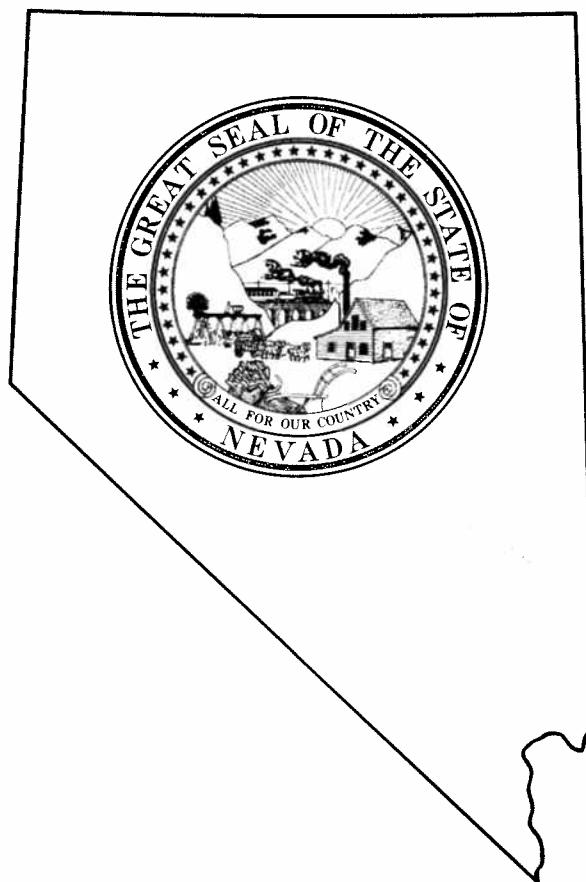


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1982

STATE OF NEVADA

GOVERNOR'S STUDY GROUP ON TAX LEGISLATION



Final Report

DECEMBER 1982

LEGISLATIVE COUNSEL
RESEARCH LIST

GOVERNOR'S STUDY GROUP ON
TAX LEGISLATION

FINAL REPORT

December 1982

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LEGISLATIVE COUNSEL BUREAU
RESEARCH DIVISION

GOVERNOR'S STUDY GROUP ON
TAX LEGISLATION

December 1982

The Honorable Robert List
Governor
State of Nevada
State Capitol
Carson City, Nevada 89710

Dear Governor List:

It is with great pleasure that I submit this final report summarizing the findings and recommendations of the Governor's Study Group on Tax Legislation. As requested in your letter of appointment dated June 30, 1982, the Study Group has examined the provisions of our state's current tax legislation and recommended modifications which will ensure that the tax structure meets the future needs of both our state and its taxpayers.

All the members of the Study Group recognize the need for a stable and equitable tax system in the State of Nevada. Without such a system, it will be impossible for either the public or private sectors to plan for the future.

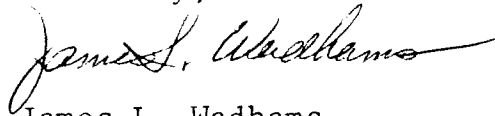
Our final report presents recommendations that will help to strengthen and stabilize our current tax structure, thus providing a firm foundation for future economic diversification efforts and the adequate funding of government services. Implicit in these recommendations is our recognition of the need to cease making major changes in Nevada's tax system every two years. A continuing biennial overhaul of the tax laws will introduce too much uncertainty into the economic environment and will create more harm than benefits.

Governor Robert List
December 1982
Page Two

Throughout this project, the members of the Study Group have demonstrated outstanding dedication and capability. I am certain you will want to join with me in expressing your appreciation to all the members of the group for their fine work.

Finally, in accordance with your letter of November 4, 1982, we will be submitting this final report to the Legislature and Governor-elect Richard Bryan for their consideration in the 1983 legislative session. We agree with you that the issues we have addressed are of major importance to our state, and the recommendations we have developed can benefit all Nevadans.

Sincerely,

A handwritten signature in cursive script, reading "James L. Wadhams". The signature is fluid and extends to the right.

