

## Assembly

MINUTES OF HEARING - COMMITTEE ON TAXATION - 55TH NEVADA ASSEMBLY  
SESSION - FEBRUARY 26, 1969

Present: Hafen, Getto, Swackhamer, Young, Schouweiler,  
Espinoza, Tyson, Hilbrecht and Smith

Absent: None

Also Present: Mr. Curtis H. Blyth, Nevada Municipal Association  
Representatives of the press

Chairman Hafen convened the meeting at 8:10 a.m. and announced that two BDR's would be discussed prior to other proceedings.

Mr. Young presented BDR 25-1163, changing the permissive nature of housing authority making in-lieu payments up to 10% mandatory; and BDR 32-1165, including requirement that mobile home park operators report mobile homes which have been in the park for more than 30 days; reporting on transfer of mobile homes; changes in methods of assessing properties, etc. He stated that these bills had been drawn at the request of Mr. Bilbray.

Espinoza stated he would like to look at the one on the housing authority before the committee took any action on it. Swackhamer asked if in BDR 32-1165 there was a clause requiring notification to the assessor. He said as far as he was concerned, we keep loading more and more requirements on the private industry to do the state's work. He said that may be necessary but he would be reluctant to introduce it as a committee measure.

Hilbrecht asked if the portion referring to changing of assessment methods referred only to mobile homes and Young gave him a copy of the bill. Young stated that the bill covered other things than those which he had cited but that his point in bringing this up now was if we are going to get these in, we had better get with it.

Swackhamer said he doubted if this procedure would be necessary in every county and suggested possibly a population clause inserted.

Mr. Hafen requested Young, Espinoza and Hilbrecht to study the two BDR's and work up a resume for tomorrow's meeting. Mr. Hafen asked Mr. Blyth to address the committee and he stated as follows:

I have some papers here which I will give you copies of which show the affect of the cigarette tax under S.B. 236. These figures are based on the assumption that a 3¢ per pack increase would not affect the sale of cigarettes; some people say it will result in a loss of sales, but I think that is questionable. These figures are based on the 1967-68 actuals and distribution is based on 1960 census so we know they are nine years out of date. When the new census is complete in 1970, there will be a startling changes for the total population has doubled since the last census. Mr. Wilcox and I made some computations regarding Lovelock and you will note that they are now getting \$39,000 from the tax; if the bill passes they would get another \$16,000 for a total of \$54,000 that they will realize with the 7¢ tax on cigarettes. The ones who will be hurt by this are the counties who have had small population growth.

Hilbrecht asked how they could get hurt by being a smaller county. Mr. Swackhamer had pointed out that the small counties were in good shape budget-wise because they were not required to provide those services that the larger counties do. Blyth stated that their percentage of population growth is lower on the state average and this is the reason.

Swackhamer noted that his counties would agree to spend more money if it were made available to them. The ones who are not benefiting from this method will be the small cities and counties. He said they would question why those who are at a disadvantage should pay the tax. He then asked Mr. Blyth if it were not possible to proceed with this tax just in those areas who wanted it and Blyth said it could probably be done with some study.

Hilbrecht asked if in being redistributed on a population basis if it were state wide and Blyth said they would be on the population basis with the exception of certain large counties.

Smith said in looking over the figures that it appeared that Henderson was going to end up losing money through this tax. Blyth said that the small counties are going to get less even without this increase in taxes. With the next census, it is not going to make any difference. Swackhamer asked if he thought that was equitable and Blyth said that on the population basis, he felt it was equitable. After all it is those new populated areas who require the services.

Swackhamer said it would be hard for him to explain this tax to his people. It would be difficult to get them to understand why they must pay a 3¢ increase on their cigarettes when the benefits are going to go somewhere else. Young said evidently it did not make any difference because the new census was going to change the entire pattern anyway. Swackhamer said the person paying more for his cigarettes is not going to understand that he is just going to know the price has gone up and wonder what is going on. He continued that trying to evade the issue with the people is not going to take care of the problem.

Hafen stated that it evidently was not going to make any difference with regard to the tax. The \$100,000 that Lander County gets now could drop to 60% after the census. The proportionate drop in the population is the thing that is affected here.

Blyth said that a lot of the counties will be receiving less than they are today. Even with the increase in tax. Discussion was held on the State formula and the increase in rate.

