

**MINUTES OF THE
JOINT MEETING OF THE ASSEMBLY COMMITTEE ON GROWTH AND
INFRASTRUCTURE
AND THE
SENATE COMMITTEE ON TAXATION**

**Seventy-Third Session
March 29, 2005**

The Joint Assembly Committee on Growth and Infrastructure and the Senate Committee on Taxation was called to order at 3:37 p.m., on Tuesday, March 29, 2005. Chairman Richard Perkins presided in Room 4100 of the Legislative Building, Carson City, Nevada, and, via simultaneous videoconference, in Room 4401 of the Grant Sawyer State Office Building, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Mr. Richard Perkins, Chairman
Ms. Chris Giunchigliani, Vice Chairwoman
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

SENATE COMMITTEE MEMBERS PRESENT:

Senator Mike McGinness, Chairman
Senator Sandra Tiffany, Vice Chairwoman
Senator Terry Care
Senator Bob Coffin
Senator John Lee
Senator Dean A. Rhoads
Senator Randolph J. Townsend

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblyman Rod Sherer, Assembly District No. 36, Churchill (part),
Esmeralda, Lincoln, Mineral, Nye

STAFF MEMBERS PRESENT:

Brenda Erdoes, Legislative Counsel
Susan Scholley, Committee Policy Analyst
Russell Guindon, Deputy Fiscal Analyst
Chris Janzen, Deputy Fiscal Analyst
James Cassimus, Assembly Committee Attaché
Ardyss Johns, Senate Committee Attaché

OTHERS PRESENT:

Scott Smith, President, Southern Nevada Multi-Housing Association
Lois Sprake, Private Citizen, Las Vegas, Nevada
Rusty McAllister, President, Professional Fire Fighters of Nevada
David Kallas, Executive Director, Las Vegas Police Protective Association
Michael D. Pennington, Public Policy Director, Reno-Sparks Chamber of
Commerce, Reno, Nevada
Carole Vilaro, President, Nevada Taxpayers Association
Christina Dugan, Director, Government Affairs, Las Vegas Chamber of
Commerce, Las Vegas, Nevada
Ted Harris, Nevadans for Property Tax Cap
Larry Biehn, Private Citizen, Minden, Nevada

Chairman Perkins:

[Meeting called to order.] This is the continuation of our meeting, but for the purposes of our records, let me adjourn that prior meeting [March 25, 2005], and we will start over. [Due to time constraints, it could not be reconvened.]

We will call the Joint Committee to order for Tuesday, March 29, 2005. The purpose for this meeting is the continuation of the discussion on Assembly Bill 489. We heard the presentation on the bill draft [BDR 32-1383]

prior to it being assigned A.B. 489 on Friday by Mr. Hettrick and Ms. Buckley. This is the same bill we are dealing with.

Assembly Bill 489: Provides for partial abatement of ad valorem taxes imposed on property. (BDR 32-1383)

There was direction given on Friday for those who had technical amendments to get them to us prior to 9 a.m. on Monday, March 28, 2005. Ms. Erdoes has a list of technical amendments ([Exhibit B](#)) that she will go over. The Committee should have that list of one through six in front them.

[Fiscal Note also appended at this time ([Exhibit C](#)).]

We will have our hearing on the Senate side, if it is the Committee's pleasure that this bill is one they want to move forward; then, we will look at these amendments and have an opportunity to present this in our late afternoon Floor session today. With that, I'll turn it over to Ms. Erdoes to go over the proposed amendments.

Brenda Erdoes, Legislative Counsel:

What we have done in Legal is compile the suggested technical changes that we received to date.

On your sheet ([Exhibit B](#)) entitled "Proposed Amendment to A.B. 489," the first one is "Authorize voter-approved overrides of tax rates that are outside the caps." Currently in the bill, there is a provision in Section 6 for debt-service for an additional rate to be added, but that is inside the cap. This provides for—if the voters approve increase in the tax rate after the effective date of this act, or they approved one that had not been implemented at all before the effective date of this act—the amount of that rate would be outside of the secondary cap that is contained in the bill. It would be the intent that that rate continue to be outside of the cap in future years as well.