James L. Wadhams
Chairman

GOVERNOR'S STUDY GROUP ON TAX LEGISLATION

MEMBERS

James L. Wadhams, Chairman	Attorney, Jones, Jones, Bell, Close and Brown, Ltd.
Ralph Best	Finance Director, City of Sparks
Manuel Cortez	Commissioner, Clark County
Ed Greer	Associate Superintendent for Business and Finance, Clark County School District
Jeanne Hannafin	Deputy Director, Nevada Department of Taxation
Marvin Leavitt	Financial Management Director, City of Las Vegas
Ernest L. Newton	Executive Vice President, Nevada Taxpayers Association
Janice Pine	Councilwoman, City of Reno
Ted Sanders	Superintendent of Public Instruction, State of Nevada
Paul E. Scholz	County Assessor, Churchill County
James K. Seastrand	Mayor, City of North Las Vegas
Hal Smith	Vice President, Burrows, Smith & Co. Division of Boche Halsey Stuart Shields, Inc.
George Von Tobel	Retired Businessman, Von Tobel's
Belie Williams	Commissioner, Washoe County

STAFF SUPPORT

Greg Lambert	Chief of Staff, Governor's Office
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INTRODUCTION

On June 28, 1982 Governor Robert List formed the Governor's Study Group on Tax Legislation to review and recommend possible modifications in the state's current tax system.

The fourteen member Study Group included state, city and county officials, as well as leaders from the business community. This group, representing a diversity of interests and constituencies, was asked to set aside partisan differences and work together to make recommendations that would give Nevada the best possible tax structure. The Study Group felt it was very successful in this regard.

The Governor's Study Group on Tax Legislation held its first general meeting on July 16, 1982 in Las Vegas, and raised a number of questions and potential problem areas relating to Nevada's current tax structure. After considerable discussion, three areas were highlighted as being critical and actionable. Subcommittees were then established to examine the issues identified in each of the three areas, and members of the Study Group were appointed to serve as Chairmen of each of the subcommittees. The general topics covered by the individual subcommittees are as follows:

Subcommittee I - Determine what tax sources should be used to generate revenues for government operations and what proportion of the total should be generated by each tax. Determine what changes need to be made in the assessment process.

Subcommittee II - Determine what flexibility is needed to adjust revenues when necessary, and how such flexibility can be provided.

Subcommittee III - Recommend changes in existing laws and procedures which will provide government entities with the flexibility to adjust expenditures when needed. Recommend ways to streamline the current budget preparation process.

Given the relatively small size of the Study Group and the fact that the issues discussed by the individual subcommittees tended to overlap, all subcommittee findings and recommendations were consolidated into the single report which follows. It is important to note that all members of the Study Group support this final report.

FINDINGS AND RECOMMENDATIONS

Tax Revenue Sources

A major task of the Study Group was to determine what should constitute the major sources of tax revenue for governmental entities in Nevada. Up until the 1979 legislature, property taxes were a principal revenue source for locally imposed taxes for cities, counties and school districts. In the 1979 session of the legislature, the property tax was substantially reduced with the revenue reduction to be offset by monies available in the state general fund. The available revenues in the state general fund came largely from the sales taxes and the tax on gross gaming winnings.

The 1981 session of the legislature continued this effort by further reducing property taxes and by increasing the sales tax from 3.5% to 5.75%. However, this increase in the sales tax has met with some opposition and there has been a feeling expressed that a return to the property tax should be legislated in the 1983 session of the legislature. This idea has been further stimulated by the effects of the current recession which have caused sales tax revenues to drop below forecasted levels.

In considering what recommendation to make in this area, the Study Group considered three principal alternatives: 1) continue the current plan whereby sales tax is the principal tax for operations, and property tax is the main source of revenue to pay debt service, 2) decrease the sales tax and increase the property tax, or 3) decrease the sales tax and increase some other tax.

Recommendation 1 - The basic concepts of the current tax plan which places major reliance upon the sales tax for operational purposes should be continued (alternative 1 above).

