

**Assembly**MINUTES OF MEETING - TAXATION COMMITTEE - 55TH NEVADA ASSEMBLY  
SESSION - MARCH 11, 1969

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

Absent: Schouweiler and Tyson

Also Present: Robert E. Jones, Clark County Housing Authority;  
W.F. Cottrell, Clark County Housing Authority;  
Donald Peckham, Washoe County Assessor;  
Walter Mongolo, Assist. Washoe County Assessor;  
Ernest Newton, Nevada Taxpayers Association;  
Representatives of the Press

Chairman Hafen convened the meeting at 8:00 a.m. and provided copies of letter from the Housing Authority of the City of Las Vegas to members of the committee.

Witnesses were introduced and discussion was held on A.B. 515, requiring housing authority to make in lieu tax payments. Jones stated that he was in doubts as to the constitutionality of this bill wherein it states in Article 10 of the Constitution as follows: "The legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory,....." He said it seemed to him that A.B. 515 was an attempt to tax on an income basis. The Clark County Housing Authority is similar to such organizations as the county hospitals, the county airports or sanitation and other type of districts which are income producing. If you were to put the housing authorities under this type of legislation by rights it should apply to all city and county type of agencies, otherwise you are singling out one agency and taxing them alone. At the present time, NRS 361.060 does exempt some taxes on county and municipal property and if A.B. 515 were to pass, there would be a conflict and need clarification between the two. Housing Authority as defined is a municipal corporation which is an administrative arm of the cities and the counties served. The bill is inconsistent with the original purposes of the housing authorities and of major importance is the fact that the bill is inconsistent with Federal Housing laws which prescribe how the people may pay in lieu of taxes and could possibly cut off all assistance from the Federal Government because of it.

He continued that it is not possible to finance low income housing with the current interest rates. Public housing cannot accommodate the low income group; they must get help through federal assistance which subsidizes part of their costs. If the bill were passed and the assistance were cut off we would be limiting the purposes of the Public Housing Authority.

Jones said they were a peculiar situation; they are a non-federally assisted project. He said they had this project in Henderson where the units were released from the federal government 27 years ago and had previously been for pre-war usage. They are dilapidated

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old buildings located on leased land. They are hardly fit for habitation. He noted that their lease would expire in three years and they had recently raised their rent because they were spending more than their income to maintain the buildings. The tenants formed a committee to protest the raise. One woman with a husband and six children said they could not stand a rent increase. She said they were not worth an increase because of leaky roof, bad plumbing, walls pulling away from the foundation as much as  $3/4$  of an inch. However, they were in a bad position because they could not afford to have their rent raised and the housing authority could not afford to refurbish their units.

A.B. 515 would in fact be putting an income tax on the poor house. There is no one in the units who can afford to go anywhere else.

Hafen asked if the housing authority was paying property taxes, ad valorem type taxes, on the units and Jones said they were. Cottrell said they were conducting a non-aided project which differed from the 8 projects in the city which were federally assisted. They followed certain requirements for payment in lieu of taxes and these payments were then distributed by the municipalities to the cities and counties. If A.B. 515 went through the Federal Government could not approve any more such projects in the state.

Cottrell continued that they had tried to determine what they would be paying if they were assessed on the fair market value by the assessor at the Henderson Project. With the value of the land and buildings, based on 30 year life, they were actually paying approximately \$5400 more than if they were on the tax rolls.

However, the provisions of A.B. 515 would mean they would have to raise the rents of the tenants. Normally with federal assistance the government will pay the difference between what they can afford and what the rent is. With this bill, they would have to raise the rents another 5% to take care of the additional costs. They would be paying \$39,000 rather than the \$22,000 being paid now. However, if assessed on fair market value they are paying more.

Getto said he was interested in the formula on the in-lieu tax and Jones said this was a negotiable formula between the assessor and the board. In their particular county, the board and the assessor could not agree on the tax to be paid. Getto asked if when trying to reach a decision, they had based on income. Jones answered that the assessor felt that since they would be paying less than they had been paying, it was not enough.

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When asked what they had been paying, Jones said \$22,000 plus some funds distributed to the City of Henderson for additional fire and police protection. Cottrell said they are still paying approximately the same. Jones said when they consider the amounts going to both city and county, they have not been cut.

Young asked what the \$22,000 represented on the basis of their gross income and Cottrell said he was not sure because it was based on a loss; approximately \$400,000 roughly.

Swackhamer said they had stated that if the bill were passed, the federal government would not advance any more funds, but he noted in the letter from the housing authority that it said almost the same thing required by the bill. Cottrell said the bill was based on annual rents and the letter states "shelter rents".

Hafen asked how he arrived at his figures showing the \$5400 more being paid and Cottrell said they had amortized the buildings over a 30 year period; land value of \$5000 per acre, which he felt was high; with 119 acres they used the 35% valuation ratio and applied the \$5 rate to that amount.

Jones said the land is on the tax rolls in the name of Basic Management, Inc. and the taxes had recently been increased. He noted that with the \$40,000 on the property now plus the 10% required by A.B. 515, they would be paying \$43,000 compared to the \$22,000 which they now pay.

Peckham was asked for his comments in this regard and he stated that they had housing authorities, however, they appraised the buildings and gave the necessary information to the federal housing authorities and the amount of payment in lieu of taxes was not a negotiable figure. He felt it would not be prescribed by federal law. Another thing he disagreed with was that the value, when being determined, would have to be based on multi-residential zoning. He thought it would be very difficult to find good agricultural land at \$5000 an acre anywhere. By virtue of the re-evaluation which is required by the assessor every five years, they would have to use current building costs when determining the depreciation. Everything goes up over the years.