The second suggestion is that the severe economic hardship be limited to primary residences. Currently, under the language of bill, it could be read that, if you had several homes you didn't rent and you used them all personally, all of them could be included in the severe economic hardship cap. This will clarify that only a person's primary residence would be affected by that 3 percent cap.

[Brenda Erdoes, continued.] The third suggestion is to require that the recommendation of the Committee on Local Government Finance and the approval of the Nevada Tax Commission would be required for local government to increase a tax rate after the effective date of this bill. The purpose behind this is to not give any additional authority to a local government to increase a tax, but, rather, if a local government has the ability under the 106 percent cap, as well as the \$3.64 tax rate, and additional authority to increase the rate, they would have to go and justify the increase to the Committee on Local Government Finance and then the Tax Commission before they can make that change. Then there would be no changes that affect the proportionality of the amount of the dollars that are being distributed pursuant to the caps in the bill.

Section 4 is to remove the basic recapture provision, leaving the provision for recapture after a severe decline in property value. The first recapture was leftover from the assessed valuation drafts of the bill, and it was applied tax liability. It was not necessary so it was removed. There still is a basic recapture provision, which only relates to where the property has declined since 2003 at least 15 percent and increased back up again. This is to cover a situation that could happen in such places as Elko where you have mining or other economic changes that would severely affect the value of a home in a brief period of time. This would allow the recapture without hurting the local government.

Number 5 is to ensure that the secondary cap applies to centrally assessed property. That was a question we had been asked, and we just wanted to make sure that it was clear to everyone that it would apply across the board to that real property and part of the personal property as well.

Section 6 is to clarify that the portion of a parcel of property which is added to the assessment roll without improvement or change in use is within the secondary cap. That was an oversight in the original bill in the way that it was drafted. What we said was to ensure that new property was treated as new growth. We indicated that any change in the parcel would be outside the cap the first year. That resulted in property that had not been changed, had no improvement, and no change in the use, would still not be under the cap. This just provides that if the portion of the parcel is not improved and there is not a change in use, it would still stay under the cap that applies to it.

Those are the changes we would recommend based on the suggestions that we received.

Scott Smith, President, Southern Nevada Multi-Housing Association:

I represent an association of the apartment owners and rental owners in the Las Vegas area. As you prepare this bill, I want to make one last plea to consider the people who live in rental apartments and rental property. As drafted now, the cap goes toward single-family homes that are owner-occupied. The majority of affordable housing in Nevada is provided by the members of my association—apartments. These are people who are in nursing, in the military, in unions, and in gaming employment; they live in the affordable housing that my clients provide.

Make no mistake about it: This cost will be passed on to the renters, the ones who live there. The income of these people makes them the group least likely to bear this. I won't mince words. The people I represent are concerned because they have to pass this cost on. This is something they will not be able to bear. When they pass this cost on, their occupancy rates are going to drop because many of their residents will not be able to continue living in their properties with this increase.

As you protect the single-family homeowners, we ask that you please consider protecting also the renters, the people who are not able to afford a single-family home but who will bear the cost of this as well.

Chairman Perkins:

This is something this Committee grappled with for some time. The severe economic hardship portion of the *Constitution* has our hands tied at this point as it relates to the folks that you are talking about. I know that there are many proposals in this Legislature to provide for a constitutional amendment to accomplish exactly what you are talking about.

Assemblywoman Giunchigliani:

I grew up in an apartment, and I understand completely about the issue of cost impacts that can get passed on. I would hope under the second portion of this bill that there will be some relaxation or lessening of the property tax that your members would have seen as the owners. If their tax bills are reduced, do they, or would they, pass that on the rent?

