

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GROWTH AND INFRASTRUCTURE**

**Seventy-Third Session  
March 31, 2005**

The Committee on Growth and Infrastructure was called to order at 1:40 p.m., on Thursday, March 31, 2005. Chairman Richard Perkins presided in Room 4100 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Mr. Richard Perkins, Chairman  
Ms. Francis Allen  
Mr. Bernie Anderson  
Mr. Tom Grady  
Mr. Lynn Hettrick  
Mrs. Marilyn Kirkpatrick  
Ms. Sheila Leslie  
Mr. Harry Mortenson  
Mr. David Parks  
Ms. Peggy Pierce  
Mr. Scott Sibley  
Ms. Valerie Weber

**COMMITTEE MEMBERS ABSENT:**

Ms. Chris Giunchigliani, Vice Chairwoman (excused)

**GUEST LEGISLATORS PRESENT:**

Assemblyman Joe Hardy, Assembly District No. 20, Clark County:

**STAFF MEMBERS PRESENT:**

Susan Scholley, Committee Policy Analyst  
Russell Guindon, Deputy Fiscal Analyst  
Keith Norberg, Deputy Fiscal Analyst  
Gregory Sharry, Committee Attaché

**OTHERS PRESENT:**

Dave Dawley, City Assessor, Carson City, Nevada  
Michelle Schaeff, County Assessor's Office, Clark County, Nevada  
Chuck Fulkerson, Executive Director, Nevada Office of Veterans  
Services  
Ron Kruse, Chairman, Nevada Veterans Services Commission  
Carol Falk, Vehicle Program Manager, Nevada Department of Motor  
Vehicles  
Chuck Chinnock, Executive Director, Nevada Department of  
Taxation  
Daryl Mobley, Member, Nevada Veterans Service Commission

**Chairman Perkins:**

[Meeting called to order. Roll called.] We have two bills on our agenda today. The first one is Assembly Bill 301 belonging to Mr. Sibley.

**Assembly Bill 301: Increasing value of veterans' exemptions from personal property tax and governmental services tax. (BDR 32-1002)**

**Assemblyman Scott Sibley, Assembly District No. 22, Clark County:**

A.B. 301 is an attempt to raise the exemption that veterans receive on the governmental service tax on vehicles. We intended to raise this number from \$2,000 to \$5,000, and the way we got the bill out of drafting made it 100 percent of the determined value, causing a large fiscal note, which was not our intention.

**Assemblyman Joe Hardy, Assembly District No. 20, Clark County:**

One of the opportunities we had was talking with people who would be affected by the bill. We have involved the gracious help of Dave Dawley, the assessor in Carson City, with proposed amendments ([Exhibit B](#)). These are friendly amendments. The bottom line is that we are trying to take the \$2,000 provision, make it \$5,000, and expand the ability for a veteran to use either the property tax exemption or the government service tax exemption, otherwise known as a registration fee on your vehicle, or we would like to combine them in some way so that they may get up to, but not over, the \$5,000 limit in total.

[Assemblyman Hardy, continued.] It is our intention with the bill. We have prevailed on the folks at the Nevada DMV [Department of Motor Vehicles], who will be testifying towards the fiscal note, and if we did not put a cap on the fiscal note, it would be \$20 million. We will be having a fiscal note that will be much less than \$20 million. We have received support from the veterans organizations. There are many people who have looked at this and tried to make it work for veterans and their surviving spouses.

**Dave Dawley, Carson City Assessor, Carson City, Nevada:**

I would like to introduce Michelle Schaeff with the Clark County Assessor's Office. She helped me with the language in this particular bill.

The assessor offices have always tried to help the veterans as much as possible, so you will notice in most of our bills we have some kind of amendment that tries to give more relief to more veterans. This increase to the \$5,000 valuation is a welcome change to the assessors ([Exhibit B](#)). We would like to do, and what this amendment before you shows, is that we would like to get back to the original wording of the bill. We just want to increase the amount of the exemption. On page 1, it reverts back to the original language in the bill. On page 2, Section 2, line 1, we would like to insert "90 continuous days." We have a stipulation in here right now under paragraph (b) that says, "has served a minimum of 90 continuous days on active duty, none of which was for training purposes." This only affects one group of veterans and we would like to take out the dates between January 1961 and 1975. We would like to include that for all veterans.