The above recommendation is made for several reasons. First, the only tax other than the property tax which can provide revenue sufficient to offset a decrease in the sales tax is the tax levied on gross gaming winnings. However, given the depressed state of the gaming industry it would be inadvisable to levy any additional taxes against the industry.

Second, an increase in the property tax might conceivably be required at some time to offset anticipated deficits, even without any corresponding decrease in the sales tax.

Third, concern has been expressed that businesses considering relocating to Nevada have deferred a move until after our state's tax structure is stabilized.

Finally, local government has also expressed the thought that long term planning is almost impossible as long as the legislature continues to make major revisions to the state's tax structure during each legislative session.

In summary, the members of the Study Group generally agree the best course of action is to refine the existing tax program to provide additional stability and equity and then, leave the final product relatively unchanged in future legislative sessions so taxpayers, public entities, and businesses can plan for the future with some degree of certainty.

Revenue Caps

The revenue caps which are a part of the state's current tax law evolved out of an effort by the 1981 session of the legislature to impose limitations on the growth of local governments. The need for developing these caps on revenues was felt to be necessary because the caps on expenditures which were imposed in the previous (1979) session were not as effective as had been hoped.

Many members of the Study Group would prefer to eliminate all the caps and instead, use existing budgeting, public hearing and voting processes to limit the size and cost of government. Nevertheless, all members agree that political reality demands the existence of some type of limitation or cap which will convey to the taxpayers a willingness to impose substantive controls on the automatic growth of the public sector.

The current law provides two separate limitations or caps on the receipt and levy of sales and property taxes. The first is a limit on the total received from the two taxes. The second is a limit placed on only the property tax portion. It is this "double cap" or two-tier limitation which has caused the revenue shortfall problem that is currently being experienced by local governments throughout the state.

If the two-tier limitation were removed, property taxes could serve as a stabilizing mechanism during periods of economic weakness by being allowed to increase to offset shortfalls in sales tax revenues. On the other hand, as long as the single cap on total revenues from the two tax sources is retained, extra sales tax revenues generated during good economic times could be used to lower the property tax and/or create a reserve for the future. The objective of such a single tier

system would be to stabilize the total amount of tax collected, not increase it.

It also has been noted that the Legislature effectively limits budgets of all seventeen Nevada school districts when it establishes state support for schools for each biennium. This action determines the level of revenue for approximately 75 percent of each district's total operating budget.

Recommendation 2 - The cap which currently exists on the total amount of revenue collected from both property and sales taxes should be retained. However, the cap on the property tax portion only should be eliminated.

This single cap on total property tax and sales tax revenues would be exactly the same as that provided for in the state's current tax legislation. The Study Group feels the current cap is appropriate because it is effective and equitable and in addition, takes into account factors relating to growth and inflation. Exempted from the cap would be federal grants, revenue sharing funds, self supporting enterprise funds, fees, licenses and service charges. Further, although the cap on property taxes alone would be removed, the caps on gaming revenues would stay in place.

The Study Group noted the sales tax has long been a consistent and stable producer of revenue and the shortfalls resulting from the current recession were difficult to anticipate. It is felt that the sales tax will, over time, provide sufficient revenue growth to meet the needs of government throughout the state, if accompanied by a mechanism to provide for an offset by property taxes during difficult economic times.

Limitations on Fee and License Increases

The 1981 tax program limited not only increases in sales tax and property tax revenues but also, increases in fees from permits and licenses. Specifically, Section 5 of Senate Bill 411 states "no fee for a permit or license may be increased more often than once in any calendar year or by an amount greater than its amount for the preceding calendar year multiplied by 80 percent of the increase in the Consumer Price Index...."

The Study Group found this arbitrary limitation on fee and license increases cumbersome to administer, inequitable in its impact, and unnecessary given other existing controls which tend to limit such increases. In general it was felt that the

mechanism and limitations imposed by Section 5 of S.B. 411 are making local governments less responsive, not more responsive, to their communities.

Recommendation 3 - Repeal in its entirety Section 5 of Senate Bill 411, Chapter 140 and return authority over local fees, licenses, service charges, etc. to the local governments.