He stated that he was not against the housing authorities but in fact in favor of them but he did disagree on those two points.

Hilbrecht said he felt the line "depreciation/appreciation" was an overworked theory. He said it would be foolish for anyone to tear down an old building and put up something else because they would lose their current valuation. The appreciation vs depreciation is such that you wind up owning a house that costs more than it did 20 years ago. If he puts the land to another use by that time, he would have to sell it to benefit from it.

Peckham said no one is going to sell a house that he paid \$2400 for in 1924 at the same price today. The replacement cost of that same house would be extremely higher because of the materials and costs of labor going up.

Hilbrecht said he could agree if the property were to be turned into income property. Hafen said an example in Las Vegas, The Huntridge District, applied where a man bought a house for \$10,500 and could sell it today for \$15,000. He did not improve the property, he only kept it up. Hilbrecht said maybe what they needed was a transaction tax which would apply when the property changed hands.

Jones said that Washoe County and Clark County were operating under the same law which states that they "may" pay a sum in lieu of taxation which in the opinion of the housing authority is equitable. He said in his case, the assessor did come out and appraise the property and then the commissioners and the housing authority sat down and decided what should be paid in lieu of taxation. He said their situation was peculiar because they were situated on leased land. If they vacated the land, the buildings would automatically become a liability rather than an asset. They could in no way be used for housing purposes. They would have to be bulldozed down. So they really have no value except for those purposes which they are using them for.

Hafen asked if they could be sold at auction and moved to another site and Jones said they were situate on slab foundations and the lights are on a pull chain from the ceiling. The buildings are in such bad condition they are not movable. Cottrell noted that they were built during the war and anything they could build without using metal, they used.

Getto asked what their percentage of occupancy was and Cottrell answered that their original total was 842 but they had to take out 100 of them. He believed they now had 675 of the 742 occupied. Anything occupied when the lease runs out in three years will have to be vacated.

The way it is now it is considered a "payment" rather than a tax. If either the city or the county applied the amount it would be a tax. Espinoza suggested excluding "non-aided projects by the Federal Government" and Hilbrecht said if they did that they would have to go back to the "shelter rent" portion. Jones said this would not do it because it did not effect federally subsidized programs. They have their own program on what taxes you can pay. The only this it would do is to prevent future non-aided projects and the bulk of the existing housing authority projects are non-aided.

Hilbrecht asked what the formula was that the federal government used in arriving at the in lieu tax figure and Jones said he did not know.

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A.B. 545, providing for taxation of campers in the same manner as mobile homes and exempts certain mobile homes from taxation.

Peckham said this bill makes the camper like the trailers. He said he thought the attorney general's office was that if it is a livable structure, it should be taxed the same. Peckham felt that this would be difficult to enforce and should be subject to the privilege tax rather than the personal property tax. It is going to be difficult to run these campers down to assess them. Controlling the campers under the personal property tax would be very hard to control.

Swackhamer asked if he felt it would be different if the camper were taken off the truck and Peckham said in view of the fact that some automobile dealers are selling campers, he felt it should be like a trailer. They should have to go to the Department of Motor Vehicles and receive a decal and make it a privilege tax instead.

It was noted that there was a \$3 tax if paid after it is due. Peckham said he was out of the DMV and felt it was up to them in this respect. He said they were assessing trailers now, but there was legislation in this regard. He said trailers are very difficult to control also. If there are living facilities in the structure, it is subject to personal property taxes. In other words, he would suggest that anyone owning a camper would have to go down and obtain a release showing that the taxes had been paid. When the trailers were first placed under the personal property tax, there was a penalty assessed to quite a few people. Fishermen and hunters with 18 and 19 foot trailers paid as much as \$25 on penalties because they were unaware of the tax. There is a \$10 fee on all trailer type vehicles and a penalty of 3% a month after due. If a person forgets to pay the tax within 30 days from the first of July, it is possible for the taxes to be less than the penalties.

Hafen noted that they were changing the definition of mobile home in the bill. Peckham said there was a problem where under-carriages were taken out and the trailer was put on a lot and actually looks like a house. However, the tax commission has not come up with a formula to assess these particular mobile homes. Accordingly to present law, they would be required to use the selling price and depreciate at about 8% a year. Hilbrecht asked if they could not reconstruct the costs to be taken into consideration. Peckham said fortunately he did not have the right to set the taxes on mobile homes. They are set by the tax commission.

Getto asked if he agreed that there were inequities with regard to this type of mobile home which has had the under-carriages taken out and Peckham said there was no doubt about there being a problem in this regard. But these are more like a vehicle when being assessed and go by somewhat of a blue book value.

Young checked on the bill and stated that the Tax Commission had requested it. Peckham said another problem with these campers is that people are buying them in California and having them delivered in Nevada and therefore not paying the sales tax on them.

A.B. 612, Authorizes separate assessments of land and improvements thereon when held in separate ownerships.

Chairman Hafen read the bills and asked Mr. Peckham if he could foresee any problems in administering this type of bill. He said they are doing it right now anyway. People are owning buildings on the right of way of the railroad. He wondered if they should be placed on the real property assessment roll or should they be taxed on personal property basis. When the treasurer forecloses on the property and takes back a deed. Or in some cases if under \$3,000 it is turned over to the District Attorney for suit. Maybe it would be better if they were placed on the real property tax assessment roll because then they could pay quarterly rather than all at once. However, there could be a lot of problems in this respect. He noted that they have trouble right now with regard to certain oil companies. They want to set the building up and be taxed only for the cost of putting it there.

Chairman Hafen thanked the witnesses for appearing, noted next Meeting March 12, 1969 and adjourned the meeting.