The other three items are to be changed back to the original language. On page 3, Section 2, lines 21 through 26, we have the increases based on the CPI [Consumer Price Index] from December to December each year. We have found that since we sent out the assessment notices in November, we have to send out an amended assessment notice in February or March when we actually get that CPI. We would like to use the CPIs from July to July. This way we would have the increase in the CPI every year. We could then have it for the assessment notices that are sent out in November and would not have to send out amended notices.

The rest of page 3 and page 4 is reverting back to the original language that was included in this bill. Page 5 is from changing the CPI dates from July to July. We believe this is a good bill that gives an increase in the assessed valuation for up to \$5,000, which can be used on either the vehicle or the property taxes up to the \$5,000 a year.

**Michelle Schaeff, County Assessor's Office, Clark County, Nevada:**

I would like to add that in Clark County we also allow the veterans to split the amount. In other words, if they had an older vehicle and the \$5,000 would be too much, we would allow them to use part of it through the DMV and use the remainder against their home.

**Assemblyman Anderson:**

If we were to do the 90 days, what happens to the six months National Guardsmen put on basic and advanced training? Would they then classify as a veteran in this circumstance? I do not believe that was the intent of the original bill.

**Dave Dawley:**

If you look on page 2, it says 90 days. I do not have a problem with taking out the part about training purposes, but it does need to be for 90 continuous days.

**Assemblyman Anderson:**

I do not believe the intent of this legislation is to reach to people whose military service—10 or 20 years in the National Guard—if their only active duty was in basic and advanced training. My training was 6 months and I do not consider myself to be a veteran. Regardless of how many years I spent in the National Guard, those are people who were on active duty. I am concerned as to what the impacts would be with these changes.

**Chuck Fulkerson, Executive Director, Nevada Office of Veterans Services:**

As you can see here, there are a number of veterans who are in favor of this. I think the amendments to this bill add to the bill greatly. I have a response to Assemblyman Anderson's question about active duty. You remind me of a lot of older World War II women veterans who do not consider themselves veterans because they did not serve in the combat zone. You probably went to air guard, basic training, and all of that out of high school, but it seems to me that the intent of this bill is to provide some economic relief for people on active duty, drawing a lesser income to the support of their family, regardless of what they are doing on active duty. I just wanted to share that with you, and you are as much a veteran as I am.

There are about 250,000 veterans in Nevada, as you can see in my handout ([Exhibit C](#)). I included how many veterans are getting the elevated tax exemptions, but given the amendment, it has very little to do with this. There are 6,269 veterans who are getting benefits from 60 percent to 100 percent. The veterans who will enjoy these tax reductions are responsible for \$625 million in federal money that Veteran Affairs spends here in the Nevada.

Also, \$285 million of this total is received directly by those veterans for personal use.

**Ron Kruse, Chairman, Nevada Veterans Services Commission:**

I would like to reiterate what Mr. Fulkerson has to say, and I am in favor of the bill.

**Carol Falk, Vehicle Program Manager, Nevada Department of Motor Vehicles:**

As previously stated, this bill will have a fiscal impact on both the counties and the Department. Based on the proposals made today, we will reevaluate the fiscal impact and prepare a new fiscal amount.

**Chairman Perkins:**

Do you anticipate that the fiscal would be significantly bigger based on the proposed amendments? [Ms. Falk answered in the affirmative.]

**Chuck Chinnock, Executive Director, Nevada Department of Taxation:**

We also did a fiscal note on this and I wanted to explain the numbers to give you a better idea of what the true fiscal impact is. I do not know if you have these numbers in front of you, but with respect to the property tax, we had computed a fiscal note in the amount of \$2.3 million. I would like to indicate that amount was for not only the existing veterans exemptions but those that would come about as a result of the bill in its original format. The true impact was about \$1,034,000 in that first year. Based upon the amendments proposed here today, there is no doubt that with a \$5,000 exemption, veterans will be able to apply the exemption to their motor vehicles and their property tax as well. Again, I think the amount would be about \$1 million or a little less. It will be about one-half of what is shown.

