and testify about that, confirms the fact. This is, in fact, a method by which local governments were to be made whole, because of the reduction of property tax in 1981. So, fundamentally, you cannot, in amending this, you cannot step too far away from that feature for any of those other counties, but certainly for Washoe County, because in this formula, there is one undeniable effect, that is that Washoe will lose money because it is going to basically, a collection-based system. It loses again for its export to subsidize importing counties. That is money taken off of our operating revenues for local government, no question.

Senator O'Connell:

Sam [McMullen], I need to stop you right there, though. Do you not see this formula affecting Carson, the other four counties, Elko, in the same exact way, that they are losing twice?

Mr. McMullen:

Let me, I think I need to finish my answer, and then I'll try and grapple with that question. Carson City's testimony was that their citizens spent \$30 million, approximately, in the Washoe arena, in terms of consumer sales, etc...That was based on a retail leakage study, done by the Small

Business Development Center, University of Nevada. That followed the same group doing a report based on Douglas County, that showed that Douglas County residents spent \$55 million in Carson. I've got those studies, I'm happy to share those with the committee. In fact, Carson City has testified in the assembly that they are, basically, a net importer of sales, so functionally, they sit like we do. They are a regional economic center. They may not be as big as Washoe, but they are a regional economic center. So they said on the record, that they understood they had an obligation to export as well. I think the interesting feature, at least about that to me, was there was a \$15 net import on sales, just based on Douglas into Carson, and Carson into Washoe. It didn't, in fact, do a study on Lyon, Storey, Churchill, all those other counties, and in fact, we don't even have a real definitive statement on that. The point I'm trying to get to is, that I think a county like that has an obligation to export, they stood up and said it, and what we're probably arguing about in Carson City's situation, is around \$300,000, as opposed to...I think that the underlying policy decision for you is that, would that we could put together an entirely fair system, it would be great, but you have two fundamental problems in that. You want to go to collection based inside the counties. There are rural counties out there, 11 of them, which will be in worse shape than they are under this formula. So the trade-off is that those counties that do, in fact, under certain theories, generate more sales inside their boundaries, and end up then exporting it because of the formula. What at least we're saying at this point under A.B. 104, is that they are helping their neighboring counties, and functionally, we are trying to too, whether people want to agree with numbers or not. You can make numbers say, probably, whatever you want to, although I think we've gotten this one pretty well down to one set of numbers for the A.B. 104 that everybody understands, but I think there are some different perspectives that you can give on it. So, functionally, what I think the

question is for these other rural counties, same as it was for us, and we answered it in the affirmative. Are they saying that they don't want to step up, or don't need to step up, to the obligation to export some dollars, some increment of dollars, to keep these 11 other counties whole as we change the system. I think you have to look at this as a system that was put in place in 1981, that 10 years later we're changing. We cannot change it perfectly. We've come as close as we can for now. I think we need to continue to look at it, because if you look at the Clark plan, they are actually exporting out of Clark, \$5 million. None of that should hit Washoe, at this point, by definition of the formula. If I am wrong, somebody can correct me on that, but that's my understanding. It is, in fact, \$5 million that rolls out of Clark, and takes care of these importing counties. So, everybody is sharing in this role, and I think right or wrong, as much as it may hurt, you have to have a consistent methodology. There is the methodology that people I've grown to respect, and even like, developed. You have to have a methodology, you have to have a formula that works, and you roll that out, it has differing impacts on different counties, but the only way you can do it is through a formula. You can't just do some of these things as you would want to do it.

Senator Adler:

I don't agree with your analysis of this. The way I read this bill, there's at least two different formulas applied in differing ways to counties. There is the rural hold-harmless group, and whether or not that makes any sense, I'm kind of skeptical about that now, too. Then we have Washoe and Clark [counties] get to apply an LSST [local school support tax] formula, which means they get to get credited for their out-of-county sales, then we have Carson, Elko, Churchill, who get credited for no out-of-county sales. I think that Mary Walker's point was that Carson City is not getting credited for their out-of-county sales, and Churchill County is not getting credited for their out-of-county

sales, but Washoe and Clark are. I think that's what that says in this bill, and to get back to the main point again; on this bill, I think that it's really unfortunate the way this thing is put together, because the way it's put together, the more politically powerful your county is, the better adjustment you get within the bill, is the only thing I've been able to gather from this. Whether or not that's fair is up to speculation. I don't think it's particularly fair, I'm not even sure I'm convinced it's fair to Washoe County, I don't think it is. That's the only thing I've been able to gather from all these hearings we've had. The larger your legislative delegation in this building, the better you seem to do under A.B. 104. That's the only ratio, or percentage, I've seen in the bill that makes any sense so far.

Mr. McMullen:

Now, you can develop ratios comparing anything. I think what we were trying to do was set ratios aside, or anything else, to show you, simply, that there is \$63 million generated in Washoe, and we're going to get \$56 [million]. So, we're a net exporter. The terrible thing about money and politics is that everybody wants more.

Senator Adler:

Mr. McMullen, wait a second. You know, I got a library in this town that's open two nights a week. We have not increased the number of employees in Carson City since the tax shift, and our population has nearly doubled. We've had some serious problems as a result of this. This money, we act like it's not real money, it was real money. It's real money to the people in this district, and it's real money to people in Washoe County, and to say that we never deserved the money in the first place...

Mr. McMullen:

I didn't say that, first of all. Second of all, what I was going to finish and say is that the point is that Washoe County can

probably make the same argument that any of these other counties are; that we'd like to have more money, that we'd like to be given credit for everything that we collect inside our borders, allowed to live on that. We're not going to be there, under this, and neither is Carson, and neither is Elko, and Churchill or Humboldt probably either. The point is that at least that mechanism operates, fair is in the definition of probably the recipient of any of the effects of it. At least the formula operates to take some from all of us, and whether or not they like that percentage, or don't like that percentage...The thing I'm going to emphasize again [is] I think when you're taking it out of existing revenues from a county like Washoe, and it's going to step up to it, every argument that's made by any of these other counties, I think has double the weight when Washoe makes it. Now, you can argue with that if you want to, but when you come down to it, there are people who have tried to do something fair, and it is not me. I'm saying that there has been some hard work put into this formula. If there had been a way to make it any better, I think it probably would have been. If it were true political numbers, I think that you could, I think it's very fair, in the sense that Carson City is getting \$900,000 [more in revenue] than it had this last year.

Senator Getto:

I disagree, or don't agree with you, I should say on the point that you're trying to make about Washoe County generating income that would go, [be] distributed to the counties, the point that you were trying to make, the \$7 million that Washoe County is going to export under this plan. As Senator Adler has pointed out, and I think also Senator O'Connell, the fact that there is no consideration in the plan for the implication, actually, for instance, Mary Walker pointed out an actual study that was done, that you point, that you talked about. I know that in Churchill County, because Washoe is the hub, and the fact that Washoe has the large shopping centers that cannot be accommodated to the

citizens of our county, and we're only 65 miles away. I'm sure that [to] Lyon County, and Lovelock, and many of the other towns, it's the hub. There isn't any consideration for the sales tax that's generated in Washoe County, when you talk about the exportation of \$7 million, I'm sure that there is much more that comes in to Washoe County, than is exported out. The other point is, as Senator Adler's pointed out, is there's no consideration in this plan for generation of taxes, say to Churchill County, to the other counties, or Carson. So, I think the plan has really got some problems. It's not cast in dye that we shouldn't try to help ease, phase this problem in, but I don't think this is the right bill to do it. I think there are some serious problems with it. Churchill County, I think, is probably the most glaring example, because over the last 10 years, there has been a higher percentage of exporter taxes than many of the counties. It has averaged from 10 percent to 59 percent of the collected revenue in their county going out. They are to the point now where they are going to have to dismiss some of the deputy sheriffs. A lot of services in our county are in terrible shape, and that's sad, and really needs to be addressed. This bill does not. When a bill only gives \$28,000 to Churchill County for above its 73 percent, I mean that's nothing, it is practically nothing.

Mr. McMullen:

I appreciate your point, but I think it is important that you know, even though you haven't seen it, or had it explained to you, that we, in fact, made adjustments to Washoe's proposal early on; to make sure that Churchill, in fact, stayed where, at least they are, on their current revenues. I think that adjusted this about another \$1 million into this number right here, out of Washoe. So, it's not as if these numbers are insensitive, in and of the way they were constructed, to that concern. I think that they are...the only thing I can say to you is at least you have 100 percent in Churchill. We are going to have to figure out exactly how

to get 100 percent of what we've relied on over the past few years.

Senator Getto:

One hundred percent of what? You mean 100 percent of 73 percent. We're exporting 27 percent of our tax, under the plan. How can you say we have 100 percent? One hundred percent of the formula we've had before, not 100 percent. We don't get to keep 100 percent of our revenues. We are an exporter, a quite high percentage exporter. So, don't tell us you're keeping us at 100 percent. One hundred percent of what we've been shafted before. That's what we're getting 100 percent [of].

Mr. McMullen:

Well, if it's worth anything, we're not getting 100 percent, either. I think your point about import or export is provable either way. You can either look at what's actually generated in Washoe County, or you can look at the formula we have right now. If you understand BCCRT [Base City-County Relief Tax], we're getting credit for \$53,881,000. Now that BCCRT number already has a distributing mechanism built into it. BCCRT is generated the same way it is distributed, it is, in fact, one and the same, and so there is already \$10 million netted off that number, distributed out to other counties, whatever the delivery of that item happens to take place. With respect to your second comment about some of these counties not getting anything, again, we just took the methodology Clark had come up with, and ran it through, and that's the way it worked. Even though we did make a second correction in what we tried to do, to help you [rural counties]. I understand the point about SCCRT [Supplemental City-County Relief Tax] flowing different ways, if you look only at SCCRT. The state of the economy in a region like ours, that is functionally part of the same region, is such that dollars flow both ways. You have salary-dollars flowing out, you have purchase-dollars flowing in. You have delivery-dollars flowing out, you have all sorts of a mix. Frankly,

what we're not doing in this, is looking at the whole picture. We're only taking one part of it and solving it, and maybe it's not a full solution for everybody, but at least, after 10 years of dealing with this SCCRT formula, we're at the stage, we're making a very, very significant, I'd say incredible adjustment to it at this point, and I don't, it's clear to me there cannot be a full fix, not when you have \$23 million, out of \$266 million, that has to go to importing counties. That has to come out of somewhere. We're taking a big chunk out of our revenues, and I think as awkward as it may be, it's happening to other counties, and I think that's about as close as you can get.

Senator Getto:

One more comment. Churchill and Humboldt, Carson City, and Elko are around between the 70 and 80 percent. That's all the revenue they get to keep, or receive back [of sales tax revenue they generate], right? Washoe, under the plan, will be receiving how much of what they generate?

Mr. McMullen answered, "It appears it is 89.35 percent."

Senator Getto asked, "In your calculation is the \$7 million that you're talking about. So, adding that 11 percent is what?"

Mr. McMullen:

That would mean that we would, if we collect, that would be true fair share. If you collected \$63 million inside of the borders of Washoe, you got to live on \$63 million inside those borders. So that, that's what it would mean.

Senator Getto inquired, "So, is it fair, then, for Washoe, is it fair then for them to keep that, or not?"

Mr. McMullen:

I'll tell you what I think the best answer to that question is. Let's not talk about Washoe, let's talk about Eureka. Eureka generates \$239,000 of sales inside their

borders. Under this formula, they get, initially they start off with \$1.8 million, as a rural guarantee. So, if we don't use a system that has exporting counties, and Washoe, which will be exporting to help other rural counties, you don't have those counties helping other counties. Then the percentage for Eureka would be \$239,000 divided by \$1.8 million. I think there are some elements of awkwardness in this formula, but it could get a lot more awkward if we didn't have some adjusting mechanism to take care of those rural counties. I appreciate the point that everyone would love to have everything they want, but I don't think it's possible, given this scenario.

Senator Getto:

The point is, though, that if it wasn't for Eureka and Elko, and a lot of these carriers that have a lot of mining and large industry, that purchase large pieces of equipment, Washoe wouldn't be collecting that tax.

Mr. McMullen:

The whole point is that under BCCRT, it doesn't get the credit for that tax. It actually is given to Eureka, and that's how Eureka gets up to \$1.8 million. I don't know that all those sales either, senator, come only from Washoe. I don't know where they come [from].

Senator Getto:

Some of them come from Clark, I'm sure, but what I'm saying then, there is a justification for that money going back to them, because they're the ones that are really generating the business. They are the ones that are coming to Washoe and purchasing the equipment that generates the sales tax, that should go back to them. If that business was not there, you wouldn't be generating the business.

Mr. McMullen:

If, in fact, the sale comes from there.

That's the way this formula is based. We're not arguing for our formula anymore, which is based on a different collection, I think I could make some good arguments, I think I have. What it boils down to, is that this has been a very hard fought battle. I think there has been a lot of attention from parties, just to make sure that it is impartial, there has been attention paid to the interest of these other counties, people other than Washoe, because I don't believe anybody thinks Washoe would be considered fair in it, although I think we've tried to be. The point I'm making is that other people have put a lot of hard work into this to try and make it work, and try and develop a methodology that worked. Right or wrong, even though it may not be totally perfect, it is a mechanism that works, it has a formulary basis that will flow the years, and it isn't perfect for everyone, but it is about as close as you can get at this point. It doesn't mean this is the last gasp on it anyway. I would say the fact that Clark is exporting \$5 million to subsidize the rurals [rural counties], may, in fact, be a continuing fair-share issue for Clark County.

Senator Getto:

I'll admit there are some real flaws in the plan, but it's going to be pretty hard for me to go back to my hometown, and tell my people, sorry, you're still going to have to export 27 cents out of every dollar we collect here, to go to the pot, that's going to be distributed some place else; and, [they are] facing layoffs, and a lot of services that will not be provided. This is not only this last fiscal year, it has been going on for a long time.

Senator Cook:

Mr. McMullen, how did it come out that Churchill is exactly \$2,105,602. Under the state-prepared formula, they generate \$2,870,000 in sales tax. Under the sheet that you presented to us, it is \$2,105,000. Now, I understand that we're talking about three differences: One is the question of where the

sale was originated, or I should say is where the sales tax was physically collected. Two, where the products were delivered. Then the third factor that's getting thrown in here is an estimate for sales, that people make from other counties, that are generated. Somebody from Carson City, who might go up to Washoe County to purchase something, and pick it up at that location. Washoe County gets credit for that sale. How did it work out? With all of these formulas, and everything that went out, that Churchill County ends up exactly \$2,105,602, under the revised distribution, number one? Number two, under your calculations of what they should have had for sales tax. Was it based on that?

Mr. McMullen:

It's based on a theory that no county should ever have less, than what it currently operates on, for revenues. I may not be the person who should answer this. It may have to be answered by someone who was more closely familiar with this formula. But, that is functionally, I think, the way that their rural guarantee works. So, no matter which way you did it, you had to give them, once you knew what the number was that they collect, they get credit for, there is an amount that has to be guaranteed, and that's how it works.

Senator Cook:

Okay, but this was created by the Washoe adjustment of \$4 million. When \$4 million was given back to Washoe County from the original Clark County plan, there were adjustments for six other counties. In the case of Churchill County, there was a \$680,000 reduction, which brought their distribution down to \$2,105,602. Is it a coincidence that \$2,105,602 is the amount that you say was actually collected there, is that what it was based on?

Mr. McMullen:

It's not a coincidence, it was based on, and if you want me to take you through our formula

to explain how it all happened, as we proposed it. There is one fundamental feature, and I just stated it, no matter what the formula was, the point was you should never drop below the revenues you have right now. That number is the same under both formulas, because that's where they are, and maybe it is plus or minus \$28,000.

Senator Adler:

I'm questioning the numbers on your sheet. You have amount of SCCRT generated, then you have, \$239,879 for Eureka County, and for Storey County you have, \$239,879. The odds of them having a dollar for dollar generation of SCCRT in two counties, on the opposite ends of the state. I'd say the odds are about one in a million. Statistically, that could not happen. Well, I guess it could happen, but it...You know, when I look at this sheet and you've got...Is that a real number, is that a projected number? Where did you get that?

Mr. McMullen replied, "It's done the same way the Washoe \$63 million was done. I'm sure we could..."

Senator Adler interjected, "How do you end up with \$239,879 for both Storey and Eureka counties?"

Mr. McMullen responded, "I think, we'd be happy to show you the workup on it."

Senator Cook:

Mr. McMullen, the big problem there is, it shows for Eureka County generated \$1.8 million, according to the state method of calculation. According to your method of calculation \$239,000. We're looking at a very, very large difference.

General discussion continued between Senator Cook and the witness, on the differences between revenue figures shown in the exhibits distributed by Mr. McMullen. The witness agreed to recheck the numbers.

Senator Cook questioned, "Is Washoe County happy with this plan? Are you saying that Washoe County buys off [on this], and that everything is fine?"

Mr. McMullen:

I think it is as much as we can expect under the current situation. I think...If you're going to try and get me to say, on the record, that we're happy as clams with this, no we're not. If you're saying that this, as a formulary feature would be acceptable, because it is all that is possible out of this session, I'd have to say yes. This has been a very hard fought battle all the way through, and you're just seeing the start of the battle, on your side...

Senator Cook queried, "No, from a fair-share standpoint, with all of the battles, and all of the conversations that go on, would you say that Washoe County thinks this is fair?"

Mr. McMullen:

I'm sure the citizens don't, but at least, from my political point of view as their representative of what's possible in this session, I think this is about as close as we're going to get to being fair. It does do some very fundamental things. It gives Clark, what it determined, as the amount that it needed to be returned to it, to solve fair share. So, as between Clark, and at least Washoe, as a continuing issue, I think that's resolved by this. It does, in fact, get us started back on a point-of-origin system, and for the most part, institutes that, puts it in place. Then, although it is not totally perfect for four counties, and I guess I could say it is not totally perfect for Washoe. At least for those four counties, it is, in fact, a methodology that supports 11 other counties, keeps them whole, and after 10 years, I think it is a pretty significant change in the formula, getting us to more of a point-of-origin, or fair-share basis. I don't think you can go any farther than this right now. I'd love to be able to argue that we had some justification for another \$4 million off this formula, but I don't, and I can't argue that.

Senator Getto:

Sam [McMullen], as I understand it, this

formula sets the formula from here on. We all know that the legislature can change it, but the problem I have is setting a formula that is going to hurt four counties very seriously. I know you keep saying it's not hurting you, from what you've been living with, but if you've been living in poverty, and you look down the road, and that's all you're going to see, it's not very pleasant. So, that's a problem I have with this formula, because it is something that we can't look forward to any increase.

Mr. McMullen:

I think, actually, without being flip, I can say that Washoe is going to look down the same road that you're looking down for the future. We already have a 5 percent shortfall in the budget, this equates to a 10 percent reduction in total budget, as you well know, not all of that budget is reducible, and so it is a much more significant percentage of the reducible services budget that Washoe will have. I think the road that you're on now, and the road that Washoe is on, are functionally the same. I think before this formula is amended again, there has to be a serious look at retail leakage and linkage, and those things, so that we aren't again just taking one piece of the pie, and adjusting it, without understanding exactly what the basis for it is or not. If, in fact, we're going to try and move, at some future date, to full fair share, then we also need to have a very, very reliable basis for that. I will say I don't think we have a basis to go beyond anything farther than we've done right now. We may need to create that, but we don't have it. So, as much as we'd like to change it, or think we could maybe start to change it for the future right now, I don't think that is possible. I'll tell you, from my county's point of view, that is something we would be entirely willing to continue to look at, because there isn't really, it is not good for counties to be pitted against each other. As I said, money [and] politics sort of does that. The long term continuum of this ought to be to get to full fair share. I will say

there is one other thing that I think needs to be made clear in A.B. 104, second reprint. That is, to the extent that it has never been allowed before for tax increases to get to where you want to be, the same vehicles that were given to Washoe have been allowed to other people, whether you want to use them or not, or whether it creates additional agony, I understand the arguments you give me, but I wanted to just make it clear on the record, that the rural representatives in the assembly added in those mechanisms, for all of the four other exporting counties that weren't getting their full export back, to utilize as a way to making up those additional revenues. That is the new opportunity that has never been allowed, at least in my recollection, to local governments over the last 10 years that I've been involved in this. So, there is a mechanism in there, that hasn't been allowed before.

Senator O'Connell:

Sam [McMullen], do you happen to have the figures that Churchill, Carson, Elko, and Humboldt lost over the last 10 years, under the formula? I think that Churchill's was \$4.58 million, but I don't recall that we have ever received the other figures. Do you know what those might be?

Mr. McMullen answered, "I'm sorry, I only know what has been testified to, and that's the only number that I remember."

Senator Cook pointed out the information was contained in information distributed previously to committee members. The senator proceeded to verbally review the loss figures.

Mr. McMullen indicated there has been a lot of discussion about a payback portion contained within the bill. If the payback portion is retained in the bill, every county will receive additional funds, Mr. McMullen emphasized.

Mr. McMullen and Senator Cook also discussed a potential Washoe County lawsuit against the other counties. Mr. McMullen expressed surprise at the suggestion, indicating he thought the issue would be handled in the legislative arena.

The witness presented some technical amendments to A.B. 104. Mr.

Senate Committee on Taxation
June 22, 1991
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McMullen pointed out assembly members preferred any amendments be reviewed when the bill arrived in the senate, in order to expedite the process.

Marv Texeira, Mayor, Carson City, spoke in support of the Clark County plan. Mayor Texeira pointed out the rural counties have been bleeding since 1981, and any prior errors should be corrected to the tax distribution from today forward. Carson City does not support the \$10 million payback, and would support a phase-in process, in order to mitigate the fiscal impact on Washoe County.

Guy Hobbs, Clark County Assessors Office, commented the Assessors Office still supports the Clark County plan, which was composed in conjunction with the City of Las Vegas, and Carson City. Mr. Hobbs also explained an amendment proposed earlier by Mr. McMullen, which would further erode income to the rural counties.

Assemblyman John C. Carpenter testified in support of the Clark County plan and proposed an amendment to the bill. The assemblyman stated if committee members were not inclined toward the plan, the rural counties would assist Washoe by agreeing to a phase-out of the payback provision, over a period of 5 years.

Senator Getto:

John [Carpenter], I think, I want to make sure I understand your statement. When you said the payback, you're not talking about the \$10 million payback, you're talking about phasing back into what [A.B.]104, the original [A.B.]104.

Assemblyman Carpenter clarified, "If I said payback, I didn't mean it. It would be, I guess we would be phasing out of this current formula."

Senator Adler:

I just had another question, John [Carpenter]. In that same regard, do you then, forgive the payback to the rural counties in your amendment, or do you still have the payback from Washoe to the rurals?

Assemblyman Carpenter:

I know the payback is, as I see it, it is a large item between Clark and Washoe. As far as I'm concerned, I don't think that it is necessary to have it. I would look at it this

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way, if we're going to have that payback, I think that the payback should be back to those counties that, in fact, did pay a lot of money to Washoe County, rather than it be spread out all over the board to other counties that are getting 500 and 600 percent more than they're collecting. If we are going to have that payback, I think it should be paid back to us counties that have paid Washoe County, and that is Clark County, Elko County, Churchill County, and Humboldt. We're the ones that have been paying out, the rest of rural Nevada has been held as, I say, relatively whole. So, if we're going to have the payback, that would be my comment on it.

