

Assembly

MINUTES OF MEETING - COMMITTEE ON TAXATION - ASSEMBLY 55TH  
SESSION, April 2, 1969

121

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

Guests: Dave Henry, Clark County; Roy Nickson, Tax Commission;  
Lee Bergstrom  
Ernest Newton, Nevada Taxpayers Assoc.; Mr. McDonald,  
Legislative Counsel Bureau.

Chairman Hafen called the meeting to order.

SB-249 - Provides for holiday and special event permits for  
gaming licenses.

It was determined that unless you have a quarterly license at  
the time this would be computed on the highest basis on the  
daily rate.

Young moved do pass; Hilbrecht seconded; motion carried unani-  
mously.

SB-325 - Requires certain liquor and cigarette dealers to  
maintain bond for excise taxes.

Swackhamer moved to indefinitely postpone; Tyson seconded;  
motion carried unanimously.

SB-366 - Exempting from real property tax sales from government  
entities.

Swackhamer moved a do pass; Young seconded; motion carried  
unanimously.

SB-393 - Provides alternative methods for determining full cash  
value in assessing tracts for purposes of local improvements.

There was a discussion on eliminating subsection (b) all the  
way through.

This bill will be held for further discussion.

SB-419 - Providing that business license taxes relating to motor  
vehicle fuel may be levied.

Smith moved do pass, Hilbrecht seconded; motion carried unani-  
mously.

It was pointed out that SB-448 is in conflict with SB-237 which  
has already passed.

AB-652 conflicts with SB-75; AB-652 already killed in committee.  
AB-609 and SB-75 conflict.

AB-192 - Provides a method for adjustment of property tax rates to meet constitutional limitations.

Dave Henry: The present law with regard to local governments budgets is that they be submitted on or before March 15; the third week in the month of April is set for public hearings; the tax commission reviews the budgets for compliance or non-compliance. The 1917 law includes a review as to whether there is propriety in regard to the amounts set forth. After the public hearing if the tax rate exceeds \$5.00, the tax commission advises local governments and sets public hearings around the first of May. Under the present law the intent is to get together before the Tax Commission all of the local boards and hold them in session until such time as they agree to a \$5.00 limit. If they fail the Tax Commission sets the rates.

AB-192 was developed by the advisory committee and presented to the association of local governments and approved in principal and the attempt was to establish proper relationship between the Tax Commission and the local entities. The enforcement of audit procedure is left to the Tax Commission and policy decisions left to the governing boards.

With AB-192, the budgets are submitted by the local governments by March 10 and the last week in April, the local entities, without a statement from the Tax Commission, commences public hearings which must be concluded by April 10. In the present principal before you there is no notice of compliance or non-compliance from the Tax Commission. The counties send these separate sheets into the tax commission. In the counties in which a \$5.00 is exceeded after April 10, the Chairman of the County Commissioners calls together the governing boards that have exceeded the \$5.00 limit and set down for two days and resolve the \$5.00 question. When they meet together it requires the same number of people from each governing board as it takes to approve the budget; a majority of the membership. If they don't have a majority they are considered not present. Only the ones that are present have the right to decide. When they sit down and get together the district attorney advises and the county clerk keeps records. The Tax Commission sets up the tax rates for that county and certifies back to the county auditor. If they fail to agree - if a single entity refuses to agree - then you have a default situation where a record of proceedings (verbatim) would go to the Tax Commission. The county clerks have pointed out that it is impossible to have a verbatim record prepared in that length of time so it has been changed. If the people fail to agree on their budgets, on May 1, without benefit of public hearing the Tax Commission sets the \$5.00 rate using as a guide the record of the proceedings and the budgets.

NRS 354.596, sub paragraph 4 changed.

Roy Nickson: My commissioners have indicated that they didn't want to favor or oppose. They feel their responsibility is to comply. Basically you get into a question of philosophy; should the state have any control over local government budgets?

In 1917 it was decided by the legislators that the tax commission should have a definite control of the tax returns of the local entities. I am against this from a personal standpoint. I particularly like the resolving of the tax rate at the local level. As it is now we have seven commissioners from five or six counties in the state who are expected to appear in one day and listen to these and then determine a tax rate. It is impossible to know the local problems. I favor this completely.

Discussion was held on the conflict with SB-128 and the ways of correcting. Page 3 of AB-192, section 4, subsection 2, is deleted in its entirety. It was determined that it was the bonds that the school districts have to allow for.

Lee Bergstrom: It seems to me that the Tax Commission should be left in to review the budgets for form and content, to see that there is a budget presented to each fund, to see that they are mathematically correct. He pointed out that there were inexperienced people preparing these budgets at the local level and a lot of the budgets are not complete and are improperly prepared.

Ernest Newton: I personally and my board is very much opposed to the philosophy of this bill. We feel it is a deliberate attempt to avoid scrutiny by the taxpayers before they are finally adopted. I point particularly to the contract of time limit. The budgets submitted to the Tax Commission and the public and as early as March 22 - 12 calendar days - 7 working days - the public hearings are called for consideration. That happens granted only every other year. There are at least 52 major budgets to be examined. It is impossible to make any sort of examination in 12 calendar days and get the information to the people in order for them to make a critical comment on this. The situation under 192 would allow a budget to go to public hearing even if it proposed a financial plan that was improper and illegal. Nobody would be in a position to call the shot on that unless someone had had time to get to those budgets. Last year as many as half of all of the budgets submitted to the Tax Commission contained obvious errors and had to be corrected before they were in compliance with the law. Many of them didn't even have an opening balance. We definitely object to the shortening of the time. When a group of local governments within a single county are over the \$5.00 rate, they do get together in order to avoid having to go to the Tax Commission with their differences. Washoe County and Ormsby County did this last year. Clark County was the only one that had to come into the Tax Commission. That same situation would result in this bill except that the Tax Commission would be with a cold abstract record. There would be no opportunity to cross examine or to explore opinions. On the

basis of this cold record the Tax Commission - 7 men - would have to make an approach to the problem when it finally arrived in their lap. My biggest objection is the 12 day period which is now 40 days. There is 31 days now from the filing to the nearest hearing.

Bergstrum: The March 10 date was originally put in with the concept that the Tax Commission not review the budget. We could live with a date of February 20 instead of March 10.

It was brought out that they hoped that this procedure would not become effective for this fiscal year.

Russ McDonald is to work up the amendments. Newton stated that he would like to have the Tax Commission examine for form and content and substance. Swackhamer said that he didn't think the Tax Commission knows what the counties want or should have. Newton stated that he wasn't suggesting that the Tax Commission tell the counties how to spend their money. What I'm saying is that the Tax Commission should be in a position of telling them that they have grossly underestimated a cost of a program etc.

Meeting to be held this afternoon at 5:00; another meeting tomorrow morning at the Nugget meeting with the Senate at 7:00 am.

Meeting adjourned.