**Chairman Perkins:**

Chuck, would you share that information with Mr. Sibley and Mr. Hardy so that they can work through these amendments with the Committee and we can get a better idea of the fiscal impact through them?

**Assemblyman Sibley:**

We just got numbers from Clark County that 60 percent used the DMV credit and 40 percent used the credit towards their houses. We have calculated that the credit works out with a credit exemption of about \$80 that they receive. Using those numbers, it would come out to about \$500,000. The increase to going to \$5,000 would make the fiscal note \$1.25 million, but we will get those numbers from Chuck when they get them.

**Assemblyman Parks:**

I wish to disclose that I am a veteran, but this will not affect me any differently than anyone else.

**Chairman Perkins:**

We will close the hearing on Assembly Bill 301 and open the hearing on Assembly Bill 354.

**Assembly Bill 354:** Provides for certain veterans and surviving spouses to apply their property tax exemption to more than one property under certain circumstances. (BDR 32-825)

**Assemblywoman Sheila Leslie, Assembly District No. 27, Washoe County:**

I am here with Mr. Fulkerson from the Office of Veterans Affairs. I introduced A.B. 354 at his request. If a veteran sells their house in the middle of the year, they would lose the rest of their exemption when they change houses. His bill would allow them to take that exemption and apply it to their new residence. They would still only be able to apply it to one residence at a time, but if they moved, they would be able to take it with them.

The only problem I see with this bill, and you will hear it from the assessors, is on the implementation. One thing that was suggested to me via email today is that we may want to allow this to happen and apply the unused portion retroactively on the next tax year. That is one way it would be more plausible. I do not have an answer to the technical problems on how to let the veterans take that exemption with them, but that is the issue at hand.

**Chuck Fulkerson, Executive Director, Nevada Office of Veterans Services:**

This provides veterans and surviving spouses for the benefit they earned to follow them when they move from one residence to another ([Exhibit D](#)). It does not prevent them from using a tax benefit until the next fiscal year comes out. I do not have any figures on how many veterans sell their houses, or how many veterans buy houses, but the primary thing it does is allow the exemption to follow the property owner who is qualified to receive this hard-earned benefit. This will happen at the time when he sells one house and buys another. There are a number of veterans in the audience who are in favor of this bill.

One suggestion I got was that perhaps the assessors could put this in a holding account and make a mass transfer once a year, if that would help with the bureaucratic burden of implementation.

**Dave Dawley, City Assessor, Carson City, Nevada:**

The assessors do not have any particular stance on this bill. We are in favor of helping the veteran in any way we can. We do see an administrative problem. We apply the exemption to the property roll, then transfer that property roll over to the treasurer's office. We are not allowed to touch it. The only people who can do anything about it are either the board of supervisors or the county commissioners. We have to go before them and request that. If they approve it, then the treasurer can actually take it off of the tax roll. We then need to go after the new buyer and get the remaining portion from that buyer, who may believe they have paid the taxes in full for the entire year.

The other problem I see is, what happens if that veteran buys into another county? The other county will have to go through the same process. They would have to go to the board of supervisors and the board of county commissioners to get it approved so that the tax roll could be done. At that point, it is a long, drawn-out process. We had the same discussion this morning, as far as A.B. 149 was concerned. Here is a huge problem when you try to open a closed roll. It is never a good idea to do that because that is when numbers start getting real confusing.

As far as creating a separate fund and only transferring it once a year, I do not know if that is feasible, mainly because we do the one roll and transfer it over to the treasurer's office, where it is out of our control. We do not have any responsibility after that.

**Assemblyman Anderson:**

The treasurer's office has control of the actual dollars that come from the assessment. You set the assessment and you pay to the treasurer's office. For instance, I am not a veteran, but I sell my property. Do I not receive a tax credit if I paid my property taxes in advance? Do I forfeit it, collect it from the seller, or collect it from the new buyer?

**Dave Dawley:**

It stays with the property and you would lose it. We send out the vouchers, and we must know by June 15 whether you would like to apply it to the property taxes.

**Assemblyman Anderson:**

The assumption is that I am going to pick up the value that I lost in the value of the dollars I receive in compensation for the property that was sold.