Senator Adler asked, "So, you wouldn't mind giving some of the payback back to Washoe, in connection with your amendment?"

Assemblyman Carpenter:

No. The payback, I don't have a feeling one way or the other, but I do have a feeling if we are going to have that payback, it should be to those counties that have been paying out all these years, rather than the ones...I think, for instance, we're going to get \$100,000 back for 3 years, that's \$300,000. That's not too large of percentage of the \$29 million that we've paid.

Marvin Leavitt, City of Las Vegas, spoke in support of Assemblyman Carpenter's amendment. Mr. Leavitt assisted in the drafting of the proposal. Senator Cook asked Mr. Leavitt if he had anything to add to Assemblyman Carpenter's testimony.

Mr. Leavitt:

I think Assemblyman Carpenter adequately explained what the amendment will do. It just, essentially, phases out over time this one \$4 million adjustment. After that period of time, [it] weaves the formula back to the way it originally started it, which is essentially, to take money off the top of the rural guarantee, and distribute everything else according to relative sales.

Senator Cook inquired, "This \$4 million in the Washoe adjustment formula is in addition to the phase-in adjustment, too, is that

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correct? There is a phase in-adjustment still."

Mr. Leavitt:

That's correct, we've got 3 or 4 things working here at the same time. One, we're phasing in the whole new formula over two years. We're phasing in the payback over three years, we're phasing in this \$4 million, \$2 million plus and additional \$2 million back in those three years, and everything will be in a permanent working relationship, unless of course, you adopt an amendment like this, then it takes a little bit longer.

Assemblyman Carpenter:

Excuse me, Mr. Chairman, the mayor from Carson City said that I forgot to mention them in people that have been...So, I want to make that clear, us exporting counties, we do stay together.

Dennis Sayan, Citizen, requested the opportunity to make a quick comment. The witness stressed under the original Clark County plan, Carson City would have been able to build a city hall. Under the revised A.B. 104, Washoe County would be allotted those funds. By the year 2000, Carson City will be paying \$750,000 per year to rent the city hall building. Mr. Sayan deemed the situation unfair.

Mr. McMullen indicated he wished to make a closing comment:

At the risk of screwing this thing up even farther, I had not heard, or had not seen, the amendment that was just proposed. I apologize for that, I know I'm suppose to know everything that goes on in the halls, but I didn't know about that. I was going to respond to Senator Adler's suggestion. We had been interested in trying to, at least, handle the cash flow issue. His suggestion would be acceptable to us as a way to handle the cash flow issue, and I think in that sense, we wouldn't need our amendments 2 or 3, if his were put in there. I wanted him to know that. I will say that you're [Senator Adler] not the only representative of Carson, at all, that's been fair today. I thought Mr. Teixeira's remarks were very pointed and very correct

about all this. I wish there were a better way. I wish we could, in fact, go to the place that he'd like to get us [to], we'd like that, too, but it doesn't seem to be workable. I thought what I would say, in addition, is that in lieu of this amendment, this phase-in amendment, that, first of all, let me start again. The characterization of our amendment number one as an increase mechanism, to take that \$4 million and increase it 7.4 percent per year, is incorrect, if I heard Guy say that, Mr. Hobbs from Clark County. What it is, is it is trying to capture that \$4 million as a current percentage, which then operates through the formula every year after that. It could increase, it could decrease. However, I think, in listening to the testimony today, it appears that may have an impact on the rurals, that I don't think we want to necessarily be responsible for. I'd be happy to remove that amendment, if the other amendment were not proceeded with. After that, I think I'll try and finish, because I know you have other tax issues. I appreciate the time to really, fully address this, because I think it is a very important issue.

Senator Adler:

I have a real problem with what the assembly did, with making all these things 'may' for Washoe County, which we, in S.B. 112, effectively made mandatory taxes for Clark County. If Clark County has got them mandatory, and now, we're going to play these games with Washoe. We're going to say well, we may shove you into bankruptcy and we may not, depending upon the language in the bill. I have a real problem with that. I think that if that is the way Washoe County is going to make up this revenue, I think that this legislature, since I wasn't here in [19]81, but the legislature caused this problem, not Washoe County. If we caused the problem, I think it is incumbent upon us to fix the problem. We're not fixing the problem if those may's don't turn into shalls.

S.B. 112: Authorizes local taxes to improve transportation.
(BDR 20-721)

SCCRT DISTRIBUTION
PROPOSED IN A.B. 104

	<u>REVISED DISTRIBUTION OF SCCRT PER A.B. 104</u>	<u>AMOUNT OF SCCRT GENERATED</u>	<u>PERCENT OF SCCRT TO BE DISTRIBUTED</u>	<u>GAIN OR (LOSS) COMPARED TO OLD FORMULA</u>
CARSON CITY	\$ 7,311,253	\$ 8,182,531	89.35%	\$ 883,936
CHURCHILL	2,105,602	2,105,602	100.00%	28,780
CLARK	164,426,519	165,836,179	99.15%	8,983,744
DOUGLAS	7,103,422	5,463,905	130.01%	0
ELKO	7,073,963	9,275,312	76.27%	2,967,740
ESMERALDA	649,129	53,306	1217.74%	0
EUREKA	1,858,221	239,879	774.65%	0
HUMBOLDT	3,518,222	3,518,222	100.00%	319,725
LANDER	1,878,746	932,862	201.40%	0
LINCOLN	892,182	213,226	418.42%	0
LYON	4,363,066	1,705,804	255.78%	0
MINERAL	1,446,359	506,411	285.61%	0
NYE	3,626,450	3,491,569	103.86%	0
PERSHING	1,182,676	399,798	295.82%	0
STOREY	854,795	239,879	356.34%	0
WASHOE	56,299,026	63,008,152	89.35%	(13,183,924)
WHITE PINE	<u>1,942,320</u>	<u>1,359,313</u>	142.89%	<u>0</u>
TOTAL	<u>\$266,531,950</u>	<u>\$266,531,950</u>		<u>0</u>

AMENDMENTS TO SECOND REPRINT OF AB104

Amendment 1: The Assembly Taxation Committee approved an amendment to AB104 that is designed to increase Washoe County's distribution of SCCRT revenue by \$4 million and reduce rural exporting counties total distribution proportionally. This amendment will provide for those modifications by using a percentage adjustment within the distribution formula.

Amendment 2: As written, AB104 will result in an immediate reduction in the distribution of SCCRT revenue to Washoe County. However, replacement revenues will not be available for three months after the beginning of the fiscal year. This amendment is designed to provide an additional distribution of SCCRT revenue to Washoe County during the first three months of the 1991-92 fiscal year. Over the last nine months of the fiscal year the additional distribution will be paid back, with 6 percent interest.

Amendment 3: AB104 authorizes Washoe County to enact ordinances imposing additional taxes, the revenue of which will be used to off-set the reduction in SCCRT revenue. This amendment is designed to allow Washoe County to enact those ordinances a more timely manner so that the new revenues will be available more quickly, and thereby helping offset the reduced distribution of SCCRT revenue that will occur in three months if amendment 2 is approved.

Amendment 4: As written, AB104 will phase-in the new distribution formula over two years. This amendment is designed to implement the new formula in the first year if SCCRT revenues are higher than projected. This amendment will also provide credits to Washoe County if SCCRT revenues are sufficient to implement the new formula in one year.

Amendment 5: As written, AB104 will require the Department of Taxation to base the estimate of the makeup revenue for the fiscal year 1994-1995 on the estimate of revenue needed in fiscal year 1993-1994. This amendment will base the amount of makeup revenue allowed on the estimated difference between the amount of SCCRT that would have been distributed to Washoe County in the fiscal year 1994-1995 and the amount of SCCRT revenue that will distributed to Washoe County under the provisions of AB104.

AMENDMENT 1

Amend section 7, page 8, by deleting lines 43 to 48 and page 9 by deleting lines 1 to 5 and inserting:

(2) Increasing the distribution to Washoe County by an amount equal to 7.4 percent of the amount of total receipts of the supplemental city-county relief tax collected in Washoe County and proportionally deduct that amount from all counties, except for Clark County and those counties that are included in the distribution made pursuant to paragraph (a), in the proportion which the amount of the tax collected in each county bears to the total amount collected in those counties.

AMENDMENT 2

Amend section 22, page 23, lines 36 to 44 to read as follows:

(b) Decreasing the amounts determined pursuant to paragraph (a) for the months of July, August and September for:

Carson City	\$73,661
Churchill	2,398
Clark	748,645
Elko	247,312
Humboldt	26,644

(c) Increasing the amount determined pursuant to paragraph (a) for the months of July, August and September to Washoe County by \$1,098,660.

(d) Reducing the amounts determined pursuant to paragraph (a) for the months of October to June for:

Carson City	\$3,340
Elko	68,363
Washoe	20,174

AMENDMENT 2 (continued)

(e) Increasing the amounts determined pursuant to paragraph (a) for the months of October to June for:

Churchill	\$5,496
Clark	6,139
Douglas	21,341
Esmeralda	2,081
Eureka	6,457
Humboldt	1,200
Lander	5,277
Lincoln	3,001
Lyon	13,468
Mineral	4,575
Nye	11,495
Pershing	3,711
Storey	2,631
White Pine	5,004

AMENDMENT 3

Amend section 29, page 25, line 36 by deleting "but not".
Amend section 30, page 26, lines 17 and 18 by deleting "but not".
Amend section 31, page 26, line 35 by deleting "but not".
Amend section 32, page 27, lines 7 and 8 by deleting "but not".

AMENDMENT 4

Amend section 25, page 25, to read as follows:

1. For the fiscal year 1991-1992, the amount by which the total receipts of the supplemental city-county relief tax exceed \$266,531,950, but less than \$273,153,912, must be distributed among Carson City and Churchill, Clark, Elko, Humboldt and Lander Counties in the proportion which the amount of the tax collected since July 1, 1991, in that county bears to the total amount collected since July 1, 1991, in those counties.

2. For the fiscal year 1991-1992, the amount by which the total receipts of the supplemental city-county relief tax exceed \$273,153,912 must be distributed among Carson City and Churchill, Clark, Elko, Humboldt, Lander and Washoe Counties in the proportion which the amount of the tax collected since July 1, 1991, in that county bears to the total amount collected since July 1, 1991, in those counties.

AMENDMENT 5

Amend section 33.2, page 28, to read as follows:

(b) The difference between the total amount of revenue from the proceeds of the supplemental city-county relief tax that would be distributed to the local governments in Washoe County, including the county, without the provisions of this act for the fiscal years 1991-1992, 1992-1993, [and] 1993-1994 and 1994-1995 and the total amount of that revenue that actually will be distributed to the county; and

Delete section 33.6, page 29.

MINUTES OF THE
SENATE COMMITTEE ON TAXATION

Sixty-sixth Session
June 25, 1991

The Senate Committee on Taxation was called to order by Chairman Bob Coffin, at 5:33 p.m., on Tuesday, June 25, 1991, in the Senate floor of the Legislative Building, Carson City, Nevada. There was no Meeting Agenda. There was no Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Bob Coffin, Chairman
Senator Ronald V. Cook, Vice Chairman
Senator Joseph M. Neal, Jr.
Senator Ernest E. Adler
Senator Ann O'Connell
Senator Virgil M. Getto
Senator R. Hal Smith

OTHERS PRESENT:

Kevin Welsh, Fiscal Analyst, Legislative Counsel Bureau

Chairman Coffin opened discussion on Assembly Bill (A.B.) 104 with Senate Amendment No. 1417.

Senator Getto asked for a spread sheet to show how much money would be reduced from Churchill county under the amendment.

Senator Coffin asked Kevin Welsh, Fiscal Analyst, to explain the Rural County Fair Share proposal (Exhibit A). Discussion followed.

Senator Getto was not pleased with the Chuechill county distribution and felt he could not support the amendment.

Senator Coffin entertained a motion on A.B. 104 and Senate Amendment No. 1417.

A.B. 104: Makes various changes relating to taxation.

SENATOR NEAL MOVED TO AMEND A.B. 104 WITH SENATE AMENDMENT NO. 1417.

SENATOR ADLER SECONDED THE MOTION.

MOTION FAILED. (SENATORS COOK, O'CONNELL AND SMITH ABSTAINED FROM THE VOTE. SENATOR GETTO VOTED NO.)

* * * * *

A.B. 184
SIOUX FAIR SHARE RURAL PROPOSAL
FY 1991-92

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	STATUS ADJUSTMENT	UPSIDE ADJUSTMENT	REVISED STATUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-III ADJUSTMENT	PHASE-III ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
CARSON CITY	88,239,807	86,427,317	88	88,239,807	0.97049	87,996,609	(242,678)	87,653,931	87,653,931	81,226,614	(1784,644)	88	86,869,285	8441,968
CHURCHILL	2,870,492	2,876,822	8	2,870,492	0.97049	2,785,778	(348,084)	2,445,686	2,445,686	368,064	(354,478)	0	2,091,207	14,390
CLARK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	10,826	164,415,695	164,415,695	8,972,920	(4,481,848)	2,225,664	162,140,311	4,717,536
DOUGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
ELKO	8,942,762	4,186,223	8	8,942,762	0.97049	8,678,817	(882,427)	7,876,398	7,876,398	3,770,167	(2,205,297)	0	5,590,895	1,485,870
ESMERALDA	314,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
ELUNGA	1,856,579	1,858,221	1,858,221	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
HUMBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	4,527,329	(504,354)	4,022,776	4,022,776	824,279	(464,414)	0	3,378,360	159,865
LAMBER	1,986,998	1,878,766	8	1,986,998	0.97049	1,928,352	(24,803)	1,903,549	1,903,549	24,803	(24,803)	0	1,878,766	(0)
LINCOLN	213,605	892,182	892,182	0	0.97049	0	0	0	892,182	0	0	0	892,182	0
LYON	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
MCNEAL	937,043	1,446,359	1,446,359	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
MYE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
PERMIA	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
STONEY	512,706	854,795	854,795	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
WAGNER	55,881,985	69,482,950	8	55,881,985	0.97049	52,291,582	2,005,722	54,295,304	54,295,304	(15,187,646)	8,595,604	(2,225,664)	60,465,324	(8,817,626)
WHITE PINE	1,434,871	1,942,320	1,942,320	0	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
TOTAL	8264,531,950	8264,531,950	823,918,628	8249,991,832	8242,613,330	8242,613,330	88	8242,613,330	8266,531,950	80	80	80	8264,531,950	80

U.S. 104
CCRT FAIR SHARE RURAL PROPOSAL
Y 1991-92

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
JARVIS CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$342,678)	\$7,653,931	\$7,653,931	\$1,226,614	(\$613,307)	\$0	\$7,040,624	\$613,307
MURCHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(340,084)	2,445,686	2,445,686	368,864	(184,432)	0	2,261,254	184,432
CLARK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	10,824	164,415,695	164,415,695	8,972,920	(4,486,460)	2,225,664	162,154,899	6,712,124
DOUGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
ELKO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	(802,427)	7,876,390	7,876,390	3,770,167	(1,885,083)	0	5,991,306	1,885,083
ESMERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
EUREKA	1,856,579	1,858,221	1,858,221	0	0.97049	4,527,329	(504,554)	4,022,776	4,022,776	824,279	(412,135)	0	3,610,636	412,139
HUMBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	1,928,352	(24,803)	1,903,549	1,903,549	24,803	(12,401)	0	1,891,147	12,401
LANDER	1,986,998	1,878,746	0	1,986,998	0.97049	0	0	0	892,182	0	0	0	892,182	0
LINCOLN	213,605	892,182	892,182	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
LYON	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
MINERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
NYE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
PERSHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
STOREY	312,706	854,795	854,795	0	0.97049	52,291,582	2,003,722	54,295,304	54,295,304	(15,187,646)	7,593,822	(2,225,664)	59,663,463	(9,819,41)
WASHOE	53,881,905	69,482,950	0	53,881,905	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
WHITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	0	0	0	0	0	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9) + (11) + (12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
ISON CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$685,356)	\$7,311,253	\$7,311,253	\$883,936	\$0	\$0	\$7,311,253	\$883,936
JRCHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(680,168)	2,105,602	2,105,602	28,780	0	0	2,105,602	28,780
ARK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	21,647	164,426,519	164,426,519	8,983,744	0	2,225,664	166,652,183	11,209,408
JGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
CO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	(1,604,854)	7,073,963	7,073,963	2,967,740	0	0	7,073,963	2,967,740
HERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
REKA	1,856,579	1,858,221	1,858,221	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
MBOLDY	4,665,017	3,198,497	0	4,665,017	0.97049	4,527,329	(1,009,107)	3,518,222	3,518,222	319,725	0	0	3,518,222	319,725
NDER	1,986,998	1,878,746	0	1,986,998	0.97049	1,928,352	(49,606)	1,878,746	1,878,746	(0)	0	0	1,878,746	(0)
NCOLN	213,605	892,182	892,182	0	0.97049	0	0	0	892,182	0	0	0	892,182	0
ON	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
NERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
E	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
RSHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
OREY	312,706	854,795	854,795	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
SHOE	53,881,905	69,482,950	0	53,881,905	0.97049	52,291,582	4,007,444	56,299,026	56,299,026	(13,183,924)	0	(2,225,664)	54,073,362	(15,409,588)
ITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	\$0

RT FAIR SHARE RURAL PROPOSAL
1993-94

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
ISON CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$514,017)	\$7,482,592	\$7,482,592	\$1,055,275	\$0	\$0	\$7,482,592	\$1,055,275
IRCHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(\$10,126)	2,275,644	2,275,644	198,822	0	0	2,275,644	198,822
IRK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	16,235	164,421,107	164,421,107	8,978,332	0	2,225,644	166,646,771	11,203,996
IGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
IO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	(1,203,641)	7,475,176	7,475,176	3,368,953	0	0	7,475,176	3,368,953
IERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
IEKA	1,856,579	1,858,221	1,858,221	0	0.97049	4,527,329	(756,830)	3,770,499	3,770,499	572,002	0	0	1,858,221	0
IBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	1,928,352	(37,205)	1,891,147	1,891,147	12,401	0	0	1,891,147	12,401
IDER	1,986,998	1,878,746	0	1,986,998	0.97049	0	0	0	892,182	0	0	0	892,182	0
ICOLN	213,605	892,182	892,182	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
IM	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
IERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
E	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
ISHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
OREY	312,706	854,795	854,795	0	0.97049	52,291,582	3,005,583	55,297,165	55,297,165	(14,185,785)	0	(2,225,644)	53,071,501	(16,411,449)
SHOE	53,881,905	69,482,950	0	53,881,905	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
ITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	0	0	0	0	0	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	\$0

U.S. 104
CCRT FAIR SHARE RURAL PROPOSAL
Y 1994-95

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	COLUMN (2) RURAL GUARANTEE	COLUMN (1) AMOUNT GENERATED	DISTRIBUTION FACTOR	(4) X (5) SITUS ADJUSTMENT	WASHOE ADJUSTMENT	(6) + (7) REVISED SITUS ADJUSTMENT	(3) + (8) REVISED DISTRIBUTION	(9) - (2) GAIN OR (LOSS)	(10) / (2) PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	(9)+(11)+(12) PROPOSED DISTRIBUTION	(13) - (2) ADJUSTED GAIN/(LOSS)
ARSON CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$342,678)	\$7,653,931	\$7,653,931	\$1,226,614	\$0	\$0	\$7,653,931	\$1,226,614
MURCHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(340,084)	2,445,686	2,445,686	368,864	0	0	2,445,686	368,864
LARK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	10,824	164,415,695	164,415,695	8,972,920	0	0	164,415,695	8,972,920
DOUGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
LKO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	(802,427)	7,876,390	7,876,390	3,770,167	0	0	7,876,390	3,770,167
SMERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
UREKA	1,856,579	1,858,221	1,858,221	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
UNBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	4,527,329	(504,554)	4,022,776	4,022,776	824,279	0	0	4,022,776	824,279
ANDER	1,986,998	1,878,746	0	1,986,998	0.97049	1,928,352	(24,803)	1,903,549	1,903,549	24,803	0	0	1,903,549	24,803
INCOLN	213,605	892,182	892,182	0	0.97049	0	0	0	892,182	0	0	0	892,182	0
YOM	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
INERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
YE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
ERSHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
TOREY	312,706	854,795	854,795	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
WASHOE	53,881,905	69,482,950	0	53,881,905	0.97049	52,291,582	2,003,722	54,295,304	54,295,304	(15,187,646)	0	0	54,295,304	(15,187,646)
HITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	\$0

B. 104
CCRT FAIR SHARE RURAL PROPOSAL
Y 1995-96

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9)+(11)+(12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
ARSON CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	(\$171,339)	\$7,825,270	\$7,825,270	\$1,397,953	\$0	\$0	\$7,825,270	\$1,397,953
BURCHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	(170,042)	2,615,728	2,615,728	538,906	0	0	2,615,728	538,906
ARK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	5,412	164,410,283	164,410,283	8,967,508	0	0	164,410,283	8,967,508
BUGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
CO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	(401,214)	8,277,603	8,277,603	4,171,380	0	0	8,277,603	4,171,380
EMERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
JEKA	1,856,579	1,858,221	1,858,221	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
JMBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	4,527,329	(252,277)	4,275,052	4,275,052	1,076,555	0	0	4,275,052	1,076,555
INDER	1,986,998	1,878,746	0	1,986,998	0.97049	1,928,352	(12,402)	1,915,950	1,915,950	37,204	0	0	1,915,950	37,204
INCOLN	213,605	892,182	892,182	0	0.97049	0	0	0	892,182	0	0	0	892,182	0
ION	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
INERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
TE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
ERSHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
TONEY	312,706	854,795	854,795	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
ASHOE	53,881,905	69,482,950	0	53,881,905	0.97049	52,291,582	1,001,861	53,293,443	53,293,443	(16,189,507)	0	0	53,293,443	(16,189,507)
WITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	\$0

