

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

**Seventy-Third Session
May 10, 2005**

The Committee on Growth and Infrastructure was called to order at 1:57 p.m., on Tuesday, May 10, 2005. Chairman Richard Perkins presided in Room 4100 of the Legislative Building, Carson City, Nevada, and, via simultaneous videoconference, in Room 4406 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.

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

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Susan Scholley, Committee Policy Analyst
Russell Guindon, Deputy Fiscal Analyst

Linda Utt, Committee Manager
James Cassimus, Committee Attaché

OTHERS PRESENT:

Dave Dawley, City Assessor, Carson City, Nevada
Jeff Payson, Appraisal Manager, Clark County Assessor's Office,
Clark County, Nevada
Norma Green, County Assessor, Churchill County, Nevada; and President,
Nevada Assessors Association
John Slaughter, Director, Management Services, Washoe County, Nevada
Anne K. Loring, Legislative Advocate, representing Washoe County
School District
Pat Zamora, Legislative Advocate, representing Clark County School
District
Michael K. "Mike" Sullivan, Legislative Advocate, representing Nevada
Chapter, National Golf Course Owners Association
Robert A. "Bob" Ostrovsky, Legislative Advocate, representing Nevada
Chapter, National Golf Course Owners Association
Michael "Mike" Luce, President, Walters Golf, Las Vegas, Nevada
Ron Winkel, Executive Director, Sun City Summerlin Homeowners
Association, Summerlin, Nevada
Stan Spraul, Chapter President, Nevada Chapter, National Golf Course
Owners Association
Aaron West-Guillen, Lumos and Associates; Member, Fallon Chamber of
Commerce, Fallon, Nevada
Mike Mazzaferri, Head Pro, Hidden Valley Country Club, Reno, Nevada
Tom Godman, Head Pro, Mason Valley Country Club, Yerington, Nevada
Mathew Biddinger, Owner and General Manager, Fallon Golf Course,
Fallon, Nevada
Don Boyle, Director of Golf, Fernley Golf Club, Fernley, Nevada
Ted Tylman, Executive Director, Nevada Chapter, National Golf Course
Owners Association
Mike Alastuey, Assistant County Manager, Clark County, Nevada; and
representing the Nevada Association of School Boards

Chairman Perkins:

[Meeting called to order. Roll called.] We open the hearing on Senate Bill 394 and ask the proponents to come forward and present the bill.

Senate Bill 394 (1st Reprint): Makes various changes to provisions governing conveyance, subdivision and taxation of property. (BDR 32-258)

Dave Dawley, City Assessor, Carson City, Nevada:

Senate Bill 394 was cut down considerably in the Senate Taxation Committee. We thought we had all the opposition out of it. We hoped for a smooth sail through, but it is not going to happen. We have a proposed amendment ([Exhibit B](#)) that we would like to make to some of the sections.

In Section 1, what we are trying to do is move the language that is currently in the bill to the appropriate place where it is more applicable. There is no big change there.

In Section 2, as well as in Sections 3, 4, 5, and 6, we are just clarifying the exemptions for widows, surviving spouses, and veterans. In the last session, we passed a bill that based the amount of the exemption on the CPI [Consumer Price Index]. The CPI was based on a December to December date. That was a wrong date because we never got that figure until February. Therefore, we are requesting that the date for that CPI be changed to July, to have it prior to the assessment notices going out.

In Section 2, subsection 5, if they make a false statement, then they would be guilty of a gross misdemeanor. We want to give this exemption to those people who are actually eligible and qualify for it. That is for most of the exempts.

On page 5 of the bill, in Section 4, subsection 7, we wanted to make it as easy for the applicant as possible to apply for this. A number of the assessors have put it on their website. As long as it is signed before a notary, we will accept it. They don't have to physically come into the office to receive the exemption.

On page 8, Section 7, we are adding Habitat for Humanity International. They approached the Clark County Assessor's Office and requested this. They require this to be able to build low-income, affordable housing for people. The land they buy is currently taxable until they start building on it. They want the exemption from the day they purchase the property. When they sell it, it would then become taxable at that point. We also moved the Nevada Heritage Association, which was previously in this statute, to include it in Section 7.

