

Assembly

MINUTES OF MEETING - COMMITTEE ON TAXATION - ASSEMBLY 55TH SESSION, MARCH 27TH, 1969.

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

Absent: Schouweiler

Guests: Assemblyman Glaser; Mrs. Earl Nicholson, League of Women Voters

Meeting called to order by Chairman Hafen at the Nugget at 7:00 am.

AB-658 - Apportions payments under Boulder Canyon Project Act to political subdivisions.

Hilbrecht moved "do pass"; Tyson seconded; motion carried with Swackhamer, Getto and Espinoza voting "no".

AB-360 - Clarifies methods and procedures involved in valuation and assessment of property.

Proposed amendments; line 4, page 1, delete "give weight to" and add in its place "compute such value using".
Page 1, line 13, delete "In addition to" and change ",the" to "plus". Page 1, line 14, delete "buildings or other".
Page 1, line 17, delete "derived" and add it its place "estimated".
Page 1, line 18, change "5.5" to "5" and "8" to "12". Delete lines 21 through 24 on Page 2.

This will also take care of AJR-20.

Motion made and seconded to pass AB-360; motion carried unanimously.

AJR-20 - Proposes to amend constitution to provide for assessment of agricultural land according to value for agricultural purposes only.

Motion made to "indefinitely postpone"; seconded; motion carried unanimously.

Mr. Hafen suggested a subcommittee study on the feasibility of combining AB-360, 514 and 545. The subcommittee members will consist of Hilbrecht, Hafen and Young and any other member interested.

AB-564 - Regulates the sale, distribution and redemption of trading stamps and provides for tax based upon value of unredeemed stamps.

Mr. Glaser spoke on this bill. What we are attempting to do is to make the stamp companies account for the unredeemed stamps; this would involve much bookkeeping. In discussion it was thought that a flat percentage would be better. (5%)

It was determined that no estimate of revenue could be given. It was not known if there were similar laws in other states. The tax would be earmarked for community colleges. Discussion followed on the trading value of the stamps, the competition, if any, between stamp companies; and the earmarking of the funds.

AJR-26 - Proposes to amend Nevada constitution by increasing maximum allowance for state public debt to 3 percent of state's assessed valuation and by restricting contracts permissible outside debt limit.

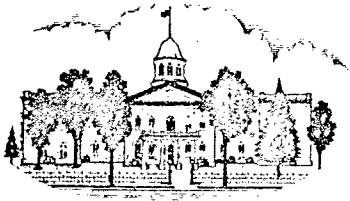
AJR-39 - Provides for state borrowing outside debt limit by vote of people.

A copy of Mrs. Nicholson's presentation is attached.

In Paragraph 4 of AJR-39 it was suggested that this might buy litigation.

To be added to AJR-39 is "the state is denied the power to repudiate any legitimate debt."
There was a discussion on related bills.

Meeting adjourned.



League of Women Voters¹⁰⁸ of Nevada

STATEMENT RE PUBLIC DEBT LIMITATION IN NEVADA

AJR-39 and AJR-26, 1969 Session

I am *Mrs. Edith M. Johnson* for the League of Women Voters of Nevada. We are speaking today in support of AJR-39, which more nearly meets the criteria included in our position regarding state public debt than does AJR-26.

Though the League of Women Voters campaigned for passage of a duplicate amendment to AJR-26 in the November 1968 election, it did so only on the basis of its position supporting "interim steps" toward its full position. It was not possible for us to appear before a Legislative Committee while that amendment was being considered because the League study of Public Debt had not been completed.

At this time we would like to call to your attention those parts of AJR-39 which the League of Women Voters believes to be an improvement over the present Sec. 3 of Art. 9 of the Constitution, and our recommendations for further consideration by you and your colleagues.

Paragraph 2 of the bill is acceptable and is in accordance with such provisions in most state constitutions. There is, however, one circumstance covered in other states which you have not included and that is natural or man-made disaster. We find no provision made for funding the consequences of disastrous flood, fire, explosion, etc. outside the debt limit and would recommend its inclusion.

In Paragraph 3 the League of Women Voters is happy to see the provision for protecting resources retained outside the debt limit. The omission of this from AJR-26 we feel is in error and raises many questions, one of which concerns the legality of funding various water projects.

Paragraph 4 deletes the phrase "from passage of law" when setting forth the time limit for repayment of debt. This, in effect, allows a full 20 years for payment which is not true under present Constitutional wording. The League supports this and would go even further and ask for a time limit of at least 25 years--students of public debt procedures recommend 25-35 year periods. We believe the more liberal period would be welcomed by your present state administrators when setting up bonding requirements. Most capital improvements have a life span of at least 50-75 years, so that a 25-year repayment period is fiscally sound.

The inclusion of Paragraph 5, allowing non-guaranteed revenue bonding, increases the possibilities of debt funding, though you are all aware, we are sure, that this kind of debt is more costly in interest rates. We much prefer full-faith and credit bonding.

Paragraph 6 allows further lee-way in being able to add funding if it is the wish of Nevada voters and does provide for full-faith and credit guarantees. We can support this provision as an interim step toward increased borrowing authority.

The League of Women Voters position states that we believe the Legislature should be given full responsibility in the framing of public debt in the best interests of the State. Toward that end we support removing constitutional debt limitations and making those limitations statutory. The Federal Constitution is the precedent for this and some states have recognized the fallacy of a constitutional debt limitation. In actuality, a legislature may NOW borrow ANY amount, at a price. Bill AB-149, introduced at this session and which sets up a Nevada building authority, is an excellent example of how to circumvent the constitutional debt limitation. There are other states who have gone this route, who boast of "no public debt" when in fact they are obligated for millions of dollars via the authority, non-guaranteed revenue bonding, and lease-purchase agreement methods. All these circumventions are more costly than full-faith and credit debt and the public remains blissfully ignorant of the true status of its state public debt. 109

Another provision that seems to have been overlooked and which is contained in most state constitutions is one which says the State is denied the power to repudiate any legitimate debt. We would recommend this addition to AJR-39.

Until the people of Nevada are ready to give, and the Legislature to take, full responsibility for public borrowing in Nevada, the League of Women Voters of Nevada will support measures toward that end, and therefore we recommend passage of AJR-39 in preference to AJR-26.

A full statement of the League of Women Voters position on State Public Debt, reached in April 1968 after a one-year study follows:

SUPPORT OF LEGISLATIVE RESPONSIBILITY FOR ESTABLISHING PUBLIC DEBT LIMITATIONS AND PROCEDURES.

- (1) Support legislative responsibility for framing public debt in the best interests of the State - issuing full-faith and credit or revenue bonds as best suits the purpose; controlling borrowing by statutes designating amount, purpose, and means for repayment.
- (2) Remove constitutional debt limitations - make debt limitation statutory.
- (3) Remove constitutional specific tax requirement for funding debt repayment - authorize Legislature to name repayment source.
- (4) Remove constitutional requirement for public debt repayment within 20 years from passage of law - authorize more liberal periods.
- (5) Support constitutional amendment denying the State the power to repudiate any legitimate debt.
- (6) Support interim steps toward increased state borrowing authority.
- (7) Support State public borrowing for capital improvements, defined emergencies or disasters - oppose public borrowing for recurring operating expenses, and for temporary deficits unless defined as an emergency, and only then if financed through short-term loans included in the next budget.

Thank you for this opportunity to be heard.