.B. 104
CCRT FAIR SHARE RURAL PROPOSAL
Y 1996-97

	(1)	(2)	(3) COLUMN (2)	(4) COLUMN (1)	(5)	(6) (4) X (5)	(7)	(8) (6) + (7)	(9) (3) + (8)	(10) (9) - (2)	(11) (10) / (2)	(12)	(13) (9) + (11) + (12)	(14) (13) - (2)
	AMOUNT GENERATED	AMOUNT TO BE DISTRIBUTED	RURAL GUARANTEE	AMOUNT GENERATED	DISTRIBUTION FACTOR	SITUS ADJUSTMENT	WASHOE ADJUSTMENT	REVISED SITUS ADJUSTMENT	REVISED DISTRIBUTION	GAIN OR (LOSS)	PHASE-IN ADJUSTMENT	PAYBACK ADJUSTMENT	PROPOSED DISTRIBUTION	ADJUSTED GAIN/(LOSS)
ARSON CITY	\$8,239,807	\$6,427,317	\$0	\$8,239,807	0.97049	\$7,996,609	\$0	\$7,996,609	\$7,996,609	\$1,569,292	\$0	\$0	\$7,996,609	\$1,569,292
MURCHILL	2,870,492	2,076,822	0	2,870,492	0.97049	2,785,770	0	2,785,770	2,785,770	708,948	0	0	2,785,770	708,948
LARK	169,404,851	155,442,775	0	169,404,851	0.97049	164,404,872	0	164,404,872	164,404,872	8,962,097	0	0	164,404,872	8,962,097
DOUGLAS	5,899,429	7,103,422	7,103,422	0	0.97049	0	0	0	7,103,422	0	0	0	7,103,422	0
LKO	8,942,762	4,106,223	0	8,942,762	0.97049	8,678,817	0	8,678,817	8,678,817	4,572,594	0	0	8,678,817	4,572,594
SMERALDA	114,352	649,129	649,129	0	0.97049	0	0	0	649,129	0	0	0	649,129	0
UREKA	1,856,579	1,858,221	1,858,221	0	0.97049	0	0	0	1,858,221	0	0	0	1,858,221	0
HUMBOLDT	4,665,017	3,198,497	0	4,665,017	0.97049	4,527,329	0	4,527,329	4,527,329	1,328,832	0	0	4,527,329	1,328,832
ANDER	1,986,998	1,878,746	0	1,986,998	0.97049	1,928,352	0	1,928,352	1,928,352	49,606	0	0	1,928,352	49,606
INCOLN	213,605	892,182	892,182	0	0.97049	0	0	0	892,182	0	0	0	892,182	0
YON	1,633,453	4,363,066	4,363,066	0	0.97049	0	0	0	4,363,066	0	0	0	4,363,066	0
MINERAL	907,043	1,446,359	1,446,359	0	0.97049	0	0	0	1,446,359	0	0	0	1,446,359	0
WYE	3,375,744	3,626,450	3,626,450	0	0.97049	0	0	0	3,626,450	0	0	0	3,626,450	0
PERSHING	793,136	1,182,676	1,182,676	0	0.97049	0	0	0	1,182,676	0	0	0	1,182,676	0
STOREY	312,706	854,795	854,795	0	0.97049	0	0	0	854,795	0	0	0	854,795	0
WASHOE	53,881,905	69,482,950	0	53,881,905	0.97049	52,291,582	0	52,291,582	52,291,582	(17,191,368)	0	0	52,291,582	(17,191,368)
WHITE PINE	1,434,071	1,942,320	1,942,320	0	0.97049	0	0	0	1,942,320	0	0	0	1,942,320	0
TOTAL	\$266,531,950	\$266,531,950	\$23,918,620	\$249,991,832	\$242,613,330	\$242,613,330	\$0	\$242,613,330	\$266,531,950	\$0	\$0	\$0	\$266,531,950	\$0

MINUTES OF THE
SENATE COMMITTEE ON TAXATION

Sixty-sixth Session
June 25, 1991

The Senate Committee on Taxation was called to order by Chairman Bob Coffin, at 6:03 p.m., on Tuesday, June 25, 1991, in the Senate lounge of the Legislative Building, Carson City, Nevada. There was no Meeting Agenda. There was no Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Bob Coffin, Chairman
Senator Ronald V. Cook, Vice Chairman
Senator Joseph M. Neal, Jr.
Senator Ernest E. Adler
Senator Ann O'Connell
Senator Virgil M. Getto
Senator R. Hal Smith

OTHER SENATORS PRESENT:

Senator Diana M. Glomb
Senator Leonard V. Nevin
Senator William J. Raggio
Senator Dean A. Rhoads
Senator Stephanie S. Tyler

OTHERS PRESENT:

Kevin Welsh, Fiscal Analyst, Legislative Counsel Bureau
Marvin A. Leavitt, City of Las Vegas

Chairman Coffin opened discussion on Assembly Bill (A.B.) 104 with Senate Amendment No. 1417. Chairman Coffin explained the amendment is the Rural County Fair Share proposal and stated, at the meeting held on the Senate floor at 5:33 p.m., there were only three votes to pass A.B. 104 with the amendment.

A.B. 104: Makes various changes relating to taxation.

Senator Getto felt that Churchill County was not getting their fair share. Kevin Welsh, Fiscal Analyst, Legislative Counsel Bureau, stated that was just the way the formula worked out. He felt that an amendment could correct the problem.

Marvin A. Leavitt, City of Las Vegas, explained the rural counties in Nevada are export counties to the Fair Share tax plan.

Senator Adler and Senator Getto both felt the time has come for Washoe County to stop "importing" sales taxes from other counties. Discussion followed.

Senator Len Nevin was upset with the plan and said, "He would retaliate by voting against a major appropriation bill." Senator Nevin stated he would not be voting on every tax bill, and every budget bill, if the senate taxation committee backed the "fair share" amendment.

Chairman Coffin explained, under A.B. 104, Washoe County must give up \$6.6 million in sales taxes in the coming year and \$13.1 million in 1992-1993. In the 4 subsequent years, the county loses an additional \$1 million each year until its permanent sales tax loss will be \$17.2 million a year. Washoe County must pay back \$6.6 million, over the next 3 years, to Clark County, as payment for excessive sales taxes it received because of errors by its assessor.

Senator Getto said "sooner or later" all counties must be allowed to keep most of the sales taxes generated in their boundaries. "Under this plan rural counties would be paying off Washoe County forever," stated Senator Getto.

Chairman Coffin said, "Clark County would pick up \$6.7 million next year and \$11.2 million in 1992-1993 and the county would be guaranteed in future years to receive 97 percent of the sales taxes it collects".

Chairman Coffin assured the committee members he would work with them to amend the bill with a formula for taxes the committee could support. Discussion followed.

Senator Coffin entertained a motion on A.B. 104 and Senate Amendment No. 1417.

SENATOR ADLER MOVED TO AMEND A.B. 104 WITH SENATE AMENDMENT NO. 1417.

SENATOR COOK SECONDED THE MOTION.

MOTION PASSED CARRIED (SENATOR O'CONNELL AND GETTO ABSTAINED FROM THE VOTE.)

* * * * *

SECOND READING AND AMENDMENT

Assembly Bill No. 104.

Bill read second time.

The following amendment was proposed by the Committee on Taxation:
Amendment No. 1417.

Amend sec. 7, page 8, line 21, by deleting: "*subsections 2 and 3:*" and inserting "*subsection 2:*".

Amend sec. 7, page 8, line 27, after "*counties*" by inserting: "*and from out-of-state businesses,*".

Amend sec. 7, page 8, lines 36 and 37, by deleting: "*an amount determined by:*

(1) *Apportioning*".

Amend sec. 7, pages 8 and 9, by deleting lines 42 through 48 on page 8 and lines 1 through 5 on page 9 and inserting "*paragraph.*".

Amend sec. 15, page 17, by deleting lines 7 through 28 and inserting: "*Sec. 15. (Deleted by amendment.)*".

Amend sec. 22, page 23, lines 12 and 13, by deleting: "*month:*
1. *Make*" and inserting "*month make*".

Amend sec. 22, page 23, by deleting lines 28 through 44.

Amend sec. 23, page 24, by deleting lines 4 through 8 and inserting:

Carson City	\$93,943
Churchill	57,881
Clark	187,047
Elko	257,394
Humboldt	97,414
Lander	4,134".

Amend sec. 23, page 24, by deleting line 16.

Amend sec. 23, page 24, line 23, by deleting "435,748" and inserting "697,813".

Amend sec. 24, page 24, by deleting lines 26 through 48 and inserting:

"Sec. 24. For the fiscal year 1992-1993, after determining the amount of the distributions required by NRS 377.057, as amended by this act, each month, the state controller shall:

1. Reduce the distributions by the amounts indicated for each of the following counties:

Carson City	\$57,113
Churchill	56,681
Elko	133,738
Humboldt	84,092
Lander	4,134

2. Increase the distributions by the amounts indicated for each of the following counties:

Clark	\$187,276
Washoe	148,482".

Amend the bill as a whole by adding new sections designated sections 24.1, 24.2 and 24.3, following sec. 24, to read as follows:

"Sec. 24.1. For the fiscal year 1993-1994, after determining the amount of the distributions required by NRS 377.057, as amended by this act, each month, the state controller shall:

1. Reduce the distributions by the amounts indicated for each of the following counties:

Carson City	\$42,835
Churchill	42,511
Elko	100,303
Humboldt	63,069
Lander	3,100

2. Increase the distributions by the amounts indicated for each of the following counties:

Clark	\$186,825
Washoe	64,993

Sec. 24.2. For the fiscal year 1994-1995, after determining the amount of the distributions required by NRS 377.057, as amended by this act, each month, the state controller shall:

1. Reduce the distributions by the amounts indicated for each of the following counties:

Carson City	\$28,557
Churchill	28,342
Elko	66,868
Humboldt	42,046
Lander	2,066

2. Increase the distributions by the amounts indicated for each of the following counties:

Clark	\$902
Washoe	166,977

Sec. 24.3. For the fiscal year 1995-1996, after determining the amount of the distributions required by NRS 377.057, as amended by this act, each month, the state controller shall:

1. Reduce the distributions by the amounts indicated for each of the following counties:

Carson City	\$14,278
Churchill	14,170
Elko	33,435
Humboldt	21,023
Lander	1,033

2. Increase the distributions by the amounts indicated for each of the following counties:

Clark	\$451
Washoe	83,488"

Amend sec. 24.5, page 25, line 3, by deleting "and 24" and inserting: "to 24.3, inclusive,".

Amend the bill as a whole by deleting sections 27 through 33.6, renumbering sections 34 through 38 as sections 39 through 43 and adding new sections designated sections 27 through 38, following sec. 26, to read as follows:

"Sec. 27. Sections 27 to 38, inclusive, of this act constitute the Local Government Tax Act of 1991.

Sec. 28. 1. A tax distribution fund must be created in the state treasury for each county that imposes or levies any tax pursuant to the provisions of sections 29 to 33, inclusive, or section 37 of this act.

2. All interest and income earned on the money in the fund must be credited to the fund after deducting any applicable charges.

3. The state controller shall distribute the money in the fund monthly among the several local governments in the county that are eligible to receive a distribution of the revenue from the supplemental city-county relief tax, including the county, in the proportion which the basic ad valorem revenue of each local government bears to the total basic ad valorem revenue of all these local governments.

4. As used in this section, "basic ad valorem revenue" has the meaning ascribed to it in NRS 377.057.

Sec. 29. 1. Except as otherwise provided in section 34 of this act and in addition to all other sales and use taxes, the board of county commissioners of Churchill, Elko, Humboldt and Lander counties and the board of supervisors of Carson City may by ordinance, but not as in a case of emergency, impose a tax at the rate of up to $\frac{1}{4}$ of 1 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed in the county.

2. The tax imposed pursuant to this section applies throughout the county, including incorporated cities in the county.

3. The ordinance enacted pursuant to this section must include provisions in substance as follows:

(a) Provisions substantially identical to those of the Local School Support Tax Law, insofar as applicable.

(b) A provision that all amendments to the provisions of the Local School Support Tax Law subsequent to the date of enactment of the ordinance, not inconsistent with this section, automatically become a part of the ordinance enacted pursuant to subsection 1.

(c) A provision that the county shall contract before the effective date of the ordinance enacted pursuant to subsection 1 with the department to perform all functions incident to the administration or operation of the tax imposed pursuant to subsection 1.

4. All fees, taxes, interest and penalties imposed and all amounts of tax required to be paid to the county under this section must be paid to the department of taxation in the form of remittances made payable to the department of taxation.

5. The department of taxation shall deposit the payments with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

Sec. 30. 1. Except as otherwise provided in section 34 of this act and in addition to all other taxes imposed on the valuation of vehicles, the board of county commissioners of Churchill, Elko, Humboldt and Lander counties and the board of supervisors of Carson City may by ordinance, but not as in a case of emergency, impose a special privilege tax of 1 cent on each \$1 of valuation of the vehicle for the privilege of operating upon the public streets, roads and highways of the county on each vehicle based in the county except:

(a) A vehicle exempt from the motor vehicle privilege tax pursuant to this chapter; or

(b) A vehicle subject to NRS 706.011 to 706.861, inclusive, which is engaged in interstate or intercounty operations.

2. The department of motor vehicles and public safety shall deposit the proceeds of the tax imposed pursuant to subsection 1 with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

3. As used in this section "based" has the meaning ascribed to it in NRS 482.011.

Sec. 31. 1. Except as otherwise provided in section 34 of this act, notwithstanding the provisions of NRS 463.395 and in addition to all other fees and taxes imposed on gaming, the board of county commissioners of Churchill, Elko, Humboldt and Lander counties and the board of supervisors of Carson City may by ordinance, but not as in a case of emergency, impose a license fee for conducting, carrying on or operating any gambling game, slot machine or other game of chance.

2. The total amount of revenue estimated to result for any fiscal year from the imposition of a license fee pursuant to the provisions of this section must not exceed the total amount of revenue estimated to result for the same year from the imposition of all taxes imposed in the county pursuant to sections 29 to 33, inclusive, or section 37 of this act, multiplied by a fraction, the numerator of which is the total gaming license fees collected by all local governments in the county, including the county, for the fiscal year 1990-1991, and the denominator of which is the general fund revenues of the county and any incorporated cities in the county for the fiscal year 1990-1991.

3. The tax imposed pursuant to this section applies throughout the county, including incorporated cities in the county.

4. The proceeds of the tax imposed pursuant to this section must be deposited with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

Sec. 32. 1. Except as otherwise provided in section 34 of this act and in addition to all other taxes imposed on transfers of real property, the board of county commissioners of Churchill, Elko, Humboldt and Lander counties and the board of supervisors of Carson City may by ordinance, but not as in a case of emergency, impose a tax at the rate of up to 10 cents for each \$500 of value or fraction thereof on each deed by which any lands, tenements or other realty is granted, assigned, transferred or otherwise conveyed to, or

vested in, another person, if the consideration or value of the interest or property conveyed, exclusive of the value of any lien or encumbrance remaining on the interest of property at the time of sale, exceeds \$100. The amount of tax must be computed on the basis of the value of the transferred real property as declared pursuant to NRS 375.060.

2. The ordinance imposing the tax must include:

(a) Provisions substantially identical to those contained in chapter 375 of NRS, insofar as applicable; and

(b) A provision that all amendments to chapter 375 of NRS after the date of enactment of the ordinance, not inconsistent with the chapter, automatically become a part of the ordinance imposing the tax.

3. The tax imposed pursuant to this section applies throughout the county, including incorporated cities in the county.

4. The proceeds of the tax must be deposited with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

Sec. 33. 1. Except as otherwise provided in section 34 of this act, the board of county commissioners of Churchill, Elko, Humboldt and Lander counties and the board of supervisors of Carson City may levy a tax ad valorem on the assessed valuation of all taxable property in the county.

2. The provisions of NRS 354.59811 do not apply to a tax levied pursuant to the provisions of this section and the tax must not be considered in determining the allowed revenue from taxes ad valorem for the county or any local government therein.

3. Notwithstanding the provisions of NRS 279.676, no portion of the taxes levied pursuant to this section may be distributed to a redevelopment agency.

4. The county treasurer shall deposit the proceeds of the tax levied pursuant to the provisions of this section monthly with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

Sec. 34. The governing body of any county in which one or more of the taxes authorized by sections 29 to 33, inclusive, of this act have been or will be imposed or levied:

1. Shall adopt a plan to replace the reduction in the amount of proceeds of the supplemental city-county relief tax estimated for that county pursuant to section 35 of this act on or before September 1, 1991, if the tax is to be imposed or levied for fiscal year 1991-1992 and on or before May 31 of the immediately preceding fiscal year if the tax is to be imposed or levied for fiscal years 1992-1993 through 1995-1996. The plans may include one or more of the taxes authorized by sections 29 to 33, inclusive, of this act, but the total amount of revenue estimated to result from all taxes imposed or levied pursuant to sections 29 to 33, inclusive, of this act must not exceed the estimate of the reduction in the amount of proceeds of the supplemental city-county relief tax estimated for that county pursuant to section 35 of this act for the fiscal year during which the plan is to be in effect.

2. May revise the plans adopted pursuant to subsection 1 for the fiscal years 1992-1993 through 1996-1997 on or before the May 31 immediately preceding the fiscal year during which the plan is to be in effect.

3. Shall not, after June 30, 1996, impose, levy or continue any of the taxes authorized by sections 29 to 33, inclusive, of this act.

Sec. 35. The legislature hereby finds and declares that the following amounts specified for each county estimate fairly the amount by which the proceeds of the supplemental city-county relief tax were reduced during the revision of the formula for the distribution of the supplemental city-county relief tax:

1. For fiscal year 1991-1992:

Carson City	\$342,678
Churchill	340,084
Elko	802,427
Humboldt	504,554
Lander	24,803

2. For fiscal year 1992-1993:

Carson City	\$685,356
Churchill	680,168
Elko	1,604,854
Humboldt	1,009,107
Lander	49,606

3. For fiscal year 1993-1994:

Carson City	\$514,017
Churchill	510,126
Elko	1,203,641
Humboldt	756,830
Lander	37,205

4. For fiscal year 1994-1995:

Carson City	\$342,678
Churchill	340,084
Elko	802,427
Humboldt	504,554
Lander	24,803

5. For fiscal year 1995-1996:

Carson City	\$171,339
Churchill	170,042
Elko	401,214
Humboldt	252,277
Lander	12,402

Sec. 36. 1. As soon as practicable after the effective date of this act, the executive director of the department of taxation shall make an estimate of the difference between the total amount of revenue from the proceeds of the supplemental city-county relief tax that would be distributed to the local governments in Washoe County, including the county, without the provisions of this act for the fiscal years 1991-1992 through 1996-1997 and the total amount of that revenue that he estimates will be distributed to the county pursuant to the provisions of this act.

2. The department of taxation shall provide to the board of county commissioners of Churchill, Elko, Humboldt, Lander and Washoe counties and the board of supervisors of Carson City, any estimate that is requested by the board and necessary to carry out the provisions of this act.

Sec. 37. 1. On or before September 1, 1991, for fiscal year 1991-1992 and on or before May 31 of each succeeding year through June 30, 1996, for the immediately succeeding fiscal year, the board of county commissioners of Washoe County shall impose the taxes authorized by sections 29, 30 and 31 of this act in the same manner as provided in those sections except that:

(a) The ordinance imposing the taxes may be adopted in the manner provided for emergencies; and

(b) Each tax must be imposed at the maximum rate authorized in those sections.

2. Except as otherwise provided in subsection 3, for fiscal years 1992-1993 through 1996-1997, the board of county commissioners of Washoe County may:

(a) Impose the tax authorized by section 32 of this act up to the maximum allowed by that section and in the manner provided by that section; and

(b) Levy the tax authorized by section 33 of this act in the manner provided by that section.

3. The total amount of revenue estimated to result from the imposition of all taxes imposed or levied pursuant to subsection 2, when added to the revenue estimated to result from the taxes imposed pursuant to subsection 1, must not exceed the estimate made by the department of taxation of the reduction in the amount of proceeds of the supplemental city-county relief tax estimated for that county pursuant to subsection 1 of section 36 of this act.

4. Except as otherwise specifically provided in this section, the corresponding provisions of sections 29 to 33, inclusive, of this act concerning a tax authorized by one of those sections apply to the same kind of tax imposed or levied pursuant to the provisions of this section.

Sec. 38. 1. On or before May 31, 1994, the department of taxation shall make an estimate of the total amount of proceeds that will be derived in Washoe County from each of the taxes imposed or levied pursuant to section 37 of this act for fiscal year 1994-1995.

2. On or before June 30, 1994, using the estimate prepared pursuant to subsection 1, the board of county commissioners of Washoe County shall reduce the rate of one or both of the taxes imposed or levied pursuant to subsection 2 of section 37 of this act if necessary to maintain the estimated revenue from all taxes imposed or levied pursuant to sections 29 to 33, inclusive, of this act at or below an amount equal to \$2,225,664 less than the amount determined for the fiscal year 1994-1995 pursuant to subsection 1 of section 36 of this act.

3. The board of county commissioners of Washoe County shall not, after June 30, 1996:

(a) Except as otherwise provided in subsection 4, decrease any of the taxes imposed pursuant to section 37 of this act unless all of the local governments that are entitled to receive a monthly distribution from the tax distribution fund for the county agree to the decrease.

(b) Increase the rate of any tax imposed pursuant to section 37 of this act.

4. If necessary to avoid violating the provisions of subsection 2 of section 31 of this act, the board of county commissioners of Washoe County shall reduce the amount of the license fee imposed pursuant to section 37 of this act by the minimum amount necessary to comply with the provisions of subsection 2 of section 31 of this act."

Amend sec. 34, page 29, by deleting line 23 and inserting: "ceeds is appropriated."

Senator Coffin moved the adoption of the amendment.

Remarks by Senators Coffin, Titus, Adler, Raggio, Getto, Tyler and Townsend.

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

SENATOR COFFIN:

Thank you, Madam President. Senate Amendment No. 1417 changes considerably the second reprint of Assembly Bill 104. If we adopt this amendment it will reduce what is commonly known as the "pay back" by \$3 million from Washoe County to other counties. It will allow a phase-in of the rebasing formula over a period of five years. It will also allow five rural counties, which were formerly exporting to Washoe County, to receive funds on the rebasing formula, again being phased in over a period of five years. It contains additional changes which will require Washoe County to impose certain taxes to help make up their losses. It will also allow the county commissioners, at their option, to raise property taxes to make up the difference.

As a result of negotiations among interests from Washoe County, rural counties and Clark County, it brings us closer to a final resolution of this fair share problem.

The committee deliberated over this and we still do have some heartburn over whether or not, within the rural counties, the timing of the distribution is as good as it can be. We're going to look at that overnight after this amendment has been adopted. At least, it is our request that you do adopt this amendment. Then we will have a chance to discuss it again when it is on general file tomorrow.

SENATOR TITUS:

Thank you, Madam President. I would like to ask the chairman of the Taxation Committee if he would go over briefly what the effect will be on Clark County if this reduces Washoe County's pay back by \$3 million.

SENATOR COFFIN:

Thank you, Madam President, to you and through you to Senator Titus. I'd be very happy to indicate that the amendment holds Clark County harmless, that the payback from Washoe County to Clark County remains \$6.6 million and that the rebasing formula continues to hold Clark County in a position of not exporting to Washoe County.

SENATOR ADLER:

Thank you, Madam President. I rise in support of this amendment because it does several important things. The first is that it forgives the Washoe County payback to the rural counties. One of the reasons for that is because many of the rural counties believe that no payback was really necessary in the first instance. That helps Washoe County through the years '91, '92 and '93. It places them in a much better position to attempt to meet the financial burdens placed on them by Assembly Bill No. 104. This is caused, in

part, because the rural counties recognize that Washoe County is going to have a difficult time paying this back. They feel they are obligated to chip in, so to speak, to aid in this process.

The amendment phases the bill back into its original form which contained only two classes of counties, exporting and importing. Under that formula, either a county was an importing rural county or it was an exporting county. The exporting counties formula would be fixed at 97 percent. Several rural counties would be held harmless under the old formula or law.