Jeff Payson, Appraisal Manager, Clark County Assessor's Office, Clark County, Nevada:

I will discuss Sections 10 through 19 found on page 10 of the bill and page 2 of our "Intents" ([Exhibit B](#)).

Section 10 simply adds the term "water rights" as an inherent attribute of real property, which already is, but this just clarifies that. It is similar to a zoning view.

[Jeff Payson, continued.] Section 11 rewords the language for the improvement factor applied to those areas that do not do their revaluation on an annual basis. There are no substantive changes to that; it is just rewording for that language.

In Section 12, we hope to allow for electronic signatures on our personal property declarations. That allows us to receive these, in this technological age, via the Internet. It also clarifies that, when you file your personal property declaration, you need to state the year the item was acquired. This was a way for us to point to the statute to get that information.

On page 3 of our "Intentions" ([Exhibit B](#)), the change in Section 13 has to do with corrections to the tax roll. When the tax roll closes in December, it is reopened for any changes prior to the bills going out in July. This allows us to make those clerical changes without going before the Board of Commissioners. It will also allow the taxpayer to appeal those to the appropriate Board of Equalization, which currently they are not able to do.

Section 15, this is language we would like to have added that will require any Board of Equalization to make their decision based on the preponderance of evidence presented. It does not mean the petitioners have to bring forth that evidence. It can be knowledge that the Board members might have or that the assessors might bring forth.

Section 16 has to do with the Board of Equalization as well. This will define the date of valuation, which isn't currently defined in the statutes, as January 1 of the year preceding the fiscal year in which the taxes are levied. This gives us an actual date when we are comparing our taxable value to full cash value for that comparison.

Section 18 also deals with the Board of Equalization. Currently, the deadline for a petitioner to file an appeal is January 15. If you are having someone represent you, they can file that petition for you. Occasionally, when we get these petitions, they don't have a letter of authorization. This will give us 48 hours to call the petitioner and tell them they need authorization from the person they want to represent them before the Board of Equalization. This gives them an extra 48 hours to comply.

Section 19 is simple language. When someone wants to pay their taxes under protest, they simply write on the check "paid under protest." These then get scanned by the Treasurer and no one recognizes the "paid under protest." We are asking that, in addition to writing that on the check, we need a signed letter stating that they are paying their taxes under protest.

Norma Green, County Assessor, Churchill County, Nevada; and President, Nevada Assessors Association:

I will cover Sections 20, 21, 22, 23, 24, 27, 29, and 33. In Section 20, it changes it from the "board of county commissioners" to "tax receiver," as the tax receiver actually provides the receipts. Section 21 changes the word "assessor" to "tax receiver," as the tax receiver also gives the receipts.

Section 23 allows the assessor's office to automate the notification process for the legal owner by providing notification of the seizure details without requiring an actual copy of the actual seizure document.

Section 24 shortens the time frame necessary to have personal property taxes declared uncollectible when all collection procedures have proven unsuccessful. It changes the "county treasurer" to "tax receiver," as some assessors collect the personal property taxes throughout the State. Section 27 removes outdated language in subsection 5.

Last session, the Legislature created an account for the assessors pursuant to *Nevada Revised Statutes* (NRS) 250.085 for technology funds. This year, we are asking you to fund that account with what is in Sections 22, 29, and 33. Section 33 makes the county assessor accountable to the commissioners. We have to give them a report on how we plan to spend that money. It also allows us to share our technology funds with other county offices, such as the building department, recorder, and clerk-treasurer.

Assemblyman Anderson:

Section 13 allows for correction and reopening tax rolls due to clerical error or additions to a factual error. It allows for their correction to be heard for the appeal. If there is a reduction, no one is going to complain. How will the county know that their potential revenue stream is going to be reduced?