The Study Group on Tax Legislation offers the following justifications for the repeal of Section 5:

1. Small amounts charged by local governments do not warrant review at the state level (i.e. dog licenses, swimming pool entrance fees, arts and craft classes, etc.)
2. The existing limitations and mechanisms make it very difficult to offset in a timely manner the costs of providing new services or responding to increased demands for old services.
3. Under the existing process, large amounts of time and money are needlessly spent putting together requests for increases for presentation to the state.
4. The public hearing system, already provided for at the local level, offers local citizens an opportunity to participate in and affect proposed fee increases.
5. The complicated and lengthy process presently required to obtain state approval tends to result in "across the board" adjustment of all fees or licenses in a particular category, rather than the desirable adjustment of those fees which are unjustifiably low. Also, it is possible to raise the same class the following year in the same manner, thus never solving the inequity.
6. Negotiated fees and charges (between an industry and the local government, among local governments, etc.) can be negated by the state, which is an outside party not participating in the negotiations.
7. The complexities of the state dealing with the myriad of fees, licenses and charges levied by, and services and methods of providing those services provided by, the many municipalities, districts and counties are best avoided by leaving such decisions up to the local governments and the people who elect them.

Citizen Control Over Local Government Spending and Tax Increases

Section 5 of Senate Bill 411 (Chapter 140) was inserted in the 1981 tax legislation in response to a particular problem. Specifically, in administering the expenditure limitation laws enacted by the 1979 legislative session (S.B. 204, Chapter 593) it was possible for local governments to establish enterprise funds and governmental service funds without removing general fund monies from the base amount used to calculate the permissible general fund expenditure level.

The recommended repeal of Section 5 of Senate Bill 411 would effectively remove all statutory constraints on the imposition of additional or new business license fees. The lack of such constraints would conceivably enable a local government to impose an unlimited level of business license fees. Clearly, such a result is neither desirable nor intended by the Study Group's recommendation to repeal Section 5. In fact, the primary reason for repealing Section 5 is to eliminate the need for the Interim Legislative Committee on Local Government Finance to rule on fee increase proposals.

The Study Group recognizes that local citizens and businesses do demand some control over increases in business fees and service charges. However, it is the feeling of the Group that such control can be assured at the local level if the process for proposing and approving such increases is precisely defined, adhered to and well understood by all interested parties.

The Study Group further recognizes that if citizens are to effectively influence local decisions regarding government spending levels, property tax increases, bond propositions, and fee increases, they must be provided with meaningful and understandable information regarding specific proposals. It is therefore important for the legislature to ensure that the processes for enacting local tax and fee increases provide adequate information regarding the costs and benefits of individual programs. Only with such information can citizens knowledgeably express their support or lack of support for tax and fee proposals and local government spending.

Recommendation 4 - The legislature should review current legislation and regulations covering local bond proposals and fee and license increases to ensure that the public's right to be completely informed about the proposed increases is protected and the processes for proposing and approving such increases are precisely defined by statute.

With regard to local bond issues, the legislature should specifically define what information must be included in the proposal presented to the voters. At a minimum, specific information regarding the fiscal impact of the issue should be required by statute.

Recommendation 5 - Legislation should be enacted which requires that the following information be provided to the voters regarding the fiscal impact of all proposed bond issues. Similar disclosure legislation should also be developed for fee increase proposals.

1. Increase in the tax rate in terms of both dollars or cents, and percentage.
2. Increase in the annual tax bill on an "average home" in terms of both dollars and percentage.
3. Impact on both the tax rate and the annual tax bill if the bond issue does not pass.

The objective of this recommendation is to ensure that the public knows the true costs as well as the benefits of a proposed tax increase or new programs.

Financial Problems of State Government

The 1981 tax program primarily impacted local governments, not state government. Nevertheless, the Study Group feels strongly that the current financial problems at the state level must be addressed and resolved in the 1983 legislative session. To not do so would seriously affect Nevada's fiscal health and credit worthiness. The end result could conceivably cost taxpayers more in the long term than they would save in the short term.