**Dave Dawley:**

When we send the tax bill out, the tax bill is minus the exempt amount. The only figure that anybody knows about is the total dollar amount minus the exemption.

**Assemblyman Anderson:**

I am just trying to find a way that the treasurer's office can carry our dollars. I realize the assessors cannot be responsible for it until the new assessment is made for the new piece of property. The only other alternative would be to allow a veteran to apply with 100 percent of his entitlement.

**Dave Dawley:**

Would that be for the same year he had already used part of it?

**Assemblyman Anderson:**

How would you know that if it was a new piece of property?

**Dave Dawley:**

We would not unless the veteran came in and told us about it. At that point, we just take off the assessed valuation. I do not know where these funds come from. We keep track of how many times they use the exemption, but we only work with the assessed valuation. We are only taking \$2,000 from the assessed valuation.

**Assemblyman Anderson:**

A veteran from California used his veteran's assessment there and he came to Nevada, bought a piece of property, and made an application based on the fact that he is a veteran in Nevada now. Would he get 100 percent? [Mr. Dawley answered in the affirmative.]

If he sold a piece of property in Washoe County and went to Lyon County, he then made his application for his veteran's assessment in Lyon County, would he get 100 percent?

**Dave Dawley:**

No, sir. You can only apply in the county in which you reside. They will know because Washoe County will tell Lyon County if they have used the exemption for the year. If they had used the exemption in Washoe County, they would not receive a new exemption in Lyon County until June 1 of the following year.

**Assemblyman Anderson:**

Why could we not carry the statement of what part of the exemption was utilized in the first instance with a transfer document at that time?



**Dave Dawley:**

It deals with having to get a refund from the county supervisors or commissioners. To transfer the property from one county to the other, you will have to go through that particular process twice.

**Assemblyman Anderson:**

If we go from County A to County B, and County B tells County A that a transfer has taken place. Then the treasurer would inform the county commissioner to do a transfer fund to County B. That will take some time, but the transfer could be accomplished. Since we can do it from county to county, why wouldn't we be able to do it from property to property?

**Dave Dawley:**

We can, we just have to go through the same process.

**Assemblyman Hettrick:**

I am not certain it is relevant to the discussion anymore, but typically on a sale, the taxes are adjusted through an escrow. If the taxes have been paid, then the buyer would reimburse the seller. In many cases, if you are the buyer, you are required to pay a quarter of the taxes in advance. As desirable as this is, it will be an administrative nightmare. The problem for Mr. Dawley is that if the tax bill the escrow is using shows an exemption of a certain dollar amount that is reduced, they are only going to collect the difference from the buyer at the time. In the escrow, they will not know whether there was an exemption. They are only going to see the tax bill.

What happens is that as soon as the exemption is applied for and goes through the county commission and it is all approved, it comes out that the property tax now has to be received from the buyer because it was not paid at the full rate for the balance left for the remainder of the year. This is going to be very difficult to explain to a buyer who paid this through escrow and feels he has paid 100 percent of his taxes. When the assessor shows up at his door and says he hasn't because there was an exemption. It is going to be an extremely convoluted situation. I think this is a very desirable thing to do and I would support it in every possible way, but I think we need to be careful that we are not creating a nightmare where these folks think they will have their exemption passed on, and we end up with this administrative dilemma. We need to look at this very carefully. Maybe we can craft language that works, but this will technically be very difficult to do efficiently.

**Chuck Fulkerson:**

The real estate business has a list of full disclosures. It takes time for the buyer and seller to get all those disclosures aligned with the title company so an

escrow can be completed. Why can't part of the full disclosure be whether this residence has a tax exemption on it? If so, how much is it, so that, at the time of closure, the veteran gets his money and the buyer is told that he will have to pay more taxes?

[Daryl Mobley, Member of the Nevada Veterans Services Commission, and Ron Kruse, Chairman of the Nevada Veterans Services Commission, both expressed they were in favor of the bill.]

**Chairman Perkins:**

I would really like to accomplish this bill, but as Mr. Hettrick said, we have a bunch of hurdles to jump over. We will close the hearing on Assembly Bill 354. I feel we should announce the fact that Mr. Parks presented earlier about his being a veteran.