Jeff Payson:

This language doesn't affect reductions done at the Board of Equalization. These corrections would be after the hearings, when something happens, we discover we added an extra zero or left off an extra zero. We would make that correction before the tax bill goes forward in July. The appeal would have to be made in the following cycle. The person would have to pay, under protest, the first two quarters of the taxes before they actually have the chance to appeal. The Board could hear that retroactively.

Assemblyman Anderson:

I am anticipating that there is going to be potential offset. The county may have made the formulation of their budget based upon that preliminary data, counting

on all those zeroes. If you take away a substantial number of zeroes from that, they may have to change their rolls rather dramatically as fallout from that. I was curious as to how you were planning on informing the other local governmental agencies that might be affected by those kinds of changes.

Jeff Payson:

Generally, these changes would not have that significant of an impact in Clark County. It could be a fireplace that was added, or not, incorrectly adding up to adding a zero. Currently, we are allowed to make those changes, but we have to go to the Board of County Commissioners, which is a longer process and not an appealable process, to correct a clerical error.

Assemblyman Anderson:

I like the appealable part. Recognizing that Clark County has a computer system and a much larger budget, in some of the smaller counties this is not true. An error there might make a substantial difference in a smaller budget.

Section 23 would allow the assessor to automate the notification for the legal owner by procedure requirements of the actual seized documents, doing away with the paper documents. Not everyone is in the computer age. Those people used to receiving paper documents are no longer going to have that luxury?

Dave Dawley:

Those people will still receive a paper. Currently, it says that we have to make a copy of the original seizure notice and send it to them. Some counties have the ability to press a button on their computers and send a separate piece of paper to that particular person. They will still receive a hard copy. They don't have to receive a copy of that actual seizure notice.

Section 28 deals with agricultural deferrals. Currently, what happens with ag-deferred property is, when they sell it to a private individual and it is converted to a higher use, the seller has to pay the 7 years of deferred taxes. We have a lot of property in Carson City that is being purchased by the State, by open space, et cetera. Since it is being purchased by a tax-exempt entity, they don't have to pay the 7 years deferred taxes on it. I do not think that is fair.

Washoe County has come up with a proposed amendment ([Exhibit C](#)). It would state, at the end of Section 2, that unless the property is sold or transferred to a local government entity, school district, or university system, they still would not have to pay the 7 years deferred taxes. I have no problem with that. We are not trying to penalize anyone who wants to donate their property to a school entity, government, or those properties currently being taken by eminent domain

or condemnation. It is only going to affect these properties that are actual transactions between one willing buyer and one willing seller.

Assemblyman Grady:

I thought when properties sold under an ag deferment, the person selling the property was responsible for the 7 years back taxes, not the new owner. How will this change that?

Dave Dawley:

That is exactly the case. What happens with open space and local governments is that it is a negotiating point. The sellers would say, "I need this much more to cover the deferred taxes that I have to pay." The local governments would then end up paying this tax just to get it back later. It doesn't make any sense.

Assemblyman Grady:

I don't think it answers the question. If the person has the ag deferment and they sell the ground, they are responsible for it. I don't care what arrangements are made; they are still responsible.

Dave Dawley:

That is the case unless they sell it to a non-taxable entity. At that point, it shouldn't matter, but it does. We are not allowed to collect it. The seller had it as ag property until the day they sold it. The fact that they sold it to a tax-exempt entity makes the parcel tax exempt.

Assemblyman Grady:

You pay the deferment before the transfer. Regardless, if the person is selling it, they are responsible for it. If they do a side deal with a non-tax entity, that is fine. Why should the State or local governments lose that amount of taxes because of whom it is sold to?

Dave Dawley:

I agree with that. That is why the original intent of this was placed in here. We have a district attorney's opinion on file which states that we cannot tax them if it is sold to a non-taxable entity.

Vice Chairwoman Giunchigliani:

Let me make a suggestion. Can you get us a copy of that opinion? Just because it is an opinion, we can set legislative intent differently within this bill, if that is choice. That negates that issue. I would ask Mr. Grady and you, Mr. Dawley, to work on some potential language, if that is acceptable to the Committee.