Scott Smith:

Yes, they will have to, especially when you look at federal subsidized housing, Section 8 and Section 42 housing. In those situations, they are bound by the agreement they have with the federal government and the housing authority at a certain rate for 99 years. There is really no way for them to back out of it. In that situation, they won't be able to do that. What they will have to do is

decrease the amount of maintenance and the amount of upkeep on the property to compensate for this cost. It will make those properties much worse.

[Scott Smith, continued.] Others who do not have that bound in are going to be bound by their contracts, but they still have debt-service, employees they have to pay; they will have to pass these costs on. Most leases that are used these days make provisions for this sort of thing.

Assemblywoman Giunchigliani:

You are absolutely right. The distinction between the federal requirements, at least, allow for the tenants to have some benefit as well as the owners of those apartments. I do appreciate that nuance is there.

As the Speaker indicated, we have been sensitive all along that we wanted to be able to get at apartment owners, apartment dwellers, and manufactured homeowners because of the uniform and equal clauses. We will have legislation to deal with the constitutional amendments to help us deal with that.

Lois Sprake, Private Citizen, Las Vegas, Nevada:

I have been quite concerned about the disparity in the assessment of the land in Las Vegas. My land was assessed at \$16,800, and the new assessment was up \$20,000. Another property that is in the most affluent area, where the Binion home is, for example, was assessed at \$42,000, and the new assessment went up \$113. I don't understand that disparity. I can go along with this 3 percent cap, providing it applies to last year's property assessment. I think it is totally unacceptable if it applies to the assessment of this year.

Chairman Perkins:

Ms. Sprake, we are working off of last year's value as we apply the cap.

Lois Sprake:

Then I can go along with that, understanding we have a lot of services we have to provide in community, providing it goes along with the property assessment of last year.

Brenda Erdoes:

Mr. Chairman, you are correct. It goes from the increase of that last tax bill that you received. That is what would apply.

Lois Sprake:

When I called the appraisers, they said all this had to do with the Legislature. I called Senator Beers and expressed my opinion to him. I saw the advertisement

in the paper today and thought this was my last chance to have my say. Now I've had it, thank you very much.

Rusty McAllister, President, Professional Fire Fighters of Nevada:

We would like to stand in support of this bill. As an organization that provides public safety for people throughout the State of Nevada, we feel that it is a fair compromise. Our members fall under the category of people who would like to have tax relief for their properties. They also understand that they have responsibilities to provide a certain level of service. We believe this is a good compromise to do just that—provide tax relief while at the same time keeping public safety services available to our citizens at the levels that they have come to expect.

In 2000, the voters of the City of Las Vegas voted to approve a fire tax initiative; it was a 30-year tax initiative. We are in the fifth year of that. It was meant to hire 150 new firefighters and paramedics, build 4 new fire stations, and provide new equipment. The revenues generated by it currently are not meeting the needs to hire all those people; we have only hired 90 out of the 150 thus far. We have only been able to build 3 of the 4 stations based on the revenue that has come in.

There is a need to have at least some growth; 3 percent seems like a reasonable and fair amount. It will continue to provide additional revenues to provide the services and build the facilities that we need.

David Kallas, Executive Director, Las Vegas Police Protective Association:

I am here on behalf of the Nevada Conference of Polices and Sheriffs (NCOPS), our own organization, and the Las Vegas Police Managers and Supervisors Association.

I certainly echo Mr. McAllister's comments about the reasonableness of the bill that is in front of you. From law enforcement's perspective, we have been watching intently as most of the people in the state have over the last several weeks about what this Body is going to do with the tax issue.

Our concern has been that something will come out of there that is going to present a danger to our communities, a danger because it is going to negatively impact the ability to provide infrastructure services. I am not talking about roads and water and sewers. I'm talking about police services, fire services, and even schools and schoolteachers. With any other proposal other than the one that you have before you, I have a firm belief that the criticism that has been levied

on the Legislature and the state and local governments about growth not paying for growth is going to become a reality.