The important provision of this is that if this adjustment is not made, if the rural counties continue to export \$4 million under the bill as it was presently sent over from the Assembly, every session we are going to have a bill which is going to be from the rural counties, requesting that the \$4 million be phased out.

There will be constant conflict between Washoe County and the rural counties. This problem would never resolve itself because of the odd redistribution formula placed in the bill. Essentially, what the original bill did was to transfer money from Washoe County to all the other counties. The amendment, which was placed on the Assembly side, tried to correct what they saw as an injustice visited upon Washoe County by taking \$4 million from the rural counties.

If that continues, I can not see where the distribution of SCCRT funds, and the disputes over distribution of those funds, will ever leave this legislature. They will be revisited session after session after session. This bill does fix that problem, while, at the same time, giving Washoe County some relief which they desperately need. From that perspective, I think it's an extremely fair amendment.

SENATOR RAGGIO:

I will speak more on this bill when it comes to us on General File. The only reason I'm speaking at this point is to indicate my opposition to this amendment. The characterization by the previous speaker indicating that this somehow "eases the burden on Washoe County" is difficult to perceive. The end result of this amendment is that Washoe County will lose, ultimately, over the phase-in period, a total of \$17 million plus each year. That is significantly more than the \$13 million in the original bill as it came to us from the Assembly.

So, I don't care how you try to paint the picture, this does not give any help to Washoe County. It may immediately and for the next few years but the end result is that the citizens of Washoe County, if this bill is processed with this amendment, will owe and have to make up, if they want to retain the same level of revenue, a total of \$17 million each year as it phases back in, and not \$13 million as was originally planned.

Some reference has been made that there was an agreement of some sort among Washoe County, Clark County and the rural counties. I have no information to indicate that any member of the Washoe delegation, in this body, or any member of the Washoe delegation, in the other body, participated in any agreements. There may have been discussion by staffers who represent Washoe County and whose interests are primarily that of recouping any loss that may occur through increased taxes, but that does not have, to my understanding, the consent and approval of any member of this delegation. Now, if any member of this delegation from Washoe County feels otherwise, I don't want to speak for him or her. I'd be happy to let them make their own reference.

For those reasons, which I will speak more on at the proper time, this is not fair share, this is a punitive measure. Regardless of how you paint the picture, this will leave a very divisive rift among the entities of this state. On behalf of the citizens of Washoe County, I want to indicate that it is something that is not being eased in any way by this amendment.

SENATOR GETTO:

Thank you, Madam President. I was one of the committee members not voting on this amendment. I do support the concept of the bill. What it is trying to do is to get, within five years, back to where all of the counties will be either 100 percent or 97 percent.

Senator Raggio pointed out that this amended bill is not any better than the main bill that came over to us from the Assembly. I guess there's two ways to look at this. This bill

does contain a payback. In other words, Washoe County would have paid the fixed sum of \$10 million to Clark and the rural counties. Under this proposal, the rural counties are forgiven their share of this, which consists of over three and a half million dollars.

The bill, as my colleague from Carson City mentioned, does set up a procedure which indicates that, within five years, all of the counties will be at 97 percent. The small counties will be at 100 percent. Now, I know that's going to be a big hit for Washoe County, but it is a gradual hit which allows them to get back to where they will be equal with all the rest of the counties.

I feel, since there is no give from Clark County, that this is sort of one-sided. Yet, we have to remember that the rural counties are the ones who are going to give up three and one-half million dollars to help Clark County. I know this applies only in the beginning and that eventually you'll get back to the \$17 million figure. However, on the other side of that spectrum, as my colleague Senator Raggio mentioned, they would have been only contributing \$13 and a half million. That meant then that we would have had an ongoing situation where the rural counties would have been contributing and still have been exporting counties to Washoe County. I don't think that's what we need to do here if we're going to try and get back to a fair plan.

Sooner or later we will have to come to a point where all of the counties are keeping most of their SCCRT funds. Under the plan that Senator Raggio mentioned, the rural counties would have been forever paying off to Washoe County. I think that's not their intention either.

SENATOR ADLER:

In response to my colleague from Washoe County, he is misconstruing the bill to a great extent. If you look at what was done by the Assembly, they applied one formula to Washoe and Clark counties, which means they got credited for their out-of-county sales. They took all the rural exporting counties and applied the old formula. By applying two different formulas, they were able to transfer \$4 million to Washoe County. That isn't fair. Washoe County has talked a lot about fairness. Just because they feel that they have not been treated fairly by Clark County does not mean that they should try and do the same thing to the rural counties. If this is the way the legislative process works, where the bigger the delegation is the more they can maneuver through this house, then that is a sad day for the whole state of Nevada.

From that perspective, I think this is a fair deal. The rural counties, under the current bill, are entitled to a \$3.5 million payback. They're willing to give that up to help out Washoe County, in the short term, but they also insist that the formula be rebased to something that is based upon the actual sales within the county. Currently, I believe Washoe County is receiving about 122 percent of all sales tax generated in the county. Assembly Bill No. 104, as sent over from the Assembly, would perpetuate that at about 104 percent level. At some point, we have to adjust the formula so that everyone is in the proper position.

I did not vote for a bill introduced in 1981 which was similar to this one. There are members of this body who did. I'm sure that the ones who voted for it in 1981 did not know what they were voting for, or they most likely would not have voted for it. I think, at some point, we have to look at the whole situation, be statesman and try and solve problems rather than creating new problems or perpetuating old problems. If we support the bill, the way it was passed by the Assembly, we will perpetuate a rift between the rural counties and Washoe County which can only be to the disadvantage of both.

SENATOR TYLER:

Thank you, Madam President. I also must rise in opposition to this proposed amendment. While I appreciate the give and take nature that the rural communities have extended to us, I also desire to finally resolve this issue.

I'm looking at it, from my county's standpoint, as a pay me now or pay me much more later. It still, with this amendment, is the difference between \$13 million or \$17.5 million. We can not be so short sighted as to take the smaller hit now, characterizing this as a gradual hit that just keeps hitting harder. I'm not as optimistic, as perhaps my county staff

might be, in terms of Washoe County being able to better absorb this later. I'm concerned about the future of this. It may help a little bit for now, but in the long run it's going to further damage Washoe County.

SENATOR TOWNSEND:

Thank you, Madam President. The issue of the transfer of money has been well debated and I will not touch on that. The concern I have for this bill, or rather for this amendment, particularly in section 37, is that those who do not represent Washoe County are stating what the county commissioners of Washoe County shall do by imposing taxes authorized by sections 29, 30 and 31. These sections refer to sales and use tax, which is valuation of vehicle, which is special privilege tax, which is gaming fees and, ultimately, in subsection 2a. property tax.

The Washoe County Commissioners run for office and are elected exactly as we are. They are closer to the people. I believe they have the right to make a determination as to whether they should raise taxes, whether they should cut services, or combine both. If they choose to raise taxes, they should be allowed to choose which taxes they wish to raise. We certainly aren't omnipotent. I think it is extremely inappropriate that we hand them this kind of authorization as outlined in this amendment or actually this mandate. I don't think it's appropriate. Granted, that would be a tough choice for them to make and, yes, public hearings would be tough. However, I think it's appropriate for us to let them rule their counties as they see fit, as they've been elected so to do.

I am extremely bothered by section 37. I think it's inappropriate no matter what the dollar figure finally agreed upon.

Senators Raggio, Jacobsen and Coffin requested a roll call on Senator Coffin's motion.

Roll call on Senator Coffin's motion:

YEAS—13.

NAYS—Glomb, Jacobsen, Nevin, Raggio, Townsend, Tyler—6.

Not voting—Getto, O'Connell—2.

The motion having received a majority, Madam President declared it carried.

Amendment adopted.

Bill ordered reprinted, re-engrossed and to third reading.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Vergiels moved that for the balance of the session, beginning on Wednesday, June 26, 1991, all Senate and Assembly bills and Senate and Assembly joint resolutions reported out of committee with a do pass be declared emergency measures and immediately placed on the General File, time permitting.

Remarks by Senator Vergiels.

Motion carried.

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

This eliminates the one-day notice of bills on General File. Time permitting will allow the front desk time to process the agendas, as needed.

Senator Vergiels moved that for the balance of the session, beginning on Wednesday, June 26, 1991, all Senate and Assembly bills and Senate and Assembly joint resolutions returned from reprint be declared emergency measures and immediately placed on the General File, time permitting.

Remarks by Senator Vergiels.

Motion carried.

(REPRINTED WITH ADOPTED AMENDMENTS)
THIRD REPRINT

A.B. 104

ASSEMBLY BILL NO. 104—ASSEMBLYMEN MYRNA WILLIAMS, PORTER, PRICE, CALLISTER, ARBERRY, GOETTING, MCGAUGHEY, NORTON, GIUNCHIGLIANI, GREGORY, CARPENTER, SPITLER, LITTLE, KRENZER, WENDELL WILLIAMS, SCHERER, STOUT, BAYLEY, HARDY, GARNER, BENNETT, PETRAK, WONG AND BACHE

JANUARY 22, 1991

Referred to Committee on Taxation

SUMMARY—Makes various changes relating to taxation. (BDR 32-138)

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; requiring the department of taxation to establish uniform standards and required training concerning the assessment of property by county assessors; revising the provisions governing the assessment roll of county assessors; revising the formula for the distribution of the proceeds of the supplemental city-county relief tax; authorizing certain counties to impose certain additional taxes to replace revenue lost as a result of the revision of the formula; making an appropriation; and providing other matters properly relating thereto.

- 1 WHEREAS, In 1981, the Nevada Legislature substantially revised the laws
- 2 governing the financial structure of the local governments of this state; and
- 3 WHEREAS, As part of that revision the supplemental city-county relief tax
- 4 was imposed at the rate of 1.75 percent of taxable sales and a formula was
- 5 enacted which allocated the revenue from that tax among the local govern-
- 6 ments; and
- 7 WHEREAS, The amount of property taxes that each local government was
- 8 allowed to receive was reduced by an amount equal to the amount of revenue
- 9 from the supplemental city-county relief tax that was allocated to that local
- 10 government; and
- 11 WHEREAS, Various other controls were also instituted that limited the
- 12 amount of revenue which could be received by a local government; and
- 13 WHEREAS, The formula for the distribution of the supplemental city-county
- 14 relief tax was based upon the replacement of equal amounts of property tax
- 15 revenue and did not attempt to return a particular portion of the proceeds of
- 16 the sales and use tax to the area in which they were collected; and
- 17 WHEREAS, This legislature hereby finds and determines that it is more
- 18 equitable to distribute the revenue from the supplemental city-county relief
- 19 tax to the counties in which it was collected and to counties in which the
- 20 persons who pay the tax may reside; and

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MOTIONS, RESOLUTIONS AND NOTICES

In compliance with a notice given on the previous day, Senator Rhoads moved that the vote whereby Assembly Bill No. 471 was passed be reconsidered.

Remarks by Senators Rhoads, Horn and Jacobsen.

Motion carried.

Senator Vergiels moved that Assembly Bill No. 471 be taken from the General File and placed on the Secretary's desk.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

Assembly Bill No. 212.

Senator Cook moved that the bill be referred to the Committee on Finance.

Motion carried.

Assembly Bill No. 586.

Senator Cook moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

Assembly Bill No. 714.

Senator Cook moved that the bill be referred to the Committee on Finance.

Motion carried.

Assembly Bill No. 728.

Senator Cook moved that the bill be referred to the Committee on Finance.

Motion carried.

Assembly Bill No. 823.

Senator Cook moved that the bill be referred to the Committee on Judiciary.

Motion carried.

GENERAL FILE AND THIRD READING

Assembly Bill No. 104.

Bill read third time.

The following amendment was proposed by Senators Nevin, Glomb, Raggio, Townsend and Tyler:

Amendment No. 1470.

Amend sec. 23, page 23, line 6, by deleting "187,047" and inserting "279,783".

Amend sec. 23, page 23, line 23, by deleting "697,813" and inserting "790,549".

Amend sec. 24, page 23, line 41, by deleting "\$187,276" and inserting "\$94,540".

Amend sec. 24, page 23, line 42, by deleting "148,482" and inserting "241,218".

Amend sec. 24.1, page 24, line 11, by deleting "\$186,825" and inserting "\$94,089".

Amend sec. 24.1, page 24, line 12, by deleting "64,993" and inserting "157,729".

Amend sec. 38, page 30, line 8, by deleting "\$2,225,664" and inserting "\$1,112,832".

Senator Nevin moved the adoption of the amendment.

Remarks by Senators Nevin, Titus, Adler, Raggio, Cook, Coffin and Glomb.

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

SENATOR NEVIN:

Thank you, Madam President. This amendment concerns a pay back. We're asking, in this amendment, to have half the pay back to Clark County taken away. The current pay back is \$6,676,992. This amount will be reduced by \$3,338,496 leaving Washoe County with a new pay back of \$3,338,496. This falls in line with what the rural counties did to assist Washoe County by forgiving us for that money.

We felt that if we're talking fair share, if the rurals can do it, then we figure Clark County can do it. I strongly ask this body to consider this amendment. It is going to help Washoe County because of the deficit situation we now face. I think that this is going to be of some assistance to us. Of course, if I had my way, there would be no pay back. I would prefer forgiving everything, going to a new base on the first part of the bill and have it phased in that direction.

I urge your support on this amendment. Thank you.

SENATOR TITUS:

Thank you, Madam President. You know, I just never cease to be amazed at the audacity of Washoe County. For months now, we've been hearing Assembly Bill No. 104 referred to as the "Fair Share Bill." Even as the bill is currently written, I think that's a misnomer and if you add this amendment to it, the term becomes totally ridiculous. As passed by the Assembly, the "Fair Share Bill" is really a fair shake. It is a fair shake for Washoe County which, I might add, is more than they deserve. For years, Washoe County has been a sponge, just soaking up the income that's been earned by the blood and sweat of miners, gamblers and ranchers throughout the remainder of the state. Washoe County residents don't want taxes; they don't want growth; they just want handouts.

I ask you, what have they done to deserve such preferential treatment from Clark County and the rest of the state? I would urge you not to support this amendment, to give them a fair shake, but without the amendment. Let Washoe stop whining and say, "Thank you," for once. Let them show their commitment and their appreciation by trying to make the entire state a better place for all of us to live, not just for Washoe County.

SENATOR ADLER:

Thank you, Madam President. I rise in support of this amendment. I'm going to try and be unemotional about this matter. I've gone over the "pay back" issue. If Clark County is correct in their figures, money went to Washoe County which should have been distributed throughout the rest of the state.

However, as a matter of state policy, we have never made a county pay back money because of an assessor's error. Testimony in the tax committee was that all of the counties have made significant assessor's errors over the years. If we, in this one instance, make one county pay back for an assessor's error, what are we going to do in future years? Are we going to say that we're going to audit every county and make them pay back for any errors made which may have impacted on the distribution of school distributive fund monies or SCCRT monies. Where does this stop?

To single out one county for a pay back, for perhaps an error which I'm certain was made in good faith if an error was made, is not good state policy for the long term. Therefore, I'd have to support the amendment.

SENATOR RAGGIO:

Thank you, Madam President. I also rise in support of this amendment. As I indicated before, I have no doubt that however this matter is resolved it will leave a very deep rift in this state. Too many inflammatory remarks have been uttered, not only on the floor of this Senate but elsewhere. Those kind of remarks, which seek to characterize what are very meaningful and well-believed efforts, do nothing to change that. It's unfortunate but it is going to have that end result.

Out of this whole process, one thing is clear. Early on, when I appeared before the Senate Taxation Committee, I urged that everyone rise above his or her own sectionalism on this issue. If there was some adjustment that was now necessary, that the adjustment ought to be done through compromise. Compromise means giving up something from all positions. And, unfortunately, as I have watched this issue wend its way from the other house to this house and now, to the floor this morning, it's quite apparent that the only entity that has given up nothing on this has been Clark County. We can't mandate that they do because we don't have the muscle. I don't like to see anybody's position, right or wrong, muscled through a session. I believe this amendment addresses the fact that there has been no give, of any kind, on the part of Clark County. The so-called "rural compromise" was some give up on the part of the rural counties only for this so-called "pay back."

Senator Adler is absolutely right when he said that this sets another new precedent in requiring so-called pay backs. There have been many errors made and many more that will be made on the part of our county assessors. In this particular case, admittedly serious errors of the same kind were made in Clark County, but we were given a great deal of double talk to indicate that because other errors were made in other areas, there was no significant effect from that error. I can stay here forever and never understand that argument.

So, in this particular case, Senator Adler is quite correct. There should be no pay back. If it's necessary, because the majority view that there's an equitable need to re-base this formula, that's one thing. But we are now doing something that ought to be on the conscience of everybody who votes on this issue down the road. This pay back is not a pay back; it is an enhancement of the punitive nature of this entire process. I believe it's very unfortunate.

SENATOR COOK:

Thank you, Madam President. The divisiveness is not being caused by conversations going on currently. The divisiveness is being caused by a bad policy that has gone on for years.

If we're talking about compromise, we have compromise from Clark County. Washoe County, during the past 11 years, has benefitted by in excess of \$135 million. The rural counties compromised because the bill that came over from the Assembly forced them to compromise. There is a pay back adjustment, in the first year alone, of in excess of \$8 million.

SENATOR COFFIN:

Thank you, Madam President. The remarks that I make will be very brief and will also apply to any other amendments to Assembly Bill No. 104 which might be considered, especially Amendment No. 1471. The chairman of the Taxation Committee has served here since 1983, which was the first session since the tax shift was adopted in 1981.

At no time, can I recall a member of the Washoe County delegation moving or making an effort to adjust what was rapidly appearing to be a mal-distribution of the sales tax distribution. The spread was getting wider and wider and wider during the '83 and '85 sessions. In 1987 and 1989, efforts were made to attempt to adjust this deformity in the distributions.

As Senator Raggio will well recall, Senators Vergiels, Titus and myself attempted to increase the distribution of the fair share to Clark County through adjustments of the

formula that was in Assembly Bill No. 801 of the last session. We were not given a hearing by the majority party's chairman of the Taxation Committee. We were unsuccessful in gathering a majority of people, frankly, from anywhere to support us. That would have reduced the distribution considerably which would have eliminated the need for this pay back provision. There would be no pay back if, in the last session, the amendments proposed by Senators Vergiels, Titus and Coffin had been given a chance to be heard and a chance to be adopted. Here we are, we predicted it and now it has happened. So, no one can say that there wasn't a warning given in this body.

SENATOR NEVIN:

Thank you, Madam President, for the second time. I'll be brief. This has been going on for 10 years. I've never heard of anybody who's been able to go back 10 years and collect a debt. The reason this half pay back is brought forward is to try to make it a little more reasonable, than going back 10 years.

Clark County was aware of what was going on, as was mentioned earlier. They were making assessments the same way we were. I think we missed the whole point of what this is doing. Just try to remember and think, when you push the button, which you probably will because somebody's going to ask for a roll call vote, that when you push the button, voting against it, you're putting Washoe County deeper in the hole, because we have a deficit already.

If this bill comes out the way that it is written and drafted now, without the amendments, you may see in a few years a reverse fair share and you're going to have to pay us back. Thank you.

SENATOR GLOMB:

Thank you, Madam President. I rise in support of Amendment No. 1472 to Assembly Bill No. 104. With the permission of the President, I would like to address the bill as a whole.

I think the issue that we need to look at, in this whole debate we have before us, is the fact that the tax policy in this state has gone unaddressed for a long time. This bill and these amendments are addressing those issues. When we do look at these issues, we have to look at the total picture. We have not done that through this process. Because of that, it has caused deep divisiveness and deep animosity amongst the people of this body. But most importantly, it's causing divisiveness among this state. It's the people of Nevada who are suffering because of it. I would like to offer a few quotes. I quote, "Nevada State local fiscal arrangements need to go through a thorough sorting out process. The inter-governmental system is so complex and overlapping that there is no clear definition of accountability for fiscal actions at either the state or the local level. The state and local tax system is unfair." These quotes are from this study that we paid half a million dollars for and that we have not addressed. We have not taken any of the recommendations out of this study and applied them to any of the issues facing us today.

One of the many recommendations in this study is the repeal of the SCCRT tax distribution formula. We continue to ignore it. What happens is that the people of this state are the victims of this kind of debate, this kind of policy, this kind of wasting of taxpayers' time and money.

I urge your support of Amendment No. 1470 to Assembly Bill No. 104 as a united body in order to show the people of Nevada that we can deliver to them some sound policy and that we can get on with our business and bring to them the services that they richly deserve. I ask for Clark County's interest in this. I appeal to their fair share. I urge their passage of Amendment No. 1470.

Senators Raggio, Jacobsen and Coffin requested a roll call on Senator Nevin's motion.

Roll call on Senator Nevin's motion:

YEAS—9.

NAYS—Coffin, Cook, Hickey, Horn, Neal, O'Connell, O'Donnell, Rawson, Shaffer, Smith, Titus, Vergiels—12.

The motion having failed to receive a majority, Madam President declared it lost.

The following amendment was proposed by Senators Nevin, Glomb, Raggio, Townsend and Tyler:

Amendment No. 1471.

Amend sec. 23, page 23, line 6, by deleting "187,047" and inserting "233,415".

Amend sec. 23, page 23, line 23, by deleting "697,813" and inserting "744,181".

Amend sec. 24, page 23, line 41, by deleting "\$187,276" and inserting "\$140,908".

Amend sec. 24, page 23, line 42, by deleting "148,482" and inserting "194,850".

Amend sec. 24.1, page 24, line 11, by deleting "\$186,825" and inserting "\$140,457".

Amend sec. 24.1, page 24, line 12, by deleting "64,993" and inserting "111,361".

Amend sec. 38, page 30, line 8, by deleting "\$2,225,664" and inserting "\$1,669,248".

Senator Glomb moved the adoption of the amendment.

Remarks by Senators Glomb, Nevin and Titus.

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

SENATOR GLOMB:

Thank you, Madam President. Amendment No. 1471 to Assembly Bill No. 104 reduces the "payback" required of Washoe County and asks for a forgiveness of \$1.6 million from Clark County. It would reduce the "payback" down to \$5 million rather than the original \$10 million currently in Assembly Bill No. 104. Once again, I appeal to my colleagues to move for adoption of this amendment. The people of Washoe County are facing a very difficult financial time. They are facing severe cuts in services, more importantly fire and police services, which are important to the people of Washoe County. Libraries and many other services important to the people will also have to be cut. I urge your support of this amendment.

SENATOR NEVIN:

Thank you, Madam President. I rise in support of this amendment. This is our last shot. We are not arguing against how the taxes should be based. We do feel that everyone in the state should be taxed in the same manner. Our argument is concerned with the "payback." This piece of legislation is going to put Washoe County in the hole for many years to come. This bill should be thrown in the garbage and should not be recycled. This is nonsense. All we are asking for is that you give Washoe County a chance to put together a program that will keep them from going into the hole. Washoe County will have to raise taxes. This state also wants to raise taxes. Everyone will have to pay more taxes. Washoe County is going to end up paying more taxes. Washoe County is going to end up paying more taxes than anyone else in the state. All we are asking for is a fair deal. We'll give you some money but we can not afford to give you that amount of money.