Assemblyman Anderson:

Sometimes a willing seller is more willing for the government to pick it up by eminent domain, thus avoiding the tax question. This is one of the ways to the realization of how that takes place, rather than going through the eminent domain question.

Dave Dawley:

On page 22 of the bill, Section 34, this is proposed language John Swendseid [bond counsel for the State of Nevada] suggested we put in this particular bill. A lot of times, parcels are moved into different taxing entities, yet they still have bonds upon them. This gives the county the ability to detach the property if less than 1/100 of the percentage of the assessed value of a city at the time of the detachment.

In Section 35, we are asking that any conveyance on a map or parcel contain a legal description and not just the parcel number. The parcel numbers we assign for our purposes are in order to tax them. We change the parcel numbers based on whether there is a different square footage or lot-land deletion, or adjustment. We are asking that a legal description be included in the conveyance.

On page 24 of the bill, Section 36, we are asking, since we have a lot more condominiums which have separate garages and storage units that can be bought separately not included in the actual condominium cost, that we be able to assign them separate parcel numbers, so we can keep track of the ownership on those.

Section 37 is an increase to the senior citizens rent and tax rebate program. There is another bill, S.B. 72, that is going through that is similar to this. That is it for S.B. 394.

Assemblywoman Kirkpatrick:

How would you assign separate parcel numbers related to the condominiums and the garages in subsection 10? How would you break that down, and how would that fit in with the different zoning requirements?

Dave Dawley:

It wouldn't affect the zoning at all. Currently, we have no way of identifying them. We would assign parcel numbers to the storage units and garages. We have no way of knowing who has ownership on that particular parcel. If it is actually deeded, it would say on the deed that they have this parcel for this condominium, this garage, or this storage unit. We would have a parcel number for each particular one on that deed with the legal description. That way, we

could identify who has the ownership on it. You can sell those garages, or the storage unit, to anybody in that condominium complex. It does not have to stay with that particular condominium.

Assemblyman Grady:

In Section 7, can you tell me how these organizations differ from CAHI [Citizens for Affordable Homes, Inc., Carson City] that is building homes in Pahrump, Lyon County, and other places? Why wouldn't they qualify under this section?

Dave Dawley:

I believe they do, but I don't think it is under this section.

Jeff Payson:

I am not familiar with that organization. It could be something we could amend into this bill if it is a similar type of organization.

Assemblyman Grady:

At the present time, Al Kramer [Carson City Treasurer] is the president of that organization. You can go over to his office and have a chat with him.

Chairman Perkins:

Is there a way for us to characterize these organizations without having to itemize them in the bill? An organization that meets with your approval or falls under 501(c)3 or 4, that constructs affordable housing, et cetera, and make it more of a generic definition, rather than itemize.

Dave Dawley:

You may be opening up a can of worms. You have to name it by organization. There are many different qualifications for which people receive tax exemptions. Some people who have Title 501(c)(3) organizations are actually taxable in the State of Nevada. I don't think you can put that kind of unspecific requirement on it.

Chairman Perkins:

We meet every other year. You might have one come up in the meantime. Perhaps the Tax Commission can review these on an ongoing basis with certain criteria set forth by this Legislature. That way, if you have an organization that provides this type of service like these do, then you wouldn't have to wait for the Legislature every other year.

Dave Dawley:

We can try and get that into a regulation or see what we can do.

Chairman Perkins:

I understand that this is, for lack of a better term, the assessors' cleanup bill. Can you characterize for us in a couple of sentences what the bill actually does? You have gone over it section by section, but just a summary of how this bill is going to work for you.

Dave Dawley:

As the years go by, we find that the wording in the statutes is unclear. We go through and try to clarify and make it simpler for the taxpayer to understand and for us to explain it to them. It is just cleanup language.

Assemblywoman Kirkpatrick:

In Section 24, line 43, you changed the definition from "county treasurer" to "tax receiver." You said you did it because it is the person who actually collects it. Is there a definition somewhere of what a "tax receiver" is? How would I know who a "tax receiver" was as opposed to the county treasurer?