We do not have any other bills on our agenda, but we do have a work session on A.B. 128 that we heard a couple weeks ago ([Exhibit E](#)).

**Assembly Bill 128: Requires disclosure of certain information concerning property taxes. (BDR 32-335)**

**Susan Scholley, Committee Policy Analyst:**

This was sponsored by Assemblywoman Weber and heard in this Committee on March 8, 2005. The bill, in its original form, requires county assessors, treasurers, and ex-officio tax receivers to provide additional information regarding property taxes and to post such information on their websites. The information to be provided includes an explanation of the tax components, authority for taxes levied, and the summary in the manner from which the tax revenue will be expended.

The sponsor of the bill, in consultation with the assessors, treasurers, and the Nevada Taxpayers Association, presented amendments at the hearing to reduce the fiscal impact of the measure and the impact of the state and local entities. In addition, after discussions with the Nevada Department of Taxation, the sponsor has also proposed additional amendments that will further facilitate the dissemination of relevant information to taxpayers. Attached to your work session document is a mock-up of the proposed amendments ([Exhibit E](#)).

In terms of testimony, concerns were expressed regarding the balancing of the burden on the county officers with the need to provide additional information to taxpayers. Hopefully, the proposed amendments address these concerns. The

fiscal impact, as noted, was that it may have an impact on local government and no impact on state government.

[Susan Scholley, continued.] On the mock-up ([Exhibit E](#)), these changes were all proposed by the sponsor in consultation with the assessors and the treasurers. They basically reduce the impact on those offices, but do direct them to include on the notice information about where these items can be found.

Turning to page 3, this is a similar change effecting the same thing. It has also been clarified that the bill is not intended to require counties that do not currently have websites to create one. It was also clarified on page 3, line 36, that individual tax notices are not just given to anyone who requests, but to the owner of the property. On page 4, lines 21 through 25 add to an existing requirement of notification to the public by assessors and treasurers some additional information as set forth in lines 21 through 25, essentially the statutory authority pursuant to which taxes are levied, and for local voter-approved tax levies, the year it was first accepted and the year it expires, if any. There has also been some clarification as to the size of the type this notification will be printed in the paper.

On the last page ([Exhibit E](#)) is a proposed addition to the bill, worked out in discussions between the sponsor and the Department of Taxation and concurred upon by the county assessors, to have the Department of Taxation work on providing additional information on its website so taxpayers will have a central location to find information relevant to property taxes. There was discussion about the information, and many of you may be familiar with the red book [*Nevada Department of Taxation, Fiscal 2004/2005, Property Tax Rates for Nevada Local Governments*.] The 2004 Tax, which is currently available in hard copy and has property tax rates, revenues, and a wealth of information. There was a commitment that the information on the website will be made available in a form that is easily understood, that it will be continually improved, and that the Department of Taxation will work with the county assessors and treasurers to make more information accessible to the taxpaying public. I would caution you that the final format of the amendment may look more or less different from what you see here.

**Chairman Perkins:**

Mr. Dawley and Mr. Chinnock, are you okay with all these things? They are nodding their heads yes, for the record.

ASSEMBLYMAN HETTRICK MOVED TO AMEND AND DO PASS  
ASSEMBLY BILL 128 WITH THE AMENDMENTS DRAFTED BY  
STAFF IN EXHIBIT E.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani was not  
present for the vote.)

We will bring the full amendment back to the Committee before we actually deal  
with the bill so we can make sure it reflects the Committee's intentions.  
[Meeting adjourned at 2:24 p.m.].

RESPECTFULLY SUBMITTED:

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Gregory Sharry  
Committee Attaché

APPROVED BY:

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Assemblyman Richard Perkins, Chairman

DATE: \_\_\_\_\_

**EXHIBITS**

**Committee Name:** Committee on Growth and Infrastructure

**Date:** March 31, 2005

**Time of Meeting:** 1:30 p.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
301	B	Dave Dawley, Carson City Assessor	Proposed Amendments
301	C	Chuck Fulkerson, Office of Veterans Services	Tax Exemptions
354	D	Chuck Fulkerson, Office of Veterans Services	Bill Description
128	E	Susan Scholley, LCB	Work Session Document