SENATOR TITUS:

Thank you, Madam President. Once again, I rise in opposition to this amendment. The fact that the amount of the "payback" has been reduced is beside the point. The principle is still the same. I have heard very eloquent pleas from my colleagues in the north asking

for our compassion, asking us to forgive the debt, asking us to be concerned about the entire state. I ask you why this is only now a major concern and has not been in all the years leading up to this point where you suddenly find yourselves in need.

Senators Raggio, Jacobsen and Coffin requested a roll call on Senator Glomb's motion.

Roll call on Senator Glomb's motion:

YEAS—9.

NAYS—Coffin, Cook, Hickey, Horn, Neal, O'Connell, O'Donnell, Rawson, Shaffer, Smith, Titus, Vergiels—12.

The motion having failed to receive a majority, Madam President declared it lost.

The following amendment was proposed by Senators Raggio, Townsend, Tyler, Nevin and Glomb:

Amendment No. 1485.

Amend sec. 28, page 25, line 22, by deleting "or section 37".

Amend sec. 29, page 25, line 35, by deleting "Humboldt" and inserting "Humboldt, Washoe".

Amend sec. 30, page 26, line 16, by deleting "Humboldt" and inserting "Humboldt, Washoe".

Amend sec. 31, page 26, line 33, by deleting "Humboldt" and inserting "Humboldt, Washoe".

Amend sec. 31, page 26, line 41, by deleting "or section 37".

Amend sec. 32, page 27, line 6, by deleting "Humboldt" and inserting "Humboldt, Washoe".

Amend sec. 33, page 27, line 27, by deleting "Humboldt" and inserting "Humboldt, Washoe".

Amend sec. 33, page 27, line 30, after "2." by inserting: "Before levying a tax pursuant to the provisions of subsection 1, the governing body shall hold a public hearing to allow members of the public to present their opinions concerning the tax. The governing body shall publish notice of the hearing not less than 5 nor more than 10 days before the date of the hearing in a newspaper of general circulation in the county. The notice must be at least equal in size to one-quarter of a normal newspaper page.

3."

Amend sec. 33, page 27, line 34, by deleting "3." and inserting "4."

Amend sec. 33, page 27, line 36, by deleting "4." and inserting "5."

Amend sec. 34, page 27, line 39, before "The" by inserting "1."

Amend sec. 34, page 27, line 42, by deleting "1." and inserting "(a)".

Amend sec. 34, page 27, line 44, after "35" by inserting "or 36".

Amend sec. 34, page 28, line 4, after "35" by inserting "or 36".

Amend sec. 34, page 28, line 6, by deleting "2" and inserting "(b)".

Amend sec. 34, page 28, line 9, by deleting "3. Shall" and inserting:

"2. The board of county commissioners of Churchill, Elko, Humboldt and Lander counties and the board of supervisors of Carson City shall".

Amend sec. 37, page 29, by deleting lines 20 through 45 and inserting:

"Sec. 37. (Deleted by amendment.)".

Amend sec. 38, page 30, lines 1 and 2, by deleting "section 37" and inserting: "sections 29 to 33, inclusive,".

Amend sec. 38, page 30, line 5, by deleting "both" and inserting "more".

Amend sec. 38, page 30, line 6, by deleting: "subsection 2 of section 37" and inserting: "sections 29 to 33, inclusive,".

Amend sec. 38, page 30, line 14, by deleting "section 37" and inserting: "sections 29 to 33, inclusive,".

Amend sec. 38, page 30, line 17, by deleting "section 37" and inserting: "sections 29 to 33, inclusive,".

Amend sec. 38, page 30, line 20, by deleting: "section 37 of this act" and inserting "that section".

Senator Raggio moved the adoption of the amendment.

Remarks by Senators Raggio, Coffin, Shaffer, Tyler, Adler, Horn, Glomb and Nevin.

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

SENATOR RAGGIO:

Thank you, Madam President. Amendment No. 1485 to Assembly Bill No. 104 will require that the Washoe County Commissioners be authorized to conduct a hearing to allow members for the purpose of allowing the public to indicate what taxes, allowed in the bill, may be raised. I was rather startled when I read the amendment which was placed on our desks late yesterday. Amendment No. 1417 which was adopted yesterday does two things. One of the things it does is to permit the various rural counties, deemed the exporting counties, to raise taxes under certain limits. These consist of sales tax, motor vehicle privilege tax and real property tax. However, it mandates the same thing for Washoe County. In speaking with several members of the Taxation Committee, at the time the amendment was adopted, that was apparently not their understanding. If we are going to speak of "fairness," I think the amendment now before us speaks to that provision.

This amendment does not have any fiscal impact on Clark County, the rural counties or any other entity. Since the people in Washoe County must take this medicine then they should be able to have something to say about it. This amendment places Washoe County in the same position as the other counties named in the bill and authorizes the county commissioners to raise the various taxes to the extent that is allowed in the bill. I feel it would be entirely punitive if this legislature itself, those of you representing areas outside of Washoe County, attempt to dictate to the people of Washoe County what taxes and to what extent they want those taxes raised. I think that would be rubbing salt into their wounds. Let the people in Washoe County who are going to suffer this enormous "hit" decide for themselves, first of all, if they want to raise taxes and to what extent and secondly, whether or not they desire to have services curtailed or something of that nature. Let's not dictate to the Washoe County commissioners what they should do to alleviate this situation. Remember, the people in Washoe County should have the opportunity to make the decision on what they need to do. That is what this amendment does. There is absolutely no reason why this amount of money should be taken from Washoe County. What Assembly Bill No. 104 in its present state does is to require the citizens of Washoe County to ante up additional money in sales tax which will be at a higher rate than anyplace else in the state, to pay additional for their motor vehicle privilege tax plus other additional taxes for which they will receive nothing in return. This amendment will at least place them in the same position as the other counties addressed in this bill. The last section of the amendment allows that the governing body shall hold a public hearing to allow members of the public to present their opinions concerning the tax. I would hate to think that anyone in this body would vote against a proposal that will allow the public the right to express their opinion prior to a tax being imposed. Before I yield, let me also, by

way of response to some of the remarks that have been made, remind you that "fairness" flows across the entire issue. Senator Glomb, who shares my district, is quite correct in saying that we have only considered one issue on "fair share" which is that of the SCCRT distribution. We haven't looked at other matters such as how to distribute the LSST. In this case, Washoe County doesn't receive any credit even though sales take place there if the article is delivered outside the county. Nobody seems to want to address the fact that Washoe County school children, because of the formula derived, receive the least amount of any county in Nevada per pupil except for Eureka County. We could go on and on since the list is long.

In this case, the amendment asks that the commissioners be allowed to decide for themselves and allows the people to have a voice in the decisions.

SENATOR COFFIN:

Thank you, Madam President. I rise in support of Amendment No. 1485 to Assembly Bill No. 104. I think the comments of Senator Raggio are right on point. The elected public officials of Washoe County should be able to make their decisions after proper consultation through public hearings with their citizens.

SENATOR SHAFFER:

Thank you, Madam President. I also rise in support of this amendment. I believe, after many attempts, that this is the right thing to do. I am glad that Washoe County has finally agreed to address the problem the right way. I think Clark County should forgive all of the vicious attacks that were made during the last campaign and get behind this piece of legislation. This is a good amendment.

SENATOR TYLER:

Thank you, Madam President. I want to say how pleased I am to have heard the comments of the last two speakers which causes my blood pressure to lower somewhat. Allowing our own county commission, with input from the public, to decide which taxes are the least burdensome on our community is the only fair way to get what you are insisting you have back. If we have to give back then we should at least be able to decide the manner in which we can survive and still give the money to Clark County. I think this body has been relatively fair on this issue in some respects. If this amendment passes, then our hands are not completely tied. I do appreciate that.

SENATOR ADLER:

Thank you, Madam President. I also rise in support of this amendment. I think it is a good idea to open up the public hearing process which is what this amendment does. Senator Raggio earlier did make a misstatement on the sales tax and the motor vehicle privilege tax. Senate Bill No. 112, passed by this body, did raise those taxes to the level which would be permitted under Assembly Bill No. 104. Because of this, Washoe County would not have the highest tax rate but would have the same rate as Clark County. Nevertheless, the voters in Washoe County, through their elected county commissioners, should be allowed to voice their opinion on which taxes should be raised.

SENATOR HORN:

Thank you, Madam President. I also rise in support of this amendment. Clark County has waited a long time for "fair share." This is a bitter pill for Washoe County to swallow and I think there is only one thing worse than poor losers which would be poor winners. I think this is a fair and reasonable request and that we should allow them the authorization and the ability to swallow the bitter pill as best they can.

SENATOR GLOMB:

Thank you, Madam President. I rise in support of Amendment No. 1485 to Assembly Bill No. 104. I think this amendment does allow for some equity in the tax system as well as bring some fairness to the people of Washoe County. This will give them a voice in how they want to address the problem and solve it. Once again, I challenge my colleagues in the Senate to the fact that we should be willing to bite the bullet and have tax equity across the state for all of the people. We need to have fairness and bring to the people the

information we learned from the tax study this legislature spent a half million dollars on. This study was accomplished for the purpose of bringing us direction and guidance. It is important that we share this information with the people of Nevada.

SENATOR NEVIN:

Thank you, Madam President. I also rise in support of this amendment. I think this is important because it allows the people to be involved in the process and it is very important that they realize what is happening. It is also important that they will be able to present their views and comments so that good judgment can be made on how to approach this problem. I think this amendment provides the best possible solution as to how to accomplish this. I fully support this and urge the members of this body to also support the amendment.

Amendment adopted.

Bill ordered reprinted, re-engrossed and to third reading.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Neal moved that no further consideration be given to Amendment No. 1486 to Assembly Bill No. 104.

Remarks by Senators Raggio, Coffin and Adler.

Senator Raggio requested the following remarks to be entered in the Journal.

SENATOR RAGGIO:

Amendment No. 1486 to Assembly Bill No. 104 is consistent with the action which we took on the previous amendment. That action, in connection with Assembly Bill No. 104, first of all makes it permissive, not mandatory, and authorizes the county commissioners to hold hearings for the purpose of increasing any of the taxes which are earmarked in that bill.

This goes a step further and would obligate the county, before imposing either the sales tax, motor vehicle privilege tax or real and personal property tax, to put that item to a vote of the people. I believe just as strongly that this measure should be adopted as well. It's one thing to say that the people have a right to come to a meeting and vote on their taxes, but too often we recognized that doesn't always afford the best opportunity to get a cross section of the peoples' concerns and feelings. This particular measure would require, in these situations only in connection with the taxes which are authorized under this bill, that there be a vote of the people for the initial levy after the fiscal year 1992 and again whenever the new tax is increased or carried forward. One of the main purposes would be to see that, if taxes are indeed raised for this purpose, they not be carried on ad infinitum. Too often taxes get placed on for specific purposes, such as in this case, and they stay on forever and then become handy to use for something else. This would require a vote of the people, the ones who are affected by this measure, to authorize that kind of action.

SENATOR COFFIN:

Thank you, Madam President. I am in support of Senator Neal's motion. His motion is entirely appropriate and germane. It is unnecessary to consider Amendment No. 1486 because Amendment No. 1485 passed unanimously. While that might be technically consistent with Amendment No. 1486, all arguments used in support of Amendment No. 1485 indicated that the county commissioners would have the final say and the amendment did pass unanimously.

SENATOR ADLER:

Thank you, Madam President. I'm rising in opposition to this amendment and to support Senator Neal's motion for several reasons.

I think you need to read the amendment carefully and that's why I'm for Senator Neal's motion that this needs no further consideration. The first part of the amendment requires a vote of the people on sales and use tax, but, in the first year, it allows the county commissioners to raise property taxes. That means that all the residents of Washoe

County, if we pass this bill, will receive a whopping property tax increase. I can't think of anything that would make the people of Washoe County more unhappy than getting a whopping property tax increase when they could have made up for the loss of revenue increasing sales tax, which is paid for by people, the majority of whom do not reside in Washoe County. This shifts the entire pay back to the property tax payers of Washoe County. That simply is not fair. To say that it's fair because it involves a vote of the people is not right. This would also, because of the scheduling of a special election, cause a drastic reduction of services in Washoe County. The hardships would be numerous because the pay back occurs October 1 and there would not be an opportunity for the people of Washoe County to vote before that October 1 pay back date. Because of this you would see the closing of libraries, you would see the reduction of police forces, you would see the endangerment of people through the involuntary reduction in their services. Then, on October 1, there would be a whopping property tax increase which would then later be rolled back in '91, '92 the way this is written.

I can not in good faith support this type of amendment. I can not face the people of Washoe County and tell them that we raised their property taxes when we did not need to.

Senators Neal, Adler and Vergiels moved the previous question.

Motion carried.

The question being on Senator Neal's motion that no further consideration be given to Amendment No. 1486 to Assembly Bill No. 104.

Senators Raggio, Jacobsen and O'Donnell requested a roll call on Senator Neal's motion.

Roll call on Senator Neal's motion:

YEAS—10.

NAYS—Getto, Glomb, Jacobsen, Nevin, O'Connell, O'Donnell, Raggio, Rawson, Rhoads, Townsend, Tyler—11.

The motion having failed to receive a majority, Madam President declared it lost.

GENERAL FILE AND THIRD READING

Assembly Bill No. 104.

The following amendment was proposed by Senators Raggio, Townsend and Tyler:

Amendment No. 1486.

Amend the bill as a whole by adding a new section designated sec. 33.5, following sec. 33, to read as follows:

"Sec. 33.5. 1. A county shall not impose a sales and use tax pursuant to the provisions of sections 27 to 38, inclusive, of this act until after receiving the approval of a majority of the registered voters of the county voting on the question at a special or general election. The question voted upon must state the proposed rate and effective date of the tax.

2. A county shall not:

(a) Levy a new ad valorem tax on real and personal property pursuant to the provisions of sections 27 to 38, inclusive, of this act; or

(b) Continue to levy such a tax levied for fiscal year 1991-1992 pursuant to the provisions of sections 27 to 38, inclusive, of this act, for the fiscal years after fiscal year 1991-1992 until after receiving the approval of a majority of the registered voters of the county voting on the question at a special or general election. The question voted upon must state the proposed rate and effective date of the tax.

3. The questions required pursuant to subsections 1 and 2 may be combined.”.

Senator Raggio moved the adoption of the amendment.

Remarks by Senators Raggio, Neal, Coffin, O'Donnell, Adler, Glomb and Nevin.

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

SENATOR RAGGIO:

Too many remarks have probably been made, but let me respond since Senator Adler raised the issue. He must be reading a different amendment than I am because the amendment provides for a vote of the people both in the case of sales and use tax as well as on real property tax. I'm not going to get into an extended debate on that. This is simply an amendment to determine whether or not you want to give the people in Washoe County the right to vote on whether their taxes should be raised, either property tax or sales and use tax, for any of these purposes.

This isn't anything that should involve anybody in any other county. It's a matter pertaining solely to Washoe County and its citizens. It's their decision to make. If they desire the right to vote, that right should be given to them. I don't think there's anything more sacred than a person's right to vote. That's what this amendment does and I would suggest that this is one that you should easily support.

SENATOR NEAL:

Thank you, Madam President. If I may, I would like to ask Senator Raggio a question. The question is, what happens if the people turn this down? What happens if they refuse to vote for any of the tax levies listed in this amendment?

SENATOR RAGGIO:

Thank you, Madam President, to you and through you to Senator Neal. The answer is that the same thing would happen that would happen in any other county where people refuse to have their taxes raised. They would have to adjust their budget to meet whatever their revenues are. That's a decision, I might indicate to Senator Neal, that would happen anywhere that this issue of taxes is involved. That's a decision the people would have to make for themselves.

SENATOR NEAL:

Thank you, Madam President. If I may, I would like to make a few remarks as to the reason why I made the motion to not consider this amendment.

We had adopted Amendment No. 1485 which gave the county commissioners the authority to act and to levy taxes as they see fit. I think it would be a restriction upon these same county commissioners if we pass this amendment, which would limit their options.

It is my understanding, on this amendment, that if it goes to the polls for the vote of the people and the people happen to turn that issue down, then we in the legislature are going to be labeled with causing Washoe County to lose its library as well as other services. But as long as the county commissioners have the option to vote what taxes they need to keep those services going, then I think they need that option and they should not be limited by this amendment.

SENATOR COFFIN:

Thank you, Madam President. If you vote for this amendment, you will cause chaos in Washoe County. As the previous speakers on the motion to pass Amendment No. 1485 correctly stated, this was the answer. As has been predicted, and as I have read in the local press, there will be layoffs and there will be curtailment of public services unless those services weren't needed and the extra money that was coming from Clark County was keeping them open.

If you want to close down Washoe County, vote for this amendment. If you want to create political chaos and think you're going to create political hay, vote for this

amendment. But if you want to respond to the citizens of Washoe County, and I address my remarks to the representatives from Washoe County, you'd better think twice before you vote yes. A yes vote is a vote for chaos in Washoe County starting next Monday.

SENATOR O'DONNELL:

Thank you, Madam President. One of the most fundamental rights an individual has in this country is the right to vote. Statements have been made saying that, if we vote for this amendment, we're going to close down Washoe County. If we vote for the amendment we are going to destroy the infrastructure of the county. It says one thing: that the public isn't as smart as we are, and that is terrible logic. They have the right to vote. They have the right to stand up for what they believe in. They have a right to go to the polls and mark their ballots as to whether they want services or not.

We, from Clark County, exacted a payment from Washoe County every year. That was fair in my mind. To not allow the public to go to the polls and choose for themselves how they're going to pay for this is wrong. They are just as smart as we are. They put us here in this position to do a job. If we don't allow them to exact what they are going to pay from Washoe County to Clark County, then I think we're doing them a grave injustice.

SENATOR ADLER:

Thank you, Madam President. Again, I echo the remarks of Senator Coffin. I'm going to speak to the technical portions of the bill as well as to the amendment and how they go together.

The bill causes the tax shift to occur on July 1, 1991. From that point on, Washoe County is going to be losing a tremendous amount of revenue. The problem with this provision is that it would not be possible to have a special election in time. It would not be possible for the voters of Washoe County to be able to act soon enough to save themselves. You would have a massive shortfall of revenue if this were enacted.

There is a gap in this bill which allows only one thing and that is for the Washoe County Commissioners to raise property taxes. This forces a property tax increase on the citizens of Washoe County. Washoe County already has a problem. They have a hiring freeze with sixty empty positions at the present time. This would create a drastic revenue shortfall and the people of Washoe County would not be allowed to respond because an election could not be organized soon enough to permit them to fund their various facilities and services. I believe that everyone in this body approached this issue with a good motive, but this measure shows ill motives toward the people of Washoe County. This is a recipe for disaster simply because they can not possibly save themselves if this is the formula which is going to be applied. The only alternative they have is a whopping property tax increase. If you want to take that to the people of Washoe County you may but I simply can not vote for this amendment.

SENATOR NEAL:

Thank you, Madam President. I have just a few short remarks in reference to the people's right to vote. To kill this amendment would not stifle the people's right to vote. The County Commissioners, under the present amendment, can send the tax increase to a vote of the people if they so desire. I think they need the option to allow them to send it to a vote of the people rather than, as this amendment states, the legislature saying that they can not.

SENATOR COFFIN:

Thank you, Madam President, for the second time. It is always a good time to remind ourselves that the vote of the people counts. If it were not for that, we wouldn't be here. I want to remind all members of this body that, at one time or another, there have been a lot of red buttons pressed over the period we have been here. At least one time, every member of this body has voted for a tax on the people and did not give them the right to vote on it. The most prominent one that comes to mind was Senate Bill No. 112 which does not allow the vote of the people.

SENATOR GLOMB:

Thank you, Madam President. I rise in opposition to Amendment No. 1486. I represent Washoe County and I know that, the way the amendment reads, it mandates that this tax

issue is to be put to a vote of the people. I know that the people of Washoe County have to face this crisis. In just a few days, these revenues will be cut off to the people and they will be without the services that they need. Sometimes, when you are elected to office, you have to do what is the right thing and not what is the politically expedient thing to do. I know that some will say, by voting against this amendment, that I am not putting this to a vote of the people. This will be used as a political noose around my neck. I have to do what is right and the people of my county need relief now. They can meet with the County Commissioners, talk about what emergency measures need to be enacted to take care of the immediate needs of the people. Then, if they feel that further tax increases are needed, they will have a right to vote to see what other measures need to be enacted to take care of the problems. I think it is wrong to insist that our County Commissioners now have to go to the expense of putting this to a vote of the people. It will take too long for them to get the relief they need and it will place many people in jeopardy. We're not speaking of the average, upper middle class people who can take care of their needs. We are talking about a lot of people who desperately need the services provided by the county. I can't put those people at risk.

SENATOR O'DONNELL:

Thank you, Madam President. In response to the comments made referring to Senate Bill No. 112, let me remind the senator from Clark County that the people of that county went to the polls and voted overwhelmingly to support a tax for the highways. In continuing, the people who voted on these tax issues, also had a chance to vote for the highway tax in Clark County. Let me address the response of my distinguished colleague from Carson City. One way or another, Washoe County is going to pay, whether it be in taxes or a cut in services. The question here is do we allow the people to decide or are we going to relegate that to a few county commissioners who inherited this problem. They are the ones who are going to have to decide. Shouldn't we allow that to go to the vote of the people?

SENATOR NEVIN:

Thank you, Madam President. Washoe County faces a crisis situation on this amendment we take to the vote of the people. I've always supported the affirmation that people have a right to vote on tax increases. This, however, is a circumstance that I have a big problem with because we are in a crisis situation. If we go to a tax on the people, we are going to be further and further behind. I'm going to have to oppose this amendment and say let's address this crisis situation now. Next session, we can come back, look at how things are going and fix it. Being in a crisis situation, we have to do something now, we can't wait. I urge you not to support this amendment. Thank you.

Senators Rhoads, Nevin and Shaffer moved the previous question.

Motion carried.

The question being on the adoption of Amendment No. 1486 to Assembly Bill No. 104.

Motion lost on a division of the house.

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

Motion carried.

Senate in recess at 2:25 p.m.

SENATE IN SESSION

At 6:48 p.m.

President Wagner presiding.

Quorum present.

ASSEMBLY BILL NO. 104—ASSEMBLYMEN MYRNA WILLIAMS, PORTER, PRICE, CALLISTER, ARBERRY, GOETTING, MCGAUGHEY, NORTON, GIUNCHIGLIANI, GREGORY, CARPENTER, SPITLER, LITTLE, KRENZER, WENDELL WILLIAMS, SCHERER, STOUT, BAYLEY, HARDY, GARNER, BENNETT, PETRAK, WONG AND BACHE

JANUARY 22, 1991

Referred to Committee on Taxation

SUMMARY—Makes various changes relating to taxation. (BDR 32-138)

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; requiring the department of taxation to establish uniform standards and required training concerning the assessment of property by county assessors; revising the provisions governing the assessment roll of county assessors; revising the formula for the distribution of the proceeds of the supplemental city-county relief tax; authorizing certain counties to impose certain additional taxes to replace revenue lost as a result of the revision of the formula; making an appropriation; and providing other matters properly relating thereto.