Dave Dawley:

What happens in a lot of the counties is that not all of the counties collect personal property taxes. In the majority of the counties, the treasurer actually bills and collects real and personal property taxes. In our county we bill and collect personal property taxes and the treasurer only bills and collects the real property taxes. We are trying to make this fit for all the counties.

John Slaughter, Director, Management Services, Washoe County, Nevada:

We are neutral on the bill with the exception of the amendment ([Exhibit C](#)) affecting Section 28, subsection 2, dealing with properties that are in ag or open space deferral. As an example, we have several parks in the Washoe County Parks System that were donated. Some are very large parcels that were donated by families. The only thing they asked was that it be named after a family member or for the family.

With the bill as it was originally written, there would be a tax liability on that property when it is donated. It would also affect where we are purchasing property that currently has agricultural deferral in Washoe County. It is a number of the properties we have targeted in our parks system. That was the purpose of the amendment.

Chairman Perkins:

The amendment ([Exhibit C](#)) that you submitted, Mr. Slaughter, takes care of what you just described?

John Slaughter:

Yes, Mr. Chairman, it does.

Anne K. Loring, Legislative Advocate, representing Washoe County School District:

For most of this bill, we are neutral. It was just characterized as a cleanup bill. We would respectfully suggest that Sections 22 and 29 are more than that. Each of these sections increases the percentage commission that assessors keep on revenue that they collect before they distribute it to entities that receive it. I am here today representing one of those entities, the school district.

Last week, before Assembly Ways and Means, there was a bill the Department of Motor Vehicles wanted to increase their commission. Local governments and school districts spoke in opposition to that because of the impact on their budgets. This is a similar situation, except that the taxes are different, the tax collector is different, and the quantity of the tax involved is different. In each case, Section 22, personal property tax, and Section 29, net proceeds of mines, part of that revenue goes to school districts. This would increase what the assessors keep by an additional 2 percent.

For Washoe County School District, the effect of just the personal property tax, since we don't have net proceeds from mines, would be approximately \$79,000 a year, of which about 1/3 would be replaced the quarter of a cent through the Distributive School Account, and another \$42,000 that would impact our debt service fund. I can't speak for the other school districts. Those that have a great deal of revenue from net proceeds of mines would have a far greater impact than on ours.

That is our concern and our recommendation would be to delete or to exempt school district revenue from that increase. We are sympathetic to the fact that the assessors' offices need technology, but so do our classrooms, schools, and our central offices in the school districts. That is why we are in opposition to just those two sections of this bill.

Chairman Perkins:

I take it that the net change from 6 percent to 8 percent would be a net loss to Washoe County of about \$50,000 or \$60,000 a year after you make up that 1/3 from the quarter of a cent piece.

Anne Loring:

That is correct for the operating fund and an additional \$42,000 to the debt service fund.

Pat Zamora, Legislative Advocate, representing Clark County School District:

To be brief, I would echo what Ms. Loring just said.

Chairman Perkins:

Mr. Zamora, can you indicate to the Committee what you think the loss will be?

Pat Zamora:

I got conflicting information on that and, rather than give you an incorrect analysis, I would rather not give you an amount.

Chairman Perkins:

Can you make that analysis and get it to the Committee, please? [Mr. Zamora indicated he would.] It will be impossible for the Committee to make a judgment in a vacuum. We have to understand what the impacts are and work with the assessors in that regard.

Michael K. "Mike" Sullivan, Legislative Advocate, representing Nevada Chapter, National Golf Course Owners Association (NGCOA):

With me is Mr. Ostrovsky. We have an amendment ([Exhibit D](#)) to this bill dealing with the way golf course land is valued in Nevada. I will give you a bit of history on how we got to where we are now. Then, Mr. Ostrovsky will take you through the amendment and tell you what it does.