Recommendation 6 - Action must be taken in the 1983 legislative session to preserve the fiscal integrity and credit worthiness of the state by increasing revenues, further cutting expenditures, or a combination of both.

Method of Property Assessment

Prior to 1981 Nevada property was assessed for tax purposes in three different ways: 1) on the basis of "comparable sales"; 2) on the basis of replacement cost less depreciation; or 3) on the basis of the value of production. However, under this system problems arose because residential property was

almost always appraised and assessed on the basis of "comparable" sales whereas most commercial property was normally appraised and assessed on the basis of replacement cost less depreciation. The end result was that different classes of property were being treated differently for taxation purposes, even though the Nevada Constitution requires that all property be treated equally.

The legislature in 1981 recognized these problems and formed a research task force to make an analysis of the escalated values of various classes of property. On the basis of this research the legislature found that values for residential property had been increased on the tax rolls at rates greater than the rates applied to business and commercial property. Given this "finding," the legislature developed "factors" calculated to equalize all values for taxation in the 1981-82 tax year. In addition, the legislature adopted new methods for determining the "taxable value" of property. Under the 1981 legislation, the actual calculation of "taxable value" of improvements is based on current replacement cost less depreciation, while the "taxable value" of real estate is based on its value for the use to which it is currently being put.

Considerable disagreement has been expressed throughout the state to the concept of computing the assessed value of physical structures solely on the basis of the actual age of those structures. This disagreement is based on the feeling that such a concept does not recognize the effective age of the structure. If effective age was used in the assessment process, consideration would be given to the degree of maintainance and as a result, the assessed value would bear a more consistent relationship to the market value for all structures.

Recommendation 7 - Effective age should be considered when property is being assessed on the basis of replacement cost less depreciation.

Under the effective age procedure recommended above, it would be possible to combine the elements of depreciation and growth into one formula. Also, it would be possible to consider the improvements and major reconstruction of a structure to develop an effective age which may be different than the age of the base structure. For example, in a building where everything but the four exterior walls had been reconstructed the effective age of the structure would take the major reconstruction into account.

Finally, once the precise method of calculating "taxable value" has been determined, we must ensure that the actual definition of "taxable value" is clear in the eyes of the financial and bonding communities. Concern has been expressed in the past that uncertainty or misunderstanding regarding the

concept of "taxable value" under Nevada law could affect the ability of state and local governments to sell bonds. Such uncertainty must be cleared up in the 1983 legislative session.

Recommendation 8 - Precisely define the concept of "taxable value" so that the concept is clear in the eyes of the bonding and financial communities.

Mandated Costs

Local governments have expressed concern regarding the adverse and often unanticipated impact of legislative, regulatory or executive actions which impose additional or expanded responsibilities and costs on local governments, without providing any funding mechanisms to help offset those costs.

A considerable amount of legislation has been enacted in Nevada during past sessions which has increased the costs of operating local government. For example, school districts have been mandated to use parts of the teaching day to teach various items. Also, cities and/or counties have been impacted by costly mandated statutes relating to courts, indigent health care, acquisition of property, etc. School districts, as well as cities and counties, have experienced new costs as a result of the Fire Sprinkler Retrofit Bill and NIC legislation.

NRS 218.272, 218.2723, and 218.273 provide language requiring accurate fiscal notes for legislative bills affecting local governments. Paragraph 1 of NRS 218.273 excludes most amendments from requiring fiscal notes. This should be amended because it makes local governments vulnerable to amended mandated bills.

All legislative mandates that impact costs in local government budgets should also identify and/or provide the necessary funding. A concurrent resolution would probably be the most practical instrument to establish legislative intent in this matter.

Recommendation 9 - Amend NRS 218.273 as follows:

218.273 Fiscal notes required on original bills, joint resolutions [only; exception.] **and on any amendments.**

1. [Except as provided in subsection 2, fiscal notes are required on the original bill and original joint resolution only and not on amendments.]

Fiscal notes are required on the original bill, original joint resolution, and on any amendment.