[David Kallas, continued.] If we do anything other than provide this type of relief and have a cap at 3 percent, then that growth is not going to pay for itself. Our services are going to be extended further than they already are. We are going to take police officers out of other neighborhoods and put them in neighborhoods that have not paid for that infrastructure need. Same thing with firefighters, our schools, and teachers.

I would implore this Body to embrace this bill and push it forward so we can have some reasonable relief and still maintain the type of services that our taxpayers and residents expect.

Michael D. Pennington, Public Policy Director, Reno-Sparks Chamber of Commerce, Reno, Nevada:

I know a lot of time and effort has gone into finding a compromise on a bill to deal with property tax relief in the State of Nevada. Unfortunately, today I am not here to support the bill that is before you, A.B. 489. The Reno-Sparks Chamber of Commerce has a longstanding policy position that supports equality in property taxation. The Chamber does not support treating commercial property owners in a different manner than residential property owners.

After careful review and thoughtful consideration of A.B. 489, the Reno-Sparks Chamber is unable to support this bill because we believe it treats property owners differently. We are concerned that this proposal may be harmful to economic development, capital investment, and consumer spending—all of which have contributed to building and maintaining a strong and vibrant economy in Nevada.

We also believe it is important that we continue to look for alternatives to preserve the “uniform and equal” clause of the *Constitution*.

Assemblywoman Leslie:

Mr. Pennington, what is the Chamber’s alternate proposal, then? Either we do nothing, we pass the bill, or you have another suggestion?

Michael Pennington:

We have been reviewing the solutions that have been proposed and we have been working closely with the Nevada Taxpayers Association. We haven’t seen the proposals out there, but we have been supportive of going in another direction.

Assemblywoman Leslie:

So there is nothing that you would endorse at this time? You would prefer that we do nothing, is that what you are saying?

Michael Pennington:

No, I'm not saying that.

Assemblywoman Leslie:

You know our deadline is by March 31. It is just very frustrating to have you come forward and say don't do this and not provide an alternative. We have to do something.

Chairman Perkins:

Mr. Pennington, the thing that we are struggling with is applying the portion of the Constitution that says severe economic hardship is for owner-occupied residences. I don't know how we get around that. Is that something that your organization has dealt with?

Michael Pennington:

We have been reviewing those issues and the proposals out there. At this time, we don't have a better proposal to bring forth. We are concerned about the equality and taxing commercial property different from residential. We understand you need relief, but we haven't had the expertise to bring a formula or solution to you at this time.

Carole Vilardo, President, Nevada Taxpayers Association:

The bill has not gone to my board for an official position. The reference by Michael Pennington is one that the board has always had a concern with, and that is a split-roll.

Relative to the use of the economic hardship, interestingly enough, that was a bill we requested of a legislator because of problems that had occurred. If I have any concern, it is that the economic hardship—part of that problem is solved by the amendment—is being used and narrowed down. We know that one of the causes of the property tax increase is with people doing investments and buying 3, 4, and 5 houses. As the bill was originally drafted, everybody would have qualified for every house they owned in Nevada. That definitely does not fit within a severe economic hardship if you can own 2 or 3 homes. The fact that you limited it to the primary residence, and there would be only one deduction that could be taken, is a step in the right direction.

[Carole Vilardo, continued.] The concern I still have with the bill as written is that saying it is an economic hardship because your tax bill increased 3 percent; that to me is problematic. It needs to be a stiffer standard. You had a case which came up, and is the reason for one of the amendments, where the voters in Eureka County approved a tax increase.

I checked the red book [Nevada Department of Taxation, Fiscal Year 2004-2005, *Property Tax Rates for Nevada Local Governments*] and I checked the voter-approved tax increase. The red book says that on a \$100,000 house, you are going to pay \$629 in taxes in Eureka. According to the way the ballot question was worded on the voter-approved tax increase, which was for schools for debt, the owner of a \$100,000 house would incur a liability by approving that question of \$55.69. You look at that and you roughly have a 7.5 percent increase that I, as a voter, approved that is going to make my tax bill go up.