The golf course industry in Nevada is facing some real challenges. One of the biggest is competition from other states, particularly, Arizona, Florida, and the Carolinas. All of those states have tax systems like the one we are presenting today. They are able to do this cheaper and their competition is very hazardous to the Nevada golf course industry.

The high cost of water is a factor; that cost keeps going up. The maintenance of golf courses is another factor; it is very expensive to operate a golf course in Nevada, especially with our climate and conditions.

We acknowledge that there will be a fiscal impact with this bill. We submit that the impact was caused by golf course land, currently in Nevada, being overvalued. The record of appeals from golf course owners to the Nevada Tax Commission clearly shows this.

Golf course owners are not seeking a tax break. They are seeking a property tax system that fairly values their property. They are willing to pay their fair share. They want to pay their property tax obligation a fair amount. They believe that will be achieved with this proposed legislation. The proposed legislation will cut

down the number of appeals, saving both the counties and golf course owners' time and resources used in the appeals process.

[Mike Sullivan, continued.] Golf is a major component of our tourist industry. It has been built with little or no assistance from the State. The golf course industry is struggling, in part, because of the increased cost and competition.

Passing this proposed legislation is one way for the State to help an industry that is a vital component to the State's economy. The golf course industry is important to Nevada, not only from an economic viewpoint, but also environmentally. Golf courses provide, among other things, needed green and open space, habitat for wildlife species, wetlands preservation, and other amenities to communities.

Robert A. "Bob" Ostrovsky, Legislative Advocate, representing Nevada Chapter, National Golf Course Owners Association (NGCOA):

You have before you our proposed amendment ([Exhibit D](#)). The first proposal is the definition of a golf course. For the purposes of the amendment, we are proposing that golf course property be classified in the open space portion of the statute in NRS Chapter 361A.

The golf course that we are talking about are the improvements to turf, trees, irrigation, lakes, liners, bridges, and all the places where you see people play golf. It does not include club houses, restaurants, and other facilities that may exist on the property. They would continue to be assessed in the same manner currently used. All those definitions are in Section 3 of the amendment.

Section 4 of the amendment defines that it would be open space and be valued at \$500 per acre. It will be subject to the same 7-year retroactive period as with an ag deferral. When it is sold for a higher use, you have to pay 7 years back taxes.

In addition, the way this is drafted, it includes a park. Currently, most parks are owned and operated by local governments. They are either purchased and developed or built by a developer and turned over to local governments. This would permit private individuals to develop and operate a public park—it must be public, not private—and take advantage of the same language. We hope it will further the use of the open space legislation.

In determining the actual value of the golf course, we would continue to use *Marshall and Swift Dwelling Cost Estimator User's Guide*, which is the methodology currently being used by the assessor's office, to determine the actual value of the improvements to each of the holes on the golf course

without taking through Marshall and Swift, which has been somewhat of an issue between the owners and various assessors in the State. There is a methodology in that handbook that helps the assessors to determine the value.

[Bob Ostrovsky, continued.] From that value, we are proposing an obsolescence factor be applied by determining the maximum number of rounds of golf that could be played annually at that location, compared to the actual rounds played. This develops a factor which is then applied to the value of the land. This is the same methodology used in Arizona, one of our largest competitors, for the purposes of calculating the value of property. There is some language in Section 5 that helps to define this and the various steps that the assessors may have to go through, and a time frame to arrive at that.

What is the particular effect of all of this? It is a reduction in the value of golf courses. They are frequently valued by looking at the uses and the surrounding property. Homes developed on golf courses have high values. That tends to spill over into the golf course. It is an ineffective way of determining value. The values that will be arrived at here are, depending on which golf course you are, between 50 percent and 75 percent of the current values before appeals are made. This is a more appropriate method of doing that. Some golf courses, over a period of time, could actually find their assessments going up or down on an annual basis, depending upon the usage of that golf course.

We ask the Committee to focus on the real value of the property in establishing a practice for the assessors to follow, rather than focus on the revenue that is going to be generated. We believe we have mitigated some of these, that any one taxing entity may have some reductions, but don't believe the reductions for any one entity are significant enough to not look at this.