- [2. Whenever an amendment adopted by one house so affects a bill or joint resolution that the original fiscal note ceases to be valid, the presiding officer may direct the fiscal analysis division to obtain a new fiscal note showing the effect of the bill or joint resolution as amended.]

Recommendation 10 - Adopt the following Senate Concurrent Resolution:

SENATE CONCURRENT RESOLUTION -- Requiring that the necessary funding accompany any legislation, regulation, or executive action that creates or changes any local government fiscal liability.

WHEREAS, Legislation, regulations, and executive actions have been enacted that have increased liabilities of local government entities; and

WHEREAS, Because revenues to local governments of Nevada are extremely limited; now, therefore, be it

Resolved by the Senate of the State of Nevada, the Assembly concurring, that legislation, regulations, or executive actions should not impose additional or expanded responsibilities on local government and

Be it Further Resolved That in cases where it becomes absolutely necessary to impose such legislation, regulations, or executive actions in the State of Nevada that change the liability of a local government entity, such legislation, regulations, or executive actions shall be accompanied with the necessary funding unless the governing boards of the affected local entities agree to assume the liability.

Recommendation 11 - Repeal that section of NRS 223.130 which gives the Governor the discretion to declare two additional holidays a year for state and local governments, as well as for school districts, banks, and other financial institutions. Let the matter of additional holidays be determined and/or negotiated by each individual entity.

Cash Flow and Tax Revenue Distribution

A number of local government tax resources are collected at the state level and are subsequently disbursed by the state to counties for redistribution to other local entities, such as to cities or districts. In other cases, the county collects the resource and subsequently disburses it to the cities or districts.

The increasing emphasis on more efficient cash flow management necessitates improving the timeliness of the collection and distribution of resources among all jurisdictions of government.

Sources of revenue affecting cities that are collected at the state level and disbursed in bulk to counties for redistribution to other local entities are:

- Motor Vehicle Fuel Tax (365.190;365.560)
- Motor Vehicle Privilege Tax (Special Districts)
- State Gaming Table Tax

Sources of revenue affecting cities that are collected at the county levels and disbursed to other local jurisdictions are:

- Ad Valorem Property Taxes
- County Road Fund
- Real Property Transfer Tax
- County Gaming License Fees

Sources of revenue collected at the state level and distributed directly to local jurisdictions including counties are:

- Cigarette Excise Tax
- Liquor Excise Tax
- City/County Relief Tax (1/2% sales tax)
- Supplemental City/County Relief Tax (sales tax)
- Motor Vehicle Privilege Tax
- Local School Support Tax

The problem is that there are no definite dates for disbursement of the resources collected by the state or counties to other local entities. Given the availability of computers, the known quantities for various distribution formulas and the amounts of resources collected in various sources, it would

seem reasonable to expect that within ten working days after the close of a month, the state and counties could make disbursements of all resources collected in the prior month by all departments or agencies as appropriate in the state or county.

Additional time might be saved if direct deposits into local entities' bank accounts were made in Carson City rather than by mailing checks throughout the state.

Recommendation 12 - Amend those statutes which provide for the distribution of each revenue source to ensure that such distributions are made in the most efficient and timely manner possible. Some of the specific sections of the statutes to be amended are as follows:

- 361.755 Property Tax Apportionment
- 403.450 Apportionment of County General Road Fund to incorporated cities
- 463.323 License Fees - collection; disposition of county fees - County Gaming License
- 375.070 Real Property Transfer Tax - disposition of proceeds
- 369.173 Intoxicating Liquor - distribution; apportionment of money collected from tax on certain liquor
- 365.560 Motor Vehicle Fuel Taxes - allocation to counties of tax receipts collected under NRS 365.190; apportionment to counties, incorporated cities and unincorporated towns; limitation on use of receipts
- 370.260 Cigarette Tax Account; remittances and apportionments
- 374.015 Local School Support Tax - Legislative funding, declaration

Recommendation 13 - Include Clark McNary fire districts under the definition of a local government for the purposes of the tax acts so that such districts can receive a share of the supplemental city-county relief tax.