Blyth then pointed out the following counties and indicated the increase they would get: Lander County has budget of \$545,000 and of this \$31,000 is from cigarette tax; Eureka has \$487,000 budget and cigarette tax is \$15,000; Pershing County has budget of \$545,000 and cigarette tax is \$25,000 and within Pershing County Lovelock has budget of \$189,000 and the cigarette tax gives them \$38,000.

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Hilbrecht asked how the county of origin tax would be affected on this tax; whether it would affect the state formula with the collection of the 3¢ going back to the counties? Blyth said it was his opinion that the small counties would be worse off and most likely doubly worse off after the next census comes out. Because the small counties do not get the tourist traffic that the large counties get. Hilbrecht said it looked like the small counties would make money through this tax and Swackhamer said that may be so, but he believed the people would rather have a little less money and not have the cigarette tax.

Hilbrecht asked him if he would agree with a county of origin tax and Swackhamer said he felt it would be preferred over the 3¢ cigarette tax increase.

Blyth then discussed the property taxes and the 5% advalorem rate. He said he felt the cigarette tax increase might possibly lower some of the county's advalorem rates. Swackhamer said it may lower it until the county commissioners put it right back up to 5% with something else.

Blyth noted that the county taxes are usually lower than the cities only because the city is there. If you eliminated the city, the taxes in the county would immediately go up. This is because the governmental services are available through the city.

Swackhamer pointed out that the urban dweller is receiving more government services than the ranchers and farmers. Blyth said it was really not too important in view of the fact that the increase from the tax would be insufficient to meet the needs of the growing populations anyway.

Hafen asked Blyth if he had any figures on the population figures available so that the committee could have something to work with. Blyth said he had some figures on the counties as a whole but not broken down within the counties.

Mr. Hafen excused Mr. Getto fro the meeting.

Blyth stated he would work up some population figures and get them to the committee and thereafter he proceeded with discussion on the 1¢ sales tax increase. He noted that the return to the counties on the basis of population. It is figured on 153rd's. In our 17 counties, the smallest one would receive 17/153rd's of the income, being approximately \$760,000; and the largest would receive 1/153rd of it.

Further discussion was held on the budgets for counties and state. It was noted that the budgets may look small, but when they are put together, it amounts to about the same as the state budget.

Hilbrecht suggested a longer range plan. He felt we were super-imposing one plan for sales tax on top of another one and are all earmarked for different levels. He asked if the association had ever thought about deriving a plan wherein all tax bases would be considered and reallocated. A new plan for the tax structure?

Blyth stated that it would affect the constitution if this were done. Hilbrecht said he was not worried about the constitution because it could be amended. But he felt we should be talking about the next 20 years and not the next two years when they will be coming back with more requests. He said if we were planning to get off the ad valorem this was not the way to do it. The tax structure is very bad and is getting worse as time goes on. He said it was getting to be like a "crazy quilt". A portion of this goes here and a portion of that goes there. Also, there is nothing that says we can't put the 2¢ into the general fund and use it where we need it. What we really need is a total plan.

Swackhamer said he believed that we needed to get the opinion of the people on this and see if they want it to go on the ballot. Blyth said why not take the whole thing to the people and put it on the ballot; the sales tax increase, the exemption of drugs and the county of origin distribution.

Swackhamer noted that they were badly criticized for sneaking the last raise of the sales tax past the people. Tyson asked if we could take some of the sting out of it by exempting the drugs.

Blyth said there would be a 20% decrease by taking that tax from the base.

Hilbrecht asked if we couldn't get a chart to work on. So we could see the alternatives here.

Blyth said he did not expect them to decide now what is to be done, he only wanted to present the basics to them. He said to please remember that this money will increase as the population increases. I don't think once this was passed there would be a need to come back in the future. Tyson noted that it would not depend on him but would depend on the governments. Blyth said if we stopped to think about it, the ad valorem tax is not really equitable. It might have been reasonable when it was first levied, but we rely too much on it now..

Young said he believed we should forget right now about where the money is going to go whether it was 3¢ to the cities and counties, 1¢ to the schools or 2¢ to the state, or whatever. The important thing is what exemptions will lose us and what increased taxes will get us.

Hafen noted there would be a meeting in the morning at 8:00 and adjourned the meeting.