- 1 WHEREAS, In 1981, the Nevada Legislature substantially revised the laws
- 2 governing the financial structure of the local governments of this state; and
- 3 WHEREAS, As part of that revision the supplemental city-county relief tax
- 4 was imposed at the rate of 1.75 percent of taxable sales and a formula was
- 5 enacted which allocated the revenue from that tax among the local govern-
- 6 ments; and
- 7 WHEREAS, The amount of property taxes that each local government was
- 8 allowed to receive was reduced by an amount equal to the amount of revenue
- 9 from the supplemental city-county relief tax that was allocated to that local
- 10 government; and
- 11 WHEREAS, Various other controls were also instituted that limited the
- 12 amount of revenue which could be received by a local government; and
- 13 WHEREAS, The formula for the distribution of the supplemental city-county
- 14 relief tax was based upon the replacement of equal amounts of property tax
- 15 revenue and did not attempt to return a particular portion of the proceeds of
- 16 the sales and use tax to the area in which they were collected; and
- 17 WHEREAS, This legislature hereby finds and determines that it is more
- 18 equitable to distribute the revenue from the supplemental city-county relief
- 19 tax to the counties in which it was collected and to counties in which the
- 20 persons who pay the tax may reside; and

MOTIONS, RESOLUTIONS AND NOTICES

Senate Concurrent Resolution No. 68.

Senator Horn moved the adoption of the resolution.

Resolution adopted.

GENERAL FILE AND THIRD READING

Senate Bill No. 400.

Bill read third time.

Remarks by Senators O'Donnell, Shaffer and Townsend.

Senator Townsend requested that a letter from the Nevada State Board of Architecture to Mary Jean Thompson, Chair, A.S.I.D., Northern Nevada Chapter be entered in the Journal.

June 19, 1991

On behalf of the Board, I would like to thank you and the members of the Interior Design Legislative Committee for traveling to Las Vegas to meet with the representatives of our Board, the Nevada Society of Architects, the Las Vegas Chapter of A.S.I.D., I.S.I.D. and the Clark County Building Department.

The meeting allowed our Board members the opportunity to clarify the intent of the new language in Sections 5 and 9 of Senate Bill No. 400. Additionally, it enabled our professions to focus jointly on the issues directed toward regulation of the practice of interior design.

The Board's position is not to use its authority to prohibit the practice of interior design. The intent of the new language is as follows:

SECTION 5

The definition of "Direction Supervision" does not imply that a consultant working with a registrant must be physically located in the office of the architect or residential designer.

SECTION 9

The definition of "Technical Submission" refers to submissions prepared by a registrant.

The Board, at the February 20, 1991 meeting, moved to initiate regulation of interior designers in the State of Nevada. Information relative to interior designer laws is being collected. It is the Board's intent to invite the interior designers to work with the Board toward the development of legislation to present to the 1993 Legislature to regulate the practice of interior design.

Sincerely,

NEVADA STATE BOARD OF ARCHITECTURE
(Signed by Gloria M. Armendariz)

Roll call on Senate Bill No. 400:

YEAS—21.

NAYS—None.

Senate Bill No. 400 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 104.

Bill read third time.

Roll call on Assembly Bill No. 104:

YEAS—16.

NAYS—Glomb, Nevin, Raggio, Townsend, Tyler—5.

Assembly Bill No. 104 having received a constitutional majority, Madam President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Vergiels moved that Senate Bill No. 647 be taken from the Secretary's desk and placed on the General File.

Remarks by Senators Vergiels and Raggio.

Motion carried on a division of the house.

GENERAL FILE AND THIRD READING

Senate Bill No. 647.

Bill read third time.

Roll call on Senate Bill No. 647:

YEAS—11.

NAYS—Getto, Jacobsen, O'Connell, O'Donnell, Raggio, Rawson, Rhoads, Smith, Townsend, Tyler—10.

Senate Bill No. 647 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 441.

Bill read third time.

Roll call on Senate Bill No. 441:

YEAS—15.

NAYS—Hickey, Jacobsen, Nevin, O'Connell, O'Donnell, Titus—6.

Senate Bill No. 441 having received a constitutional majority, Madam President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 499.

Bill read third time.

Roll call on Assembly Bill No. 499:

YEAS—21.

NAYS—None.

Assembly Bill No. 499 having received a constitutional majority, Madam President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 537.

Bill read third time.

Remarks by Senators Adler, Nevin and Horn.

Conflict of interest declared by Senators Hickey, Horn, Nevin, Rawson, Titus and Vergiels.

MINUTES OF THE
ASSEMBLY COMMITTEE ON TAXATION

Sixty-sixth Session
June 26, 1991

The Assembly Committee on Taxation was called to order by Chairman Bob Price at 8:19 a.m., Wednesday, June 26, 1991, at his desk on the Assembly Floor of the Legislative Building, Carson City, Nevada.

MEMBERS PRESENT:

Mr. Bob Price, Chairman
Mrs. Myrna Williams, Vice Chairman
Mr. Louis Bergevin
Mr. Matthew Callister
Ms. Christina Giunchigliani
Mr. Ken Haller
Mrs. Joan Lambert
Mr. John Marvel
Mr. Gene Porter
Mrs. Gaylyn Spriggs
Mr. Phil Stout

MEMBERS ABSENT:

None

ASSEMBLY BILL 104 - Makes various changes relating to taxation.

ASSEMBLYMAN WILLIAMS MOVED TO CONCUR WITH SENATE AMENDMENTS NUMBERS 1417 AND 1485 TO AB-104.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED, WITH ASSEMBLYMEN HALLER, BERGEVIN, LAMBERT AND SPRIGGS VOTING NO. (ASSEMBLYMAN GIUNCHIGLIANI WAS NOT PRESENT AT THE TIME OF THE VOTE)

(b) *“Agency which provides protective services” has the meaning ascribed to it in NRS 432B.030.*

3. Before an arrest warrant may be issued for a violation of this section, the court must find that:

(a) This is the home state of the child, as defined in subsection 5 of NRS 125A.040; and

(b) There is probable cause to believe that the child has been wrongfully removed from the jurisdiction of the court and:

(1) Wrongfully removed from the physical custody of the person entitled to custody; or

(2) Wrongfully retained after a visit or other temporary relinquishment of physical custody.

4. Upon conviction, the court shall order the defendant to provide restitution for any expenses incurred by the parent, guardian or other person in locating or recovering the child.

5. The prosecuting attorney may recommend to the judge that the defendant be sentenced as for a misdemeanor and the judge may impose such a sentence if he finds that:

(a) The defendant has no prior conviction for this offense.

(b) The interests of justice require that the defendant be punished as for a misdemeanor.

6. *A person who aids or abets any other person to violate the provisions of this section shall be punished as provided in subsection 1.*

STATUTES OF NEVADA 1991

✓ Assembly Bill No. 104—Assemblymen Myrna Williams, Porter, Price, Callister, Arberry, Goetting, McGaughey, Norton, Giunchigliani, Gregory, Carpenter, Spitler, Little, Krenzer, Wendell Williams, Scherer, Stout, Bayley, Hardy, Garner, Bennett, Petrak, Wong and Bache

CHAPTER 491

AN ACT relating to taxation; requiring the department of taxation to establish uniform standards and required training concerning the assessment of property by county assessors; revising the provisions governing the assessment roll of county assessors; revising the formula for the distribution of the proceeds of the supplemental city-county relief tax; authorizing certain counties to impose certain additional taxes to replace revenue lost as a result of the revision of the formula; making an appropriation; and providing other matters properly relating thereto.

[Approved June 28, 1991]

WHEREAS, In 1981, the Nevada Legislature substantially revised the laws governing the financial structure of the local governments of this state; and

WHEREAS, As part of that revision the supplemental city-county relief tax was imposed at the rate of 1.75 percent of taxable sales and a formula was enacted which allocated the revenue from that tax among the local governments; and

WHEREAS, The amount of property taxes that each local government was allowed to receive was reduced by an amount equal to the amount of revenue

from the supplemental city-county relief tax that was allocated to that local government; and

WHEREAS, Various other controls were also instituted that limited the amount of revenue which could be received by a local government; and

WHEREAS, The formula for the distribution of the supplemental city-county relief tax was based upon the replacement of equal amounts of property tax revenue and did not attempt to return a particular portion of the proceeds of the sales and use tax to the area in which they were collected; and

WHEREAS, This legislature hereby finds and determines that it is more equitable to distribute the revenue from the supplemental city-county relief tax to the counties in which it was collected and to counties in which the persons who pay the tax may reside; and

WHEREAS, The changes in the formula to accomplish the new goals necessitate changes that are different for each county and will cause shortfalls in revenue in some medium-sized counties which must be made up with new tax revenue; and

WHEREAS, It is in the best interests of this state to continue to limit the total revenues received by local governments and therefore it is necessary to authorize new taxes only for certain medium-sized counties to retain the balance and ensure equity and fairness in taxation throughout the state; and

WHEREAS, The legislature finds and declares that a general law cannot be made applicable to the situation because of the economic diversity of the local governments of this state, the unusual growth patterns in certain of those local governments and the special conditions experienced in certain counties related to the need to provide basic services; now, therefore,

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE
AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 360.215 is hereby amended to read as follows:

360.215 The department [may:

1. Assist] :

1. *May assist* the county assessors in appraising property within their respective counties which the ratio study shows to be [assessed at more or less than 35 percent of its taxable value.

2. Consult] *in need of reappraisal.*

2. *Shall consult* with and assist county assessors to develop and maintain standard assessment procedures to be applied and used in all of the counties of the state, to [the end] *ensure* that assessments of property by county assessors are made equal in each of the several counties of this state.

[3. Visit] *These procedures must include uniform methods for:*

(a) *Assessing, projecting and reporting construction work in progress and other new property; and*

(b) *Counting and reporting housing units.*

3. *Shall visit* a selective cross section of assessable properties within the various counties in cooperation with the county assessor and examine these properties and compare them with the tax roll and assist the various county assessors in correcting any inequalities found to exist with factors of equal

value and actual assessed value considered, and place upon the rolls any property found to be omitted from the tax roll.

4. [Carry] *Shall carry* on a continuing study, the object of which is the equalization of property values between counties.

5. [Carry] *Shall carry* on a program of in-service training for county assessors of the several counties of the state, and each year hold classes of instruction in assessing procedure for the purpose of bringing each county assessor and his authorized personnel the newest methods, procedures and practices in assessing property. Expenses of attending such classes are a proper and allowable charge by the board of county commissioners in each county.

6. [Continually] *Shall continually* supervise assessment procedures which are carried on in the several counties of the state and advise county assessors in the application of such procedures. The department shall make a complete written report to each session of the legislature, which must include all reports of its activities and findings and all recommendations which it has made to the several county assessors, and the extent to which [such] *the* recommendations have been followed.

7. [Carry] *Shall carry* on a continuing program to maintain and study the assessment of public utilities and all other property assessed by the department to the end that [such] *the* assessment is equalized with the property assessable by county assessors.

8. [Conduct] *May conduct* appraisals at the request of and in conjunction with any county assessor when [such] *the* assessor considers such assistance necessary. One-half of the cost of [such] *the* appraisal must be paid by the county. In lieu of a cash payment, the county may provide labor, material or services having a value equal to one-half of the appraisal cost.

9. *Shall establish and maintain a manual of assessment policies and procedures.*

Sec. 2. NRS 361.300 is hereby amended to read as follows:

361.300 1. On or before January 1 of each year, the county assessor shall *transmit to the county clerk*, post at the front door of the courthouse and publish in a newspaper published in the county a notice to the effect that the secured tax roll is completed and open for inspection by interested persons of the county.

2. *If the county assessor fails to complete the assessment roll in the manner and at the time specified in this section, the board of county commissioners shall not allow him a salary or other compensation for any day after January 1 during which the roll is not completed, unless excused by the board of county commissioners.*

3. Except as otherwise provided in subsection [3,] 4, each board of county commissioners shall by resolution, before December 1 of any fiscal year in which assessment is made, require the county assessor to prepare a list of all the taxpayers on the secured roll in the county and the total valuation of property on which they severally pay taxes and direct the county assessor:

(a) To cause such list and valuations to be printed and delivered by the county assessor or mailed by him on or before January 1 of the fiscal year in which assessment is made to each taxpayer in the county; or

(b) To cause such list and valuations to be published once on or before January 1 of the fiscal year in which assessment is made in a newspaper of general circulation in the county.

[3.] 4. A board of county commissioners may, in the resolution required by subsection [2,] 3, authorize the county assessor not to deliver or mail the list, as provided in paragraph (a) of subsection [2,] 3, to taxpayers whose property is assessed at \$1,000 or less and direct the county assessor to mail to each such taxpayer a statement of the amount of his assessment. Failure by a taxpayer to receive such a mailed statement does not invalidate any assessment.

[4.] 5. The several boards of county commissioners in the state may allow the bill contracted with their approval by the county assessor under this section on a claim to be allowed and paid as are other claims against the county.

[5.] 6. Whenever property is appraised or reappraised pursuant to NRS 361.260, the county assessor shall, on or before January 1 of the fiscal year in which the appraisal or reappraisal is made, deliver or mail to each owner of such property a written notice stating its assessed valuation as determined from the appraisal or reappraisal.

7. *If the secured tax roll is changed pursuant to NRS 361.310, the county assessor shall mail an amended notice of assessed valuation to each affected taxpayer. The notice must include the dates for appealing the new assessed valuation.*

8. Failure by the taxpayer to receive [such] a notice *required by this section* does not invalidate the appraisal or reappraisal.

Sec. 3. NRS 361.310 is hereby amended to read as follows:

361.310 1. On or before January 1 of each year, the county assessor of each of the several counties shall complete his [tax list or] assessment roll, and shall take and subscribe to an affidavit written therein to the effect that he has made diligent inquiry and examination to ascertain all the property within the county subject to taxation, and required to be assessed by him, and that he has assessed the property on the assessment roll equally and uniformly, according to the best of his judgment, information and belief, at the rate provided by law. A copy of the affidavit must be filed immediately by the assessor with the department. The failure to take or subscribe to the affidavit does not in any manner affect the validity of any assessment contained in the assessment roll.

2. The county assessor [may] *shall* close his roll as to *all* changes [in ownership of property on December 1 of each year or on any other date which may be approved by the board of county commissioners. After January 1, the roll may be reopened for changes in ownership until June 15 or any other date approved by the board of county commissioners.

3. The county assessor may close his roll as to changes in the parceling of property on December 1 of each year or on any other date which may be approved by the board of county commissioners.] *on the day he delivers it for publication. The roll may be reopened beginning the next day for changes that occur before July 1 in:*

(a) *Ownership;*

(b) *Improvements as a result of new construction, destruction or removal;*

(c) *Land parceling;*
(d) *Site improvements;*
(e) *Zoning or other legal or physical restrictions on use;*
(f) *Actual use;*
(g) *Exemptions; or*
(h) *Items of personal property on the secured roll,*
or to correct overassessments because of a factual error in size or age.

3. *Any changes made after the roll is reopened pursuant to subsection 2 may be appealed to the county board of equalization in the current year or the next succeeding year.*

4. *Each county assessor shall keep a log of all changes in value made to the secured roll after it has been reopened. On or before October 31 of each year, the county assessor shall transmit a copy of the log to the board of county commissioners and the Nevada tax commission.*

Sec. 4. NRS 361.335 is hereby amended to read as follows:

361.335 [1. As soon as completed, the assessment roll shall be delivered by the county assessor to the clerk of the board of county commissioners.

2. The] *After the assessment roll has been completed pursuant to NRS 361.300, the clerk of the board of county commissioners shall thereupon immediately give notice thereof and of the time the county board of equalization will meet to equalize assessments. The notice [shall] must be given by publication in a newspaper of the county, if there is one so published in the county, and by posting at the front door of the courthouse, and in such additional manner as the board of county commissioners may direct.*

[3. The assessment roll shall be open to inspection at all times, while in the possession of the clerk of the board of county commissioners, by any person of the county.

4. If the county assessor fails to deliver the assessment roll in the manner and at the time specified herein, no salary or other compensation shall be allowed him by the board of county commissioners for any day during which such roll is not so delivered unless excused by the board of county commissioners.]

Sec. 5. NRS 361.390 is hereby amended to read as follows:

361.390 Each county assessor shall:

1. File with or cause to be filed with the secretary of the state board of equalization, on or before the 1st Monday in March of each year, the tax roll, or a true copy thereof, of his county for the current year as corrected by the county board of equalization.

2. Prepare and file with the [secretary of the state board of equalization, on or before the 1st Monday in March of each year, a report showing the segregation of property and the assessment thereof shown on the tax roll for the current year.] *department on or before January 31, and again on or before the first Monday in March, of each year a segregation report showing the assessed values for each taxing entity within the county on a form prescribed by the department. The assessor shall make any projections required for the current fiscal year. The department shall make any projections required for the upcoming fiscal year.*

3. *Prepare and file with the department on or before July 31 for the secured roll and on or before April 30 for the unsecured roll, a statistical*

report showing values for all categories of property on a form prescribed by the department.

Sec. 6. NRS 361.483 is hereby amended to read as follows:

361.483 1. Except as *otherwise* provided in subsection 4, taxes assessed upon the real property tax roll and upon mobile homes are due on the [first] *third* Monday of August.

2. Taxes assessed upon the real property tax roll may be paid in four equal installments.

3. Taxes assessed upon a mobile home may be paid in four equal installments if the taxes assessed exceed \$100.

4. If a person elects to pay in quarterly installments, the first installment is due on the [first] *third* Monday of August, the second installment on the first Monday of October, the third installment on the first Monday of January, and the fourth installment on the first Monday of March.

5. If any person charged with taxes which are a lien on real property fails to pay:

(a) Any one quarter of the taxes on or within 10 days following the day the taxes become due, there must be added thereto a penalty of 4 percent.

(b) Any two quarters of the taxes, together with accumulated penalties, on or within 10 days following the day the later quarter of taxes becomes due, there must be added thereto a penalty of 5 percent of the two quarters due.

(c) Any three quarters of the taxes, together with accumulated penalties, on or within 10 days following the day the latest quarter of taxes becomes due, there must be added thereto a penalty of 6 percent of the three quarters due.

(d) The full amount of the taxes, together with accumulated penalties, on or within 10 days following the first Monday of March, there must be added thereto a penalty of 7 percent of the full amount of the taxes.

6. Any person charged with taxes which are a lien on a mobile home who fails to pay the taxes within 10 days after the quarterly payment is due is subject to the following provisions:

(a) The entire amount of the taxes are due;

(b) A penalty of 10 percent of the taxes due;

(c) An additional penalty of \$3 per month or any portion thereof, until the taxes are paid; and

(d) The county assessor may proceed under NRS 361.535.

Sec. 6.5. NRS 377.055 is hereby amended to read as follows:

377.055 1. The department, shall monthly determine for each county an amount of money equal to the sum of:

(a) Any fees and any taxes, interest and penalties which derive from the basic city-county relief tax collected in that county pursuant to this chapter during the preceding month, less the amount transferred to the state general fund pursuant to subsection 3 of NRS 377.050 ; [and the sum of any amounts distributed pursuant to NRS 377.053;] and

(b) That proportion of the total amount of taxes which derive from that portion of the tax levied at the rate of one-half of 1 percent collected pursuant to this chapter during the preceding month from out-of-state businesses not maintaining a fixed place of business within this state which the population of

that county bears to the total population of all counties which have in effect a city-county relief tax ordinance.

2. The department shall apportion and the state controller shall remit the amount determined for each county in the following manner:

(a) If there is one incorporated city in the county, apportion the money between the city and the county general fund in proportion to the respective populations of the city and the unincorporated area of the county.

(b) If there are two or more cities in the county, apportion all such money among the cities in proportion to their respective populations.

(c) If there are no incorporated cities in the county, remit the entire amount to the county treasurer for deposit in the county general fund.

3. The provisions of subsection 2 do not apply to Carson City, where the treasurer shall deposit the entire amount determined for the city and received from the state controller in the general fund.

4. For the purpose of the distribution required by this section, the occasional sale of a vehicle shall be deemed to take place in the county to which the privilege tax payable by the buyer upon that vehicle is distributed.

Sec. 7. NRS 377.057 is hereby amended to read as follows:

377.057 1. The state controller, acting upon the relevant information furnished by the department, shall monthly from the fees, taxes, interest and penalties which derive from the supplemental city-county relief tax collected in all counties and from out-of-state businesses during the preceding month [, after making any distributions required by NRS 377.053:

(a) Distribute the amount specified in this paragraph among the following local governments in the following percentages:

Political Subdivision	Percent- age
Churchill County	3.23
City of North Las Vegas	46.52
City of Carlin	2.72
Esmeralda County20
Eureka County71
City of Winnemucca	5.56
City of Caliente46
City of Yerington	4.77
Mineral County	9.96
City of Gabbs	4.31
Pershing County	2.52
City of Lovelock	5.77
White Pine County	5.37
City of Ely	7.90

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

(b) For the fiscal years beginning on and after July 1, 1990, deposit in the emergency fund of the supplemental city-county relief tax the monthly

amount required to replenish that fund as determined by the executive director. On or before July 10 of each year the executive director shall determine the balance that existed in the emergency fund of the supplemental city-county relief tax as of June 30 of the preceding fiscal year and subtract that amount from \$2,500,000 to determine the annual amount necessary to replenish the emergency fund. Upon determining the amount necessary to replenish the fund, the executive director shall divide that amount by 12 to determine the monthly amount required to replenish the fund and report that amount to the state controller.

(c) Distribute to each local government that is eligible to receive a portion of the tax, the amount calculated for it by the department of taxation pursuant to subsection 2.

2. The amount remaining each month after any distributions required pursuant to NRS 377.053 and paragraphs (a) and (b) of subsection 1 must be distributed to the counties in the same proportion that the sum of the supplemental city-county relief tax distribution factors of the county and all local governments in the county that are eligible to receive the tax bears to the sum of the supplemental city-county relief tax distribution factors of all local governments in the state that are eligible to receive the tax, except that, only the portion of the supplemental city-county relief tax distribution factor of a city incorporated after July 1, 1988, which is attributable to any town that the city replaced may be included in the total of the supplemental city-county relief tax distribution factors of the local governments in the county and the state.], *except as otherwise provided in subsection 2:*

(a) *For Douglas, Esmeralda, Eureka, Lincoln, Lyon, Mineral, Nye, Pershing, Storey and White Pine counties, distribute to each county an amount equal to one-twelfth of the amount distributed in the immediately preceding fiscal year multiplied by one plus:*

(1) *The percentage change in the total receipts from the supplemental city-county relief tax for all counties and from out-of-state businesses, from the fiscal year preceding the immediately preceding fiscal year to the immediately preceding fiscal year; or*

(2) *The percentage change in the population of the county added to the percentage change in the Consumer Price Index for the year ending on December 31 next preceding the year of distribution, whichever is less, except that, if the calculations required by subparagraphs (1) and (2) both produce negative numbers, the amount distributed to the county must not be less than of the amount distributed to the county in the 1991-1992 fiscal year.*

(b) *For all other counties, distribute the amount remaining after making the distributions required by paragraph (a) to each county in the proportion that the amount of supplemental city-county relief tax collected in the county for the month bears to the total amount of supplemental city-county relief tax collected for that month in the counties whose distribution will be determined pursuant to this paragraph.*

2. *If the amount of supplemental city-county relief tax collected in a county listed in paragraph (a) of subsection 1 for any fiscal year exceeds by more than 10 percent the amount distributed pursuant to paragraph (a) to that county for the same fiscal year, the state controller shall distribute that*

county's portion of the proceeds from the supplemental city-county relief tax pursuant to paragraph (b) in all subsequent fiscal years.