The first time I testified before this Committee, I made a statement that the absolutely best solution you can find, you were not going to be able to enact. The sheer practicality of that is the time frame you are up against and the politics. It is that simple. It is no different than what we went through in 1981 when we had the tax shift. Senator Rhoads may remember that because you were in the Assembly, and you know the discussion—the time frame, the dollar amounts are different—is still the same.

I wish you could find a better benchmark, something that would tighten it even further. Yes, I have a lot of suggestions. I don't know if you want to hear them right now. However, you will also need, with all these amendments, a cleanup bill. The other thing I told you is that I deal in minutiae. There are lots of minute details that need to be fleshed out in some of these to make sure that it works as well as possible. It is not a perfect solution. You have done yeomen's work on trying to do it; it is more complicated than I would like to see.

I do have a problem with the way the non-hardship properties are being treated. It is really starting to smack of a split tax roll. I have more on why you don't want to do that than you ever want me to present or hand you right now.

I understand what you are up against. I do not have an official position. I still have some concerns with it, but this is getting itself worked out at least to the point where you can let the assessors and the treasurers know what they need to do. Hopefully, we will work with you on cleaning up some of the other details and come back in maybe two years with something much better.

Chairman Perkins:

You are certainly right. We have our self-imposed deadline that we've committed to provide tax relief to the citizens of this state. This is kind of where we landed. In consultation with others, there will be some sort of trailer bill to take care of those things in the statutes and bills that you'll find that we haven't found today. This at least gives notice to the assessors in each county where we're headed.

Christina Dugan, Director, Government Affairs, Las Vegas Chamber of Commerce:

I want to start by thanking the Committee and all the legislators for the very hard work they've done in dealing with the property tax issue.

We at the Las Vegas Chamber have also been examining the property tax issue since August of last year, trying to assess and figure out what the best solution is for not only Clark County but also the state as a whole. Unfortunately, like you, we have run into a lot of pitfalls throughout the process.

One of the things that we have remained committed to throughout that process is the ideas that are put forward in our state *Constitution* on the issues of "uniform and equal" application of property taxes. As such, we find that this bill does not go along with those principles that we are trying to support and keep intact for the State of Nevada.

We have sincere concerns about how business properties will be treated under this proposal, and also concerns about the use of the hardship exemption as it is put forward in this bill. We believe that the hardship exemption that is really something that is meant to be used on a case-by-case basis for individuals who have significant instances of a one-time, sincere economic hardship.

We ask the Committee to take a look at this bill again and understand the impact that it will have on the business community in general and commercial properties.

One of the questions that came forward for Mr. Pennington was what proposal, or what proposed solution, would you offer? We would suggest a hard and sincere look at accountability of local governments and the monies that they have been spending, and that we apply whatever tax relief is forward across the board to all business properties. Whether it is a 3 percent abatement or a 6 percent assessed valuation change, our criteria is that all property ought to be treated equally. We understand the time pressures that you are under, and we just appreciate having the opportunity to put our concerns on the record.

Assemblywoman Giunchigliani:

On average, what have your businesses received as their property tax increases?

Christina Dugan:

We have surveyed a number of businesses of different sizes and they range, depending on that property, from as high as \$5 million annually to as small as \$4,000—\$5,000. The issue for us is one of preserving the treatment of property in Nevada in general rather than one of specific dollar amounts. You as legislators need to be very concerned about how local governments are going to be funded from then forward.

Assemblywoman Giunchigliani:

Do you know if any of your businesses have received the same type of 10, 20, 30, 40, 50 percent increases that homeowners came to us on? Were these same kinds of percentages felt by some of the businesses?