The above recommendation is necessitated by the fact that under current law Clark McNary fire districts are not considered to be local governments. As a result, these districts were unable to lower their property tax rates because they never received the portion of the increased sales tax which was designed to offset the loss in property tax revenues.

Other Recommendations

During the course of its discussions, the Study Group developed a number of recommendations on issues not directly related to the provisions of the 1981 tax program. Although these recommendations were developed as an extension of the Group's primary objectives, they were felt to be important enough to be included in summary form in the final report. These recommendations are as follows:

Recommendation 14 - The process established for preparing and submitting tentative local budgets to the Department of Taxation should be reviewed and simplified.

The objective of the above recommendation is to reduce the amount of paperwork involved in preparing the tentative budget. This recommendation is being made because serious questions have been raised about the need to invest significant amounts of manpower and money to fill out tentative budget documents that appear to fulfill no useful purpose. It is the hope of the Study Group that the Local Government Budget Advisory Committee which is currently studying the entire budgeting process, will be able to suggest specific improvements to simplify the process.

Recommendation 15 - The legislature should review those statutes that permit local governments to establish special funds and identify which of these funds need to be protected from encroachments for other purposes. The legislature should also ensure that the process for establishing such funds is precisely defined by statute.

Local governments are currently authorized to establish specific funds for special purposes. Such authorization is particularly useful where money for a project must be raised over a period of years (as for parks and recreation facilities), or where a basic expenditure is on-going (as for capital improvements and maintenance). Since such funds can effectively serve their primary purpose only if they are raised in accordance with a long range plan and are not used for other purposes during the period of the plan, the Study Group feels these funds must be protected from other uses and the process for establishing such plans must be precisely defined by statute.

Recommendation 16 - The legislature should take action to ensure that taxes are in fact being collected from those areas where they are being levied.

The above recommendation results from the Study Group's concern that the Department of Taxation needs additional auditors if the state is to ensure it is receiving all taxes to which it is entitled. As an extension of this recommendation, the Study Group feels the legislature should also develop a comprehensive list of tax exempt entities and review the impact of such tax exempt status on the state's tax revenues.

Recommendation 17 - The tax rate for Cooperative Extension should be set by the County, and the statutory provision which currently gives Cooperative Extension a right to a specific tax rate should be repealed.

This recommendation is being made as part of the Study Group's general effort to make the entire tax program as equitable and responsive to the local community as possible.

CONCLUSION

Tax issues by their very nature tend to be complex and controversial. Given this fact, the members of the Governor's Study Group on Tax Legislation were pleased that a consensus could be reached on those issues which were judged to be crucial to improving Nevada's current tax laws.

We feel the fourteen member Study Group did a good job of representing the diversity of interests that would be impacted by any changes in our state's tax structure. In addition, we feel fortunate to have had some of the best tax minds in the state participating in this project.

On behalf of all the members of the Governor's Study Group on Tax Legislation, we have deeply appreciated this opportunity to become involved in forming our state's future tax structure.

LISTING OF RECOMMENDATIONS

Recommendation 1 - The basic concepts of the current tax plan which places major reliance upon the sales tax for operational purposes should be continued.

Recommendation 2 - The cap which currently exists on the total amount of revenue collected from both property and sales taxes should be retained. However, the cap on the property tax portion only should be eliminated.

Recommendation 3 - Repeal in its entirety Section 5 of Senate Bill 411, Chapter 140 and return authority over local fees, licenses, service charges, etc. to the local governments.

Recommendation 4 - The legislature should review current legislation and regulations covering local bond proposals and fee and license increases to ensure that the public's right to be completely informed about the proposed increases is protected and the processes for proposing and approving such increases are precisely defined by statute.

Recommendation 5 - Legislation should be enacted which requires that the following information be provided to the voters regarding the fiscal impact of all proposed bond issues. Similar disclosure legislation should also be developed for fee increase proposals.

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3. Impact on both the tax rate and the annual tax bill if the bond issue does not pass.

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