3. The amount apportioned to each county must then be apportioned among the several local governments therein, including the county and excluding the school district, any district to provide a telephone number for emergencies, any district created under chapter 318 of NRS to furnish emergency medical services, any redevelopment agency, any tax increment area and any other local government excluded by specific statute, in the proportion which each local government's basic ad valorem revenue bears to the total basic ad valorem revenue of all these local governments.

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

(a) Of] of each local government, except as otherwise provided in subsection 5 of NRS 354.5987, is its assessed valuation, including assessed valuation attributable to a redevelopment agency or tax increment area but excluding the portion attributable to the net proceeds of minerals, [and assessed valuation of state property included in the calculation of the supplemental city-county relief tax factor,] for the year of distribution, multiplied by the rate levied on its behalf for the fiscal year ending June 30, 1981, for purposes other than paying the interest on and principal of its general obligations. For the purposes of this paragraph:

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

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

[(b) Of the county for the distribution under subsection 1 is the sum of its individual basic ad valorem revenue and those of the other local governments within it, excluding the school district and any district created under chapter 318 of NRS to furnish emergency medical services.

4.] 5. For the purposes of this section, a fire protection district organized pursuant to chapter 473 of NRS is a local government.

[5.] 6. For the purposes of determining basic ad valorem revenue, the assessed valuation of a fire protection district includes property which was transferred from private ownership to public ownership after July 1, 1986, pursuant to:

(a) The Santini-Burton Act, Public Law 96-586; or

(b) Chapter 585, Statutes of Nevada 1985, at page 1866, approved by the voters on November 4, 1986.

[6. For each fiscal year beginning on or after July 1, 1989, the supplemental city-county relief tax distribution factor of each local government that is eligible to receive a portion of the revenue from the supplemental city-county relief tax must be calculated as follows:

(a) The assessed valuation of the local government for the preceding fiscal year including the assessed valuation of property on the central assessment roll allocated to a local government and the assessed valuation attributable to a redevelopment area or tax increment area, but excluding any assessed valuation attributable to the net proceeds of minerals, must be added to an

amount equal to the product of that assessed valuation multiplied by the proportionate increase in the Consumer Price Index for the preceding calendar year. To this sum must be added the assessed valuation of new real property, possessory interests and mobile homes added to the assessment rolls in the past year and allocable to the local government.

(b) The percentage increase that the total calculated pursuant to paragraph (a) represents over the assessed valuation including the assessed valuation of property on the central assessment roll allocable to the local government but excluding any assessed valuation attributable to the net proceeds of minerals, is the percentage by which the supplemental city-county relief tax distribution factor may increase over the amount for the previous year.

7. For the fiscal years beginning on and after July 1, 1990, if the assessed valuation of all real property, possessory interests and mobile homes owned by the state within the boundaries of a local government, except a fire protection district to which the provisions of subsection 8 apply, exceeds 5 percent of the total assessed valuation of the local government, an amount equal to any increase over the preceding fiscal year in the assessed valuation of all real property, possessory interests and mobile homes that are owned by the state, exempt from taxation and within the boundaries of the local government must be added to the sum determined pursuant to paragraph (a) of subsection 6 and used in the calculation required by that subsection in the same manner as the assessed value of new real property.

8. The county assessor shall continue to assess real property which is transferred from private ownership to public ownership for the purpose of conservation as if it remained taxable property and the assessed valuation of that property must continue to be included in calculating the supplemental city-county relief tax distribution factor of any fire protection district in which such property is located.

9. If a local government that is eligible to receive a portion of the revenue from the supplemental city-county relief tax levies a tax ad valorem for debt service for an obligation which has previously been repaid from another source, the supplemental city-county relief tax distribution factor of that local government calculated pursuant to this section must be reduced by the amount of that debt levy.

10. If a board of county commissioners which during the fiscal year ending on June 30, 1981, distributed all or part of the state gaming license fees received pursuant to paragraph (b) of subsection 2 of NRS 463.320 to other local governments thereafter reduces or discontinues that distribution, the supplemental city-county relief tax distribution factor for the county calculated pursuant to this section must be reduced by an equal amount.

11.] 7. On or before February 15 of each year, the executive director shall provide to each local government a preliminary estimate of the revenue it will receive from the supplemental city-county relief tax in the next fiscal year.

[12.] 8. On or before March 15 of each year, the executive director shall:

(a) Make an estimate of the receipts from the supplemental city-county relief tax on an accrual basis for the next fiscal year in accordance with generally accepted accounting principles; and

(b) Provide to each local government an estimate of the tax that local government would receive based upon the estimate made pursuant to paragraph (a) and calculated pursuant to the provisions of this section.

[13.] 9. A local government may use the estimate provided by the executive director pursuant to subsection [12] 8 in the preparation of its budget.

Sec. 7.5. NRS 244A.755 is hereby amended to read as follows:

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

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

(b) In lieu of the sales and use tax, local school support tax and city-county relief tax on tangible personal property purchased or used, and distributed [either pursuant to NRS 377.053 or] in the same manner as the tax would be distributed pursuant to NRS 372.780 , [or] 374.785, 377.055 or 377.057, whichever applies.

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

3. The payments in lieu of ad valorem taxes must equal the ad valorem taxes that would have been payable were the project subject to ad valorem taxation and to assessment pursuant to NRS 361.320. This section does not preclude the legislature from changing the method of assessment or allocation of payments in lieu of ad valorem taxes. The due date of payments in lieu of ad valorem taxes to a particular taxing entity and the tax rate with respect to the portion of the valuation of a project allocated to that entity must be determined in the same manner as for property which is subject to ad valorem taxation by that taxing entity.

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

5. The payments in lieu of taxes required by this section during the construction of the project are the responsibility of the participant who, pursuant to subsection 2 of NRS 244A.741, is constructing the project and the payments in lieu of taxes during the period of operation of the project are the responsibility of the participant who, pursuant to that subsection, is operating the project. The responsibility of making such payments is limited to the extent that there is legally available to the responsible participant, from the payments, proceeds or other funds mentioned in subsection 4, money to make such payments and the obligation of such participant or participants to make such payments in lieu of taxes is not a general obligation or liability of the responsible participant. That participant shall take appropriate action to enforce the obligation, provided for in subsection 4, of the participants in the project. A payment in lieu of taxes must not be made to the extent that the making of the payment would cause a deficiency in the money available to the county to make required payments of principal of, premium, if any, or interest on any bonds issued by the county to finance the project or to make required payments to any funds established under the proceedings under which such bonds were issued and secured. No lien attaches upon any property or money of the county or any property or money of the participant or participants mentioned in the first sentence of this subsection by virtue of any failure to pay all or any part of any in lieu of taxes. The participant or participants constructing or operating the project or any other participant in the project may contest the validity of any payment in lieu of a tax to the same extent as if such payment were a payment of the tax itself. The payments in lieu of taxes must be reduced if and to the extent that such contest is successful.

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

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

Sec. 8. Chapter 354 of NRS is hereby amended by adding a new section to read as follows:

“Basic ad valorem revenue” has the meaning ascribed to it in NRS 377.057.

Sec. 9. NRS 354.476 is hereby amended to read as follows:

354.476 As used in NRS 354.470 to 354.626, inclusive, *and section 8 of this act*, unless the context otherwise requires, the words and terms defined in NRS 354.478 to 354.580, inclusive, *and section 8 of this act*, have the meanings ascribed to them in those sections.

Sec. 10. NRS 354.59813 is hereby amended to read as follows:

354.59813 1. In addition to the allowed revenue from taxes ad valorem determined pursuant to NRS 354.59811, when the estimate of the revenue available from the supplemental city-county relief tax as determined by the executive director of the department of taxation pursuant to the provisions of NRS 377.057 is less than [52 percent of the sum of the supplemental city-

county relief tax distribution factors of all local governments that are eligible to receive a distribution of the revenue from the supplemental city-county relief tax,] *the amount of money that would be generated by applying a tax rate of \$1.15 per \$100 of assessed valuation to the assessed valuation of the state*, the governing body of each local government may levy an additional tax ad valorem for operating purposes. The total tax levied pursuant to this section must not exceed a rate calculated to produce revenue equal to the difference between the amount of revenue from supplemental city-county relief tax estimated to be received by that local government and the tax that it would have been estimated to receive if the estimate for the total revenue available from the tax was equal to [52 percent of the sum of the supplemental city-county relief tax distribution factors of all local governments that are eligible to receive a distribution of the revenue from the supplemental city-county relief tax.] *the amount of money that would be generated by applying a tax rate of \$1.15 per \$100 of assessed valuation to the assessed valuation of the state*.

2. Any additional taxes ad valorem levied as a result of the application of this section must not be included in the base from which the allowed revenue from taxes ad valorem for the next subsequent year is computed.

Sec. 11. NRS 354.59815 is hereby amended to read as follows:

354.59815 1. In addition to the allowed revenue from taxes ad valorem determined pursuant to NRS 354.59811, the board of county commissioners may levy a tax ad valorem on all taxable property in the county at a rate not to exceed 5 cents per \$100 of the assessed valuation of the county.

2. The board of county commissioners shall direct the county treasurer to distribute quarterly the proceeds of any tax levied pursuant to the provisions of subsection 1 among the county and the cities and towns within that county in the proportion that the supplemental city-county relief tax distribution factor of each of those local governments *for the 1990-1991 fiscal year* bears to the sum of the supplemental city-county relief tax distribution factors of all of the local governments in the county [that are eligible to receive a portion of the proceeds of this tax.] *for the 1990-1991 fiscal year*.

3. The board of county commissioners shall not reduce the rate of any tax levied pursuant to the provisions of subsection 1 without the approval of each of the local governments that receives a portion of the tax, except that, if a local government declines to receive its portion of the tax in a particular year the levy may be reduced by the amount that local government would have received.

Sec. 12. NRS 354.5982 is hereby amended to read as follows:

354.5982 1. The local government may exceed the limit imposed by NRS 354.59811 upon the calculated receipts from taxes ad valorem only if its governing body proposes to its registered voters an additional levy ad valorem, specifying the amount of money to be derived, the purpose for which it is to be expended, and the duration of the levy, and the proposal is approved by a majority of the voters voting on the question at a general election or a special election called for that purpose. The governing body may discontinue the levy before it expires and may not thereafter reimpose it in whole or in part without following the procedure required for its original imposition.

2. To the allowed revenue from taxes ad valorem determined pursuant to NRS 354.59811 for a local government, the executive director of the department of taxation shall add any amount approved by the legislature for the cost to that local government of any substantial program or expense required by legislative enactment.

3. Except as otherwise provided in this subsection, if one or more local governments take over the functions previously performed by a local government which no longer exists, the Nevada tax commission shall add to the allowed revenue from taxes ad valorem [, the supplemental city-county relief tax distribution factor] and the basic ad valorem revenue, respectively, otherwise allowable to the local government or local governments pursuant to NRS 354.59811 and 377.057, an amount equal to the allowed revenue from taxes ad valorem [, the supplemental city-county relief tax distribution factor] and the basic ad valorem revenue, respectively, for the last fiscal year of existence of the local government whose functions were assumed. If more than one local government assumes the functions, the additional revenue must be divided among the local governments on the basis of the proportionate costs of the functions assumed. The Nevada tax commission shall not allow any increase in the allowed revenue from taxes ad valorem [, supplemental city-county relief tax distribution factor] or basic ad valorem revenue if the increase would result in a decrease in revenue of any local government in the county which does not assume those functions.

Sec. 13. NRS 354.5987 is hereby amended to read as follows:

354.5987 1. For the purposes of NRS 354.59811 and 377.057, the allowed revenue from taxes ad valorem and the [supplemental city-county relief tax distribution factor] *basic ad valorem revenue* of any local government:

(a) Which comes into being on or after July 1, 1989, whether newly created, consolidated, or both; or

(b) Which was in existence before July 1, 1989, but did not receive revenue from taxes ad valorem, except any levied for debt service, for the fiscal year ending June 30, 1989,

must be initially established by the Nevada tax commission.

2. Except as otherwise provided in subsections 3 and 6, if the local government for which the allowed revenue from taxes ad valorem and the [supplemental city-county relief tax distribution factor] *basic ad valorem revenue* are to be established performs a function previously performed by another local government, the total revenue allowed to all local governments for performance of substantially the same function in substantially the same geographical area must not be increased. To achieve this result, the Nevada tax commission shall request the local governmental advisory committee to prepare a statement of the prior cost of performing the function for each predecessor local government. Within 60 days after receipt of such a request, the local governmental advisory committee shall prepare a statement pursuant to the request and transmit it to the Nevada tax commission. The Nevada tax commission may accept, reject or amend the statement of the local governmental advisory committee. The decision of the Nevada tax commission is final. Upon making a final determination of the prior cost of performing the

function for each predecessor local government, the Nevada tax commission shall:

(a) Determine the percentage that the prior cost of performing the function for each predecessor local government is of the [supplemental city-county relief tax distribution factor] *basic ad valorem revenue and of the allowed revenue from taxes ad valorem* of that local government; and

(b) Apply the [percentage] *percentages* determined pursuant to paragraph (a) to the basic ad valorem revenue and to the allowed revenue from taxes ad valorem , *respectively*, and subtract those amounts respectively from the basic ad valorem revenue and from the allowed revenue from taxes ad valorem of the predecessor local government . [; and

(c) Then subtract from the supplemental city-county relief tax distribution factor of each predecessor local government, the prior cost of performing the function.]

The basic ad valorem revenue [,] *and* allowed revenue from taxes ad valorem , [and supplemental city-county relief tax distribution factor,] *respectively*, attributable to the new local government for the cost of performing the function must equal the total of the amounts subtracted for the prior cost of performing the function from the basic ad valorem revenue [,] *and* allowed revenue from taxes ad valorem , [and supplemental city-county relief tax distribution factor,] *respectively*, of all of the predecessor local governments.

3. If the local government for which the [supplemental city-county relief tax distribution factor] *basic ad valorem revenue* is to be established pursuant to subsection 1 is a city, the Nevada tax commission shall:

(a) Using the [supplemental city-county relief tax distribution factor] *basic ad valorem revenue* of the town replaced by the city, if any, as a basis, set the [supplemental city-county relief tax distribution factor] *basic ad valorem revenue* of the city at an amount sufficient to allow the city, with other available revenue, to provide the basic services for which it was created;

(b) [Set the basic ad valorem revenue of the city at an amount which bears the same ratio to the supplemental city-county relief tax distribution factor of the city as the sum of the basic ad valorem revenue of the county, and any town which the city is replacing, bears to the sum of the maximum supplemental city-county relief tax distribution factors of the county and the city;

(c)] Reduce the basic ad valorem revenue of the county by the amount set for the city pursuant to paragraph [(b);

(d)] (a);

(c) Add to the basic ad valorem revenue of the county the basic ad valorem revenue of any town which the city has replaced; and

[(e)] (d) Add to the allowed revenue from taxes ad valorem of the county the allowed revenue from taxes ad valorem for any town which the city replaced . [, except that the addition to the county must be limited so that the county does not receive from the supplemental city-county relief tax and taxes ad valorem an amount greater than its supplemental city-county relief tax distribution factor.]

4. In any other case, except as otherwise provided in subsection 6, the allowed revenue from taxes ad valorem [and the supplemental city-county relief tax distribution factor] of all local governments in the county, determined pursuant to NRS 354.59811 , [and 377.057,] must not be increased,

but the total basic ad valorem revenue and allowed revenue from taxes ad valorem must be reallocated among the local governments consistent with subsection 2 to accommodate the amount established for the new local government pursuant to subsection 1.

5. Any amount of basic ad valorem revenue allowable which is established or changed pursuant to this section must be used to determine a new tax rate for the fiscal year ending June 30, 1981, for each affected local government. This new tax rate must be used to make the distributions among the local governments in the county required by NRS 377.057 for each year following the year in which the amount was established or changed.

6. In establishing the allowed revenue from taxes ad valorem [and the supplemental city-county relief tax distribution factor] of a county, city or town pursuant to this section, the Nevada tax commission shall allow a tax rate for operating expenses of at least 15 cents per \$100 of assessed valuation in addition to the tax rate allowed for any identified and restricted purposes and for debt service.

7. As used in this section:

(a) "Predecessor local government" means a local government which previously performed all or part of a function to be performed by the local government for which the allowed revenue from taxes ad valorem and the [supplemental city-county relief tax distribution factors] *basic ad valorem revenue* are being established pursuant to subsection 1.

(b) "Prior cost of performing the function" means the amount expended by a local government to perform a function which is now to be performed by another local government. The amount must be determined on the basis of the most recent fiscal year for which reliable information is available.

Sec. 14. NRS 354.59871 is hereby amended to read as follows:

354.59871 1. The Nevada tax commission shall, upon request by the board of county commissioners, establish a rate for the levy of taxes ad valorem to provide aid and relief for indigent persons in a county in which there was no levy adopted for that purpose in the fiscal year ending June 30, 1971. The revenue collected from the taxes so levied must not exceed \$54,000.

2. The revenue received from the rate established by the Nevada tax commission pursuant to subsection 1 must be added to the [:

(a) Allowed] *allowed* revenue from taxes ad valorem determined pursuant to NRS 354.59811 . [; and

(b) Supplemental city-county relief tax distribution factor, for that county.]

Sec. 15. (Deleted by amendment.)

Sec. 16. NRS 354.59874 is hereby amended to read as follows:

354.59874 [1.] Except as otherwise provided in subsection 3 of NRS 354.5982 and subsection 2 of NRS 354.5987, if one local government takes over a function or provides a service previously performed by another local government pursuant to an agreement between the local governments, upon petition by the participating local governments, the executive director of the department of taxation shall:

[(a)] 1. Reduce the allowed revenue from taxes ad valorem calculated pursuant to NRS 354.59811 of the local government which previously performed the function or provided the service, for the first year the service is provided or the function is performed by an amount equal to the cost of performing the function or providing the service; and

[(b)] 2. Increase the allowed revenue from taxes ad valorem calculated pursuant to NRS 354.59811 of the local government which assumed the performance of the function or the provision of the service, for the first year the service is provided or the function is performed by an amount equal to the amount by which the reduction was made pursuant to [paragraph (a)].

2. The changes required by subsection 1 do not apply to the calculations required by NRS 377.057. In addition to the changes required by subsection 1, the executive director of the department of taxation shall make any other adjustments necessary to ensure that there is no fiscal impact upon either local government in the calculations required by NRS 377.057 as a result of the changes required by] subsection 1.

Sec. 17. NRS 354.5989 is hereby amended to read as follows:

354.5989 1. A local government shall not increase any fee for a business license or adopt a fee for a business license issued for revenue or regulation, or both, except as permitted by this section. This prohibition does not apply to fees:

(a) Imposed by hospitals, county airports, airport authorities, convention authorities, the Las Vegas Valley Water District or the Clark County Sanitation District;

(b) Imposed on public utilities for the privilege of doing business pursuant to a franchise; or

(c) For business licenses which are calculated as a fraction or percentage of the gross revenue of the business.

2. The amount of revenue the local government derives or is allowed to derive, whichever is greater, from all fees for business licenses except those excluded by subsection 1, for the fiscal year ended on June 30, [1989,] 1991, is the base from which the maximum allowable revenue from such fees must be calculated for the next subsequent year. To the base must be added the sum of the amounts respectively equal to the product of the base multiplied by the percentage increase in the [supplemental city-county relief tax distribution factor of the local government for the current year over that factor for the preceding year.] *population of the local government added to the percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated.* The amount so determined becomes the base for computing the allowed increase for each subsequent year.

3. A local government may not increase any fee for a business license which is calculated as a fraction or percentage of the gross revenue of the business if its total revenues from such fees have increased during the preceding fiscal year by more than the increase in the Consumer Price Index during that preceding calendar year.

4. A local government may submit an application to increase its revenue from fees for business licenses beyond the amount allowable under this

section to the Nevada tax commission, which may grant the application only if it finds that:

(a) [Under the circumstances a special distribution could be made from the emergency fund of the supplemental city-county relief tax and only to the extent that these circumstances are not relieved by such a distribution;] *Emergency conditions exist which impair the ability of the local government to perform the basic functions for which it was created; or*

(b) The rate of a business license of the local government is substantially below that of other local governments in the state.

5. The provisions of this section apply to any business license regardless of the fund to which the revenue from it is assigned. An ordinance or resolution enacted by a local government in violation of the provisions of this section is void.

6. As used in this section, "fee for a business license" does not include a tax imposed on the revenues from the rental of transient lodging.

Sec. 18. NRS 354.59891 is hereby amended to read as follows:

354.59891 1. As used in this section:

(a) "Building permit basis" means the combination of the rate and the valuation method used to calculate the total building permit fee.

(b) "Building permit" means the official document or certificate issued by the building officer of a local government which authorizes the construction of a structure.

(c) "Building permit fee" means the total fees that must be paid before the issuance of a building permit, including without limitation, all permit fees and inspection fees. The term does not include, without limitation, fees relating to water, sewer or other utilities, residential construction tax, tax for the improvement of transportation imposed pursuant to section 14 of chapter 19, Statutes of Nevada 1991, any fee imposed pursuant to section 1 of [this act] *chapter 152, Statutes of Nevada 1991*, or any amount expended to change the zoning of the property.

2. Except as otherwise provided in subsections 3 and 4, a local government shall not increase its building permit basis by more than an amount equal to the building permit basis on June 30, 1989, multiplied by a percentage equal to the percentage increase in the consumer price index from January 1, 1988, to the January 1 next preceding the fiscal year for which the calculation is made.

3. A local government may submit an application to increase its building permit basis by an amount greater than otherwise allowable pursuant to subsection 2 to the Nevada tax commission. The Nevada tax commission may allow the increase only if it finds that:

(a) [Under the circumstances a special distribution could be made from the emergency fund of the supplemental city-county relief tax and only to the extent that the circumstances are not relieved by such a distribution;] *Emergency conditions exist which impair the ability of the local government to perform the basic functions for which it was created; or*

(b) The building permit basis of the local government is substantially below that of other local governments in the state and the cost of providing the services associated with the issuance of building permits in the previous fiscal year exceeded the total revenue received from building permit fees,

excluding any amount of residential construction tax collected, for that fiscal year.

4. Upon application by a local government, the Nevada tax commission shall exempt the local government from the limitation on the increase of its building permit basis if:

(a) The local government creates an enterprise fund exclusively for fees for building permits;

(b) Any interest or other income earned on the money in the enterprise fund is credited to the fund; and

(c) The local government does not use any of the money in the enterprise fund for any purpose other than the actual direct and indirect costs of the program for the issuance of building permits, including without limitation, the cost of checking plans, issuing permits, inspecting buildings and administering the program. The executive director of the department of taxation shall adopt regulations governing the permissible expenditures from an enterprise fund pursuant to this paragraph.