Christina Dugan:

From data that I have seen throughout this process, there are businesses throughout the spectrum much like there are homes throughout the spectrum. There are some that are going up as much as 50 percent; which businesses, I am not at liberty to give out that information.

Assemblywoman Giunchigliani:

I can appreciate the wanting to equalize the cost. In A.B. 489, your businesses will be capped as well, no more, as least in Clark County, 13-some-odd percent. There will be a benefit, reduction, and abatement for the businesses as well. Is that your understanding?

Christina Dugan:

Yes, it is. However, on the issue of the 13 percent, my understanding is that it is a 10-year rolling average, so that 13 percent is subject to change. As the years at the end go off, I would assume that number would increase going forward, although it would depend on how assessed valuations change.

Assemblywoman Giunchigliani:

I read in the papers the other day that they are beginning to decline again. That is a good thing to hear because the market is beginning to adjust itself.

The issue we are faced with is our residents have never been able to partake in the hardship that the businesses have. I see this as a greater equalizer in the long-run. For years, the businesses have been able to go before the board of

equalization and argue different inclination. Our residents have never had that opportunity.

[Assemblywoman Giunchigliani, continued.] Through this bill, utilizing what they voted on, we are finally leveling the playing field for the homeowners to get what the businesses have been able to in the past. I appreciate that you have 200,000 employees. They will, as homeowners, benefit also.

This may not be the best bill that's out there, but it's pretty fair as far as what we are trying to do in terms of taxation. Even the businesses expect to be able to have their permits approved and those types of things and understand that governmental services have to still occur or they will shut down and have an impact. I hope that people will keep an open mind that this bill does the best of both worlds without harming anyone too much, and does provide relief to our homeowners.

Senator Lee:

Assemblywoman Giunchigliani brings up a point. I keep hearing about how businesses can go to the board of equalization and show a hardship. I have never met anybody who has been able to do that and has made a difference. Do you have any statistics that show that this process works for the smaller business owners, or is it just the big guys that go there that can fight to get their taxes knocked down?

Christina Dugan:

I do not have any statistics with respect to that issue. Anecdotally, I would tend to agree with you that for a smaller business owner who is struggling simply to get by day to day, going forward and making a case to the board of equalization would be a difficult task.

Chairman Perkins:

Senator Lee, I would indicate to you that the most public of that process was just post-9/11 [September 11, 2001], when many of the gaming properties on the Strip saw a significant downturn in their activity. They were able to do that and it was fairly large amount of money but certainly commensurate with the tourism industry and the hit that it took.

Senator Lee:

Mr. Speaker, you are correct. I tried that with the business that I had owned and was basically told, "Go away; we are only going to work with certain types of businesses." They just dismissed us and the opportunity. I was just curious if

it does work for smaller businesses, or was that just a tougher time and everybody was coming in on it?

Assemblyman Mortenson:

Last session, I had several talks with Mark Schofield [Clark County Assessor] about what is called "economic obsolescence," and I was advised, what you have just surmised, that large businesses with a good staff of lawyers can afford to work on economic obsolescence and get that privilege.

The numbers for 2002 is that economic obsolescence amounted to \$44 million. That is how much the tax rolls were reduced as a result of granting economic obsolescence.

Ted Harris, Nevadans for a Property Tax Cap:

We have been here listening and hearing all the various proposals. We were concerned that there was going to be no result. I am here to compliment you and thank you for the job that you have done. I believe you have come up with a solution that is absolutely outstanding for the property owner and allows us some defense between now and the next two years when there will be the time to develop and come up with a satisfactory long-term solution. For the interim, this is a tremendous help.

Larry Biehn, Private Citizen, Minden, Nevada:

I'm back because earlier this month I spoke to this group engaging you to enact property tax that would be timely, equitable, and just.

All of the agencies that have been sucking at the trough of property tax relief windfall, and their lobbyists, have all paraded before you whining that they need more, more, and more, that catastrophe will occur if they don't get more, more, and more.