The assessment methodology that is being used has been disputed. You will hear about cases that are currently in the Nevada court system about how to arrive at this value. We believe that they are appropriate and encourage the development of more open space, both parks and golf courses, because we don't see new courses being built currently. There aren't golf courses on every corner. There are a total of 61 golf courses in Clark County. In Phoenix, there are over 200 golf courses.

A lot of your questions will be answered after you hear from representatives of the hospitality industry, which is in support of this bill, and from the owners of these properties who are here today.

Assemblyman Anderson:

The developers of homes, new gated communities, and closed communities often, as part of their development, put in scenic parkways and open space areas as part of selling the property. At the close of the development, they wish the city, or someone else, to pick up the responsibility for the watering and other maintenance of these grounds.

By including this as part of the scenic, are we opening ourselves to a problem? The city didn't want to pick it up initially, it wasn't part of the original planning, and the developer really doesn't want the responsibility for it. Those are very costly items for cities to have. What are we doing here?

Bob Ostrovsky:

The cities have gotten smarter about development agreements, which help to define what is going to happen to these green spaces, such as trails, parks, and bike paths. There are several reasons why the developer wants to move the responsibility for that from their pocket to the pocket of the taxpayer. One of those is the property tax that is applied to that. Someone has to pick it up. Part of it is the maintenance, which includes watering, insuring that property, and security matters.

This does not affect in any way any other section of law. You could say, if you want to keep this land as open space, you will get a break on your property tax, because it will be \$500 an acre as opposed to the current rate is for it. This language does not solve the ongoing problem of developers don't want to own or do that.

It can get very complicated because there might be an HOA [home owners association] involved and whether they are responsible for it. If there is an HOA involved, and the agreements say it is the HOA's property and be used exclusively by the homeowners, it would not fall under this because it is not public use.

This delivers a little more leeway to local governments to be able to say, "Why don't you keep it, because you get a reduced property tax. Now, you can afford to maintain it." A lot of this is being covered by HOAs. I don't like going down the HOA road, because those hearings can last a long time.

Assemblyman Anderson:

I was anticipating that very answer. I remain concerned because I have been to HOA hearings and continue to hear their concerns about golf courses. I have heard from the assessors the need for determining the amenities as part of the assessed value when those properties come up for sale and resale, based upon

the scenic views, their proximity to the course, or availability to parks. I am concerned as to how these two are going to fit together; if we are going to lose the taxable value to maintain those with the responsibility to keep them up.

Bob Ostrovsky:

I would hope that the end result would not be any additional burden, other than some tax loss, on local governments. The park portion is a recommendation we received from several people who wanted to encourage open space and the development of parks statewide.

Our interest is the golf course piece. If the park piece creates issues that lead to difficult situations, we are not married to the park issue. Some feel the State should be encouraging open space use. We don't do enough of it now. The BLM [U.S. Department of the Interior, Bureau of Land Management] owns most of the open space in this State. If "park" is an issue, we would be happy to work with those people who are interested in the park issue.

Chairman Perkins:

You mentioned that you got the \$500 per acre from the Arizona statute. The way the amendment is written, that would never change. It would be \$500 now; it will be \$500 fifty years from now. There should be some recognition in the appreciation of land values over time.

Bob Ostrovsky:

We had not considered it to be an issue. You are probably right. The \$500 an acre was taken from there. We believe that to be significantly appropriate. We also believe that, if necessary, if there is a tax impact in any districts that need to be concerned about this, we can take this number and phase it in over a period of time, if the Committee so wished, to mitigate those. If the Committee felt that it was necessary here to have an automatic escalator, so it wouldn't have to come back to the Legislature, I am sure that the owners would be happy to discuss that and come to some resolution.

Chairman Perkins:

I realize property values vary greatly, but what would the tax value on an acre of land be normally? Help us compare what \$500 means in this climate.

Bob Ostrovsky:

I can tell you some land values now and then we can talk about how we got there. We have given four examples ([Exhibit E](#