Sec. 19. Section 25 of chapter 861, Statutes of Nevada 1989, at page 2097, is hereby amended to read as follows:

Sec. 25. 1. The redistribution fund for the supplemental city-county relief tax is hereby created. The interest and income earned on the money in the fund after deducting any applicable charges must be distributed to the local governments in the same manner as the distributions made pursuant to subsection 2 of NRS 377.057, as amended by this act.

2. The following amounts are hereby allocated for the 1989-1990 fiscal year to the specified counties from the redistribution fund for the supplemental city-county relief tax:

Clark County	\$2,669,672
Elko County	359,124
Churchill County	84,988

On July 1, 1989, the state controller shall distribute the allocated money to each county and the local governments in each county in the same proportion that the supplemental city-county relief tax will be distributed pursuant to subsection 2 of NRS 377.057, as amended by this act, to those local governments during the 1989-1990 fiscal year, except that, of the amount allocated to Clark County, the state controller shall distribute \$1,240,221 to the town of Laughlin and the remainder of the allocation to the remaining local governments.

3. For the fiscal year 1990-1991 the executive director of the department of taxation shall adjust the supplemental city-county relief tax distribution factors of each local government in the following counties, including the county, by multiplying the supplemental city-county relief tax distribution factor calculated pursuant to subsection 6 of NRS 377.057, as amended by this act, by the factor specified for the appropriate county:

Churchill	1.01735781
Clark	1.00503190

Douglas99748885
Elko	1.03606720
Washoe98867616

4. The following amounts are hereby allocated for the 1990-1991 fiscal year to the specified counties from the redistribution fund for the supplemental city-county relief tax:

Clark County	\$1,922,163
Elko County	258,569
Churchill County	61,191

On July 1, 1990, the state controller shall distribute the allocated money to each county and the local governments in each county in the same proportion that the supplemental city-county relief tax will be distributed pursuant to subsection 2 of NRS 377.057, as amended by this act, to those local governments during the 1990-1991 fiscal year, except that, of the amount allocated to Clark County, the state controller shall distribute \$892,959 to the town of Laughlin and the remainder of the allocation to the remaining local governments.

5. [For the fiscal year 1991-1992 the executive director of the department of taxation shall adjust the supplemental city-county relief tax distribution factors of each local government in the following counties, including the county, by multiplying the supplemental city-county relief tax distribution factor calculated pursuant to subsection 6 of NRS 377.057, as amended by this act, by the factor specified for the appropriate county:

Churchill	1.01735781
Clark	1.00503190
Douglas99748885
Elko	1.03606720
Washoe98867616

6.] The following amounts are hereby allocated for the 1991-1992 fiscal year to the specified counties from the redistribution fund for the supplemental city-county relief tax:

Clark County	\$1,037,968
Elko County	139,627
Churchill County	33,043

On July 1, 1991, the state controller shall distribute the allocated money to each county and the local governments in each county in the same proportion that the supplemental city-county relief tax will be distributed pursuant to subsection 2 of NRS 377.057, as amended by this act, to those local governments during the 1991-1992 fiscal year, except that, of the amount allocated to Clark County, the state controller shall distribute

\$482,197 to the town of Laughlin and the remainder of the allocation to the remaining local governments.

[7. For the fiscal year 1992-1993 the executive director shall adjust the supplemental city-county relief tax distribution factors of each local government in the following counties, including the county, by multiplying the supplemental city-county relief tax distribution factor calculated pursuant to subsection 6 of NRS 377.057, as amended by this act, by the factor specified for the appropriate county:

Churchill	1.01735781
Clark	1.00503190
Douglas99748885
Elko	1.03606720
Washoe98867616

8. Except as otherwise provided in section 26 of this act, in calculating the supplemental city-county relief tax distribution factors of the counties and the local governments within the counties pursuant to subsections 5 and 7, the executive director shall use the distribution factor as calculated pursuant to subsection 6 of NRS 377.057 as adjusted pursuant to subsections 3 and 5, respectively, as the distribution factor for the previous year.]

Sec. 20. Section 26 of chapter 861, Statutes of Nevada 1989, at page 2099, is hereby amended to read as follows:

Sec. 26. 1. Notwithstanding the provisions of NRS 377.057, as amended by this act, for the town of Laughlin [:

(a) For] for the fiscal year 1990-1991, the supplemental city-county relief tax distribution factor must be calculated pursuant to the provisions of subsection 6 of NRS 377.057, as amended by this act, using \$3,300,000 as the distribution factor for the previous year and then subtracting \$2,033,943.

[(b) For the fiscal year 1991-1992, the supplemental city-county relief tax distribution factor must be calculated pursuant to the provisions of subsection 6 of NRS 377.057, as amended by this act, using the amount calculated pursuant to paragraph (a) before \$2,033,943 was subtracted as the distribution factor for the previous year and then subtracting \$1,016,971.

(c) For the fiscal year 1992-1993, the supplemental city-county relief tax distribution factor must be calculated pursuant to the provisions of subsection 6 of NRS 377.057, as amended by this act, using the amount calculated pursuant to paragraph (b) before \$1,016,971 was subtracted as the distribution factor for the previous year.]

2. For the purposes of [paragraph (a) of subsection 3 of] NRS 377.057, as amended by this act, the "basic ad valorem revenue" of the town of Laughlin must be calculated using:

- (a) For the 1990-1991 fiscal year, a rate of .4846;
- (b) For the 1991-1992 fiscal year, a rate of .7784; and
- (c) For the 1992-1993 fiscal year, a rate of 1.0723.

Sec. 21. Section 28 of chapter 861, Statutes of Nevada 1989, at page 2099, is hereby amended to read as follows:

Sec. 28. As soon as practicable after July 1, 1989, for the 1989-1990 fiscal year and on or before March 15 immediately preceding the 1990-1991 [, 1991-1992 and 1992-1993 fiscal years,] *fiscal year*, the executive director of the department of taxation shall:

1. Determine the effect of the provisions of this act upon the estimate of the amount of supplemental city-county relief tax to be received by each local government for the fiscal year for which the determination is being made and notify each local government of any revision of that estimate.

2. Increase the allowed revenue from taxes ad valorem of each local government whose revenue from the supplemental city-county relief tax he estimates will be reduced as a direct result of the amendatory provisions of this act by the amount he estimates will be lost as a direct result of the amendatory provisions of this act. Any increase made pursuant to this subsection may only be made for the fiscal year for which the calculation was made and must be included in the basis for the calculation of the allowed revenue from taxes ad valorem in all future years.

Sec. 22. For the fiscal year 1991-1992, the state controller shall monthly from the fees, taxes, interest and penalties which derive from the supplemental city-county relief tax collected in all counties and from out-of-state businesses during the preceding month make the following distributions in lieu of the distributions required by the provisions of paragraph (a) of subsection 1 of NRS 377.057 as amended by this act:

Douglas	\$591,952
Esmeralda	54,094
Eureka	154,852
Lincoln	74,349
Lyon	363,589
Mineral	120,530
Nye	302,204
Pershing	98,556
Storey	71,233
White Pine	161,860

Sec. 23. For the fiscal year 1991-1992, after determining the amount of the distributions required by NRS 377.057, as amended by this act, and section 22 of this act each month, the state controller shall:

1. Reduce the distributions by the amounts indicated for each of the following counties:

Carson City	\$93,943
Churchill	57,881
Clark	187,047
Elko	257,394
Humboldt	97,414
Lander	4,134

2. Increase the distributions by the amounts indicated for each of the following counties:

Douglas	\$16,006
Esmeralda	1,561
Eureka	4,843
Lincoln	2,251
Lyon	10,101
Mineral	3,431
Nye	8,621
Pershing	2,783
Storey	1,973
Washoe	697,813
White Pine	3,753

Sec. 24. For the fiscal year 1992-1993, after determining the amount of the distributions required by NRS 377.057, as amended by this act, each month, the state controller shall:

1. Reduce the distributions by the amounts indicated for each of the following counties:

Carson City	\$57,113
Churchill	56,681
Elko	133,738
Humboldt	84,092
Lander	4,134

2. Increase the distributions by the amounts indicated for each of the following counties:

Clark	\$187,276
Washoe	148,482

Sec. 24.1. For the fiscal year 1993-1994, after determining the amount of the distributions required by NRS 377.057, as amended by this act, each month, the state controller shall:

1. Reduce the distributions by the amounts indicated for each of the following counties:

Carson City	\$42,835
Churchill	42,511
Elko	100,303
Humboldt	63,069
Lander	3,100

2. Increase the distributions by the amounts indicated for each of the following counties:

Clark	\$186,825
Washoe	64,993

Sec. 24.2. For the fiscal year 1994-1995, after determining the amount of the distributions required by NRS 377.057, as amended by this act, each month, the state controller shall:

1. Reduce the distributions by the amounts indicated for each of the following counties:

Carson City	\$28,557
Churchill	28,342
Elko	66,868
Humboldt	42,046
Lander	2,066

2. Increase the distributions by the amounts indicated for each of the following counties:

Clark	\$902
Washoe	166,977

Sec. 24.3. For the fiscal year 1995-1996, after determining the amount of the distributions required by NRS 377.057, as amended by this act, each month, the state controller shall:

1. Reduce the distributions by the amounts indicated for each of the following counties:

Carson City	\$14,278
Churchill	14,170
Elko	33,435
Humboldt	21,023
Lander	1,033

2. Increase the distributions by the amounts indicated for each of the following counties:

Clark	\$451
Washoe	83,488

Sec. 24.5. The adjustments of the distribution of the proceeds of the supplemental city-county relief tax required by sections 23 to 24.3, inclusive, of this act must be excluded from the amount distributed in the immediately preceding year for the purposes of calculating the amount to be distributed in the following year pursuant to paragraph (a) of subsection 1 of NRS 377.057.

Sec. 25. For the fiscal year 1991-1992, the amount by which the total receipts of the supplemental city-county relief tax exceed \$266,531,950 must be distributed among Carson City and Churchill, Clark, Elko, Humboldt and Lander Counties in the proportion which the amount of the tax collected since

July 1, 1991, in that county bears to the total amount collected since July 1, 1991, in those counties.

Sec. 26. As soon as practicable after the effective date of this act, the state controller shall distribute the remaining balance of the emergency fund of the supplemental city-county relief tax to the local governments in the same proportion as the proceeds of the supplemental city-county relief tax were distributed for the 1990-1991 fiscal year.

Sec. 27. Sections 27 to 38, inclusive, of this act constitute the Local Government Tax Act of 1991.

Sec. 28. 1. A tax distribution fund must be created in the state treasury for each county that imposes or levies any tax pursuant to the provisions of sections 29 to 33, inclusive, of this act.

2. All interest and income earned on the money in the fund must be credited to the fund after deducting any applicable charges.

3. The state controller shall distribute the money in the fund monthly among the several local governments in the county that are eligible to receive a distribution of the revenue from the supplemental city-county relief tax, including the county, in the proportion which the basic ad valorem revenue of each local government bears to the total basic ad valorem revenue of all these local governments.

4. As used in this section, "basic ad valorem revenue" has the meaning ascribed to it in NRS 377.057.

Sec. 29. 1. Except as otherwise provided in section 34 of this act and in addition to all other sales and use taxes, the board of county commissioners of Churchill, Elko, Humboldt, Washoe and Lander counties and the board of supervisors of Carson City may by ordinance, but not as in a case of emergency, impose a tax at the rate of up to 1/4 of 1 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed in the county.

2. The tax imposed pursuant to this section applies throughout the county, including incorporated cities in the county.

3. The ordinance enacted pursuant to this section must include provisions in substance as follows:

(a) Provisions substantially identical to those of the Local School Support Tax Law, insofar as applicable.

(b) A provision that all amendments to the provisions of the Local School Support Tax Law subsequent to the date of enactment of the ordinance, not inconsistent with this section, automatically become a part of the ordinance enacted pursuant to subsection 1.

(c) A provision that the county shall contract before the effective date of the ordinance enacted pursuant to subsection 1 with the department to perform all functions incident to the administration or operation of the tax imposed pursuant to subsection 1.

4. All fees, taxes, interest and penalties imposed and all amounts of tax required to be paid to the county under this section must be paid to the department of taxation in the form of remittances made payable to the department of taxation.

5. The department of taxation shall deposit the payments with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

Sec. 30. 1. Except as otherwise provided in section 34 of this act and in addition to all other taxes imposed on the valuation of vehicles, the board of county commissioners of Churchill, Elko, Humboldt, Washoe and Lander counties and the board of supervisors of Carson City may by ordinance, but not as in a case of emergency, impose a special privilege tax of 1 cent on each \$1 of valuation of the vehicle for the privilege of operating upon the public streets, roads and highways of the county on each vehicle based in the county except:

(a) A vehicle exempt from the motor vehicle privilege tax pursuant to this chapter; or

(b) A vehicle subject to NRS 706.011 to 706.861, inclusive, which is engaged in interstate or intercounty operations.

2. The department of motor vehicles and public safety shall deposit the proceeds of the tax imposed pursuant to subsection 1 with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

3. As used in this section "based" has the meaning ascribed to it in NRS 482.011.

Sec. 31. 1. Except as otherwise provided in section 34 of this act, notwithstanding the provisions of NRS 463.395 and in addition to all other fees and taxes imposed on gaming, the board of county commissioners of Churchill, Elko, Humboldt, Washoe and Lander counties and the board of supervisors of Carson City may by ordinance, but not as in a case of emergency, impose a license fee for conducting, carrying on or operating any gambling game, slot machine or other game of chance.

2. The total amount of revenue estimated to result for any fiscal year from the imposition of a license fee pursuant to the provisions of this section must not exceed the total amount of revenue estimated to result for the same year from the imposition of all taxes imposed in the county pursuant to sections 29 to 33, inclusive, of this act, multiplied by a fraction, the numerator of which is the total gaming license fees collected by all local governments in the county, including the county, for the fiscal year 1990-1991, and the denominator of which is the general fund revenues of the county and any incorporated cities in the county for the fiscal year 1990-1991.

3. The tax imposed pursuant to this section applies throughout the county, including incorporated cities in the county.

4. The proceeds of the tax imposed pursuant to this section must be deposited with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

Sec. 32. 1. Except as otherwise provided in section 34 of this act and in addition to all other taxes imposed on transfers of real property, the board of county commissioners of Churchill, Elko, Humboldt, Washoe and Lander counties and the board of supervisors of Carson City may by ordinance, but not as in a case of emergency, impose a tax at the rate of up to 10 cents for each \$500 of value or fraction thereof on each deed by which any lands, tenements or other realty is granted, assigned, transferred or otherwise conveyed to, or vested in, another person, if the consideration or value of the

interest or property conveyed, exclusive of the value of any lien or encumbrance remaining on the interest of property at the time of sale, exceeds \$100. The amount of tax must be computed on the basis of the value of the transferred real property as declared pursuant to NRS 375.060.

2. The ordinance imposing the tax must include:

(a) Provisions substantially identical to those contained in chapter 375 of NRS, insofar as applicable; and

(b) A provision that all amendments to chapter 375 of NRS after the date of enactment of the ordinance, not inconsistent with the chapter, automatically become a part of the ordinance imposing the tax.

3. The tax imposed pursuant to this section applies throughout the county, including incorporated cities in the county.

4. The proceeds of the tax must be deposited with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

Sec. 33. 1. Except as otherwise provided in section 34 of this act, the board of county commissioners of Churchill, Elko, Humboldt, Washoe and Lander counties and the board of supervisors of Carson City may levy a tax ad valorem on the assessed valuation of all taxable property in the county.

2. Before levying a tax pursuant to the provisions of subsection 1, the governing body shall hold a public hearing to allow members of the public to present their opinions concerning the tax. The governing body shall publish notice of the hearing not less than 5 nor more than 10 days before the date of the hearing in a newspaper of general circulation in the county. The notice must be at least equal in size to one-quarter of a normal newspaper page.

3. The provisions of NRS 354.59811 do not apply to a tax levied pursuant to the provisions of this section and the tax must not be considered in determining the allowed revenue from taxes ad valorem for the county or any local government therein.

4. Notwithstanding the provisions of NRS 279.676, no portion of the taxes levied pursuant to this section may be distributed to a redevelopment agency.

5. The county treasurer shall deposit the proceeds of the tax levied pursuant to the provisions of this section monthly with the state treasurer for credit to the tax distribution fund for the county in which it was collected.

Sec. 34. 1. The governing body of any county in which one or more of the taxes authorized by sections 29 to 33, inclusive, of this act have been or will be imposed or levied:

(a) Shall adopt a plan to replace the reduction in the amount of proceeds of the supplemental city-county relief tax estimated for that county pursuant to section 35 or 36 of this act on or before September 1, 1991, if the tax is to be imposed or levied for fiscal year 1991-1992 and on or before May 31 of the immediately preceding fiscal year if the tax is to be imposed or levied for fiscal years 1992-1993 through 1995-1996. The plans may include one or more of the taxes authorized by sections 29 to 33, inclusive, of this act, but the total amount of revenue estimated to result from all taxes imposed or levied pursuant to sections 29 to 33, inclusive, of this act must not exceed the estimate of the reduction in the amount of proceeds of the supplemental city-county relief tax estimated for that county pursuant to section 35 or 36 of this act for the fiscal year during which the plan is to be in effect.

(b) May revise the plans adopted pursuant to subsection 1 for the fiscal years 1992-1993 through 1996-1997 on or before the May 31 immediately preceding the fiscal year during which the plan is to be in effect.

2. The board of county commissioners of Churchill, Elko, Humboldt and Lander counties and the board of supervisors of Carson City shall not, after June 30, 1996, impose, levy or continue any of the taxes authorized by sections 29 to 33, inclusive, of this act.

Sec. 35. The legislature hereby finds and declares that the following amounts specified for each county estimate fairly the amount by which the proceeds of the supplemental city-county relief tax were reduced during the revision of the formula for the distribution of the supplemental city-county relief tax:

1. For fiscal year 1991-1992:

Carson City	\$342,678
Churchill	340,084
Elko	802,427
Humboldt	504,554
Lander	24,803

2. For fiscal year 1992-1993:

Carson City	\$685,356
Churchill	680,168
Elko	1,604,854
Humboldt	1,009,107
Lander	49,606

3. For fiscal year 1993-1994:

Carson City	\$514,017
Churchill	510,126
Elko	1,203,641
Humboldt	756,830
Lander	37,205

4. For fiscal year 1994-1995:

Carson City	\$342,678
Churchill	340,084
Elko	802,427
Humboldt	504,554
Lander	24,803

5. For fiscal year 1995-1996:

Carson City	\$171,339
Churchill	170,042
Elko	401,214
Humboldt	252,277
Lander	12,402

Sec. 36. 1. As soon as practicable after the effective date of this act, the executive director of the department of taxation shall make an estimate of the difference between the total amount of revenue from the proceeds of the supplemental city-county relief tax that would be distributed to the local governments in Washoe County, including the county, without the provisions of this act for the fiscal years 1991-1992 through 1996-1997 and the total amount of that revenue that he estimates will be distributed to the county pursuant to the provisions of this act.

2. The department of taxation shall provide to the board of county commissioners of Churchill, Elko, Humboldt, Lander and Washoe counties and the board of supervisors of Carson City, any estimate that is requested by the board and necessary to carry out the provisions of this act.

Sec. 37. (Deleted by amendment.)

Sec. 38. 1. On or before May 31, 1994, the department of taxation shall make an estimate of the total amount of proceeds that will be derived in Washoe County from each of the taxes imposed or levied pursuant to sections 29 to 33, inclusive, of this act for fiscal year 1994-1995.

2. On or before June 30, 1994, using the estimate prepared pursuant to subsection 1, the board of county commissioners of Washoe County shall reduce the rate of one or more of the taxes imposed or levied pursuant to sections 29 to 33, inclusive, of this act if necessary to maintain the estimated revenue from all taxes imposed or levied pursuant to sections 29 to 33, inclusive, of this act at or below an amount equal to \$2,225,664 less than the amount determined for the fiscal year 1994-1995 pursuant to subsection 1 of section 36 of this act.

3. The board of county commissioners of Washoe County shall not, after June 30, 1996:

(a) Except as otherwise provided in subsection 4, decrease any of the taxes imposed pursuant to sections 29 to 33, inclusive, of this act unless all of the local governments that are entitled to receive a monthly distribution from the tax distribution fund for the county agree to the decrease.

(b) Increase the rate of any tax imposed pursuant to sections 29 to 33, inclusive, of this act.

4. If necessary to avoid violating the provisions of subsection 2 of section 31 of this act, the board of county commissioners of Washoe County shall reduce the amount of the license fee imposed pursuant to that section by the minimum amount necessary to comply with the provisions of subsection 2 of section 31 of this act.

Sec. 39. 1. The department of taxation shall provide estimates of the amount by which the proceeds from the supplemental city-county relief tax that will be distributed pursuant to the provisions of this act for any local

government in any fiscal year will exceed the amount that it would have received without the provisions of this act in the same fiscal year.

2. Using the estimates provided by the department of taxation pursuant to subsection 1, the governing body of each local government that will receive more proceeds from the supplemental city-county relief tax pursuant to the provisions of this act in any fiscal year than it would have received without the provisions of this act in the same fiscal year shall hold a public hearing on the use of the additional proceeds before any portion of the additional proceeds is appropriated.

3. The governing body shall publish notice of the hearing not less than 5 nor more than 10 days before the date of the hearing in a newspaper of general circulation in the county. The notice must be at least equal in size to one-quarter of the size of a normal newspaper page and must include:

- (a) The date, time and location of the hearing;
- (b) The amount of additional revenue resulting from the provisions of this act;
- (c) The effect upon property tax rates if the additional revenue stated pursuant to paragraph (b) were used to reduce property taxes; and
- (d) The proposed use of the money.

Sec. 40. As soon as practicable after the effective date of this act, the executive director of the department of taxation shall:

- 1. Make an estimate of the receipts from the supplemental city-county relief tax on an accrual basis for the next fiscal year in accordance with generally accepted accounting principles; and
- 2. Provide to each local government an estimate of the tax that local government would receive based upon the estimate made pursuant to subsection 1 and calculated pursuant to the provisions of NRS 377.057.

Sec. 41. 1. There is hereby appropriated from the state general fund to the department of taxation the sum of \$18,000 for the costs of additional computer programming and for additional printing and postage expenses required by the provisions of this act.

2. Any remaining balance of the appropriation made by subsection 1 must not be committed for expenditure after June 30, 1993, and reverts to the state general fund as soon as all payments of money committed have been made.

Sec. 42. 1. NRS 354.573, 354.5988, 361.370 and 377.053 are hereby repealed.

2. Section 31 of chapter 228, Statutes of Nevada 1991 and section 1 of Assembly Bill No. 337 of this session are hereby repealed.

Sec. 43. 1. Section 17 of this act becomes effective on July 1, 1991.

2. This section and all remaining sections of this act become effective upon passage and approval.