You have resisted them and have given us a plan that will allow young and old, regardless of their financial situation, to continue to own their most prized possession—their home—without the fear of losing it to the grim reaper of uncontrolled property tax increase. You have done a great job and, maybe, I won't be back.

Assemblywoman Giunchigliani:

We appreciate both of you gentlemen for hanging in there; that shows that our democracy does work.

Assemblywoman Kirkpatrick:

I would like to thank these two gentlemen for coming back to say thank you. I spent my entire Easter weekend calling 160 constituents to get their input. It is important for the constituents to feel like they have an input. Of the 160, with the exception of one, they were just thankful that we were going to get some type of relief and 3 percent was fine with them. I appreciate the constituents sticking by us.

Assemblywoman Giunchigliani:

For Brenda. When Mr. Hettrick and Ms. Buckley made their presentation on the BDR last week, Mr. Hettrick said that with the hit the schools may have to take, because we are unique in Nevada and the Legislature actually funds local school districts, the State is obligated to make up that shortfall. I just wanted to make sure that it is understood and quite clear that it is our responsibility to make sure, both in this session and ongoing, that the ongoing role is there.

Brenda Erdoes:

It is clear, especially with the latest Supreme Court case in *Guinn v. Legislature* [119 Nev. 277, 71 P.3d 1269 (2003)], that the Legislature does have an obligation to fund the schools and—this is something you will have to go back and look at—the funding of the DSA [Distributive School Account] and the basic support guarantees.

Assemblywoman Giunchigliani:

The hit was not nearly what I thought it was going to be under the 3 percent. I think it was about \$24 million over the biennium. While that is a chunk of money, at least at this time, because of gaming increases coming in, we have the ability to make sure that we fulfill our obligation, which is the guaranteed school support.

Senator Rhoads:

Brenda, could you explain on amendment 4 ([Exhibit B](#)) how that would work in a mining area, the recapture after a severe decline in property value?

Brenda Erdoes:

The idea there is, if the price of gold, for example, went down and you had an economic downturn and a \$200,000 house sold for \$120,000, then the next year or year after that there was an economic upturn, say the price of gold went back up, and the assessed valuation of that home went back up because it was sold for \$220,000; this provision provides that if there is a decrease in the valuation at 15 percent and then a significant increase occurs shortly after that, then the assessor would be able to, rather than just bringing the property

or tax liability of the person who owned that property up 3 percent each year from that bottom value, they would actually revalue to get it back to even. It went down 15 percent, then it went back up 15 percent; you would start from there with your 3 percent cap rather than at the very bottom just to make sure that those smaller economies are protected.

Chairman Perkins:

Further questions from the Committee? With that, on the Assembly side, since it is an Assembly bill and in our possession, the Chair will entertain a motion for amend and do pass with the proposed amendments from Brenda Erdoes.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO AMEND AND DO
PASS ASSEMBLY BILL 489 WITH THE PROPOSED AMENDMENTS
CONTAINED IN EXHIBIT B.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chairman Perkins:

With that, we will be taking A.B. 489 down to the Floor of the Assembly for our late afternoon session for action as well. The Committee is adjourned [at 4:23 p.m.].

RESPECTFULLY SUBMITTED:

James S. Cassimus
Committee Attaché

APPROVED BY:

Assemblyman Richard Perkins, Chairman

DATE: _____

Senator Mike McGinness, Chairman

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Growth and Infrastructure/Senate Committee on Taxation

Date: March 29, 2005

Time of Meeting: 3:37 p.m.

Bill	Exhibit	Witness / Agency	Description
AB 489	A		Agenda
AB 489	B	Brenda Erdoes, Legislative Counsel	Amendment to <u>A.B. 489</u>
AB 489	C	Chris Janzen, Deputy Fiscal Analyst	Fiscal Note for <u>A.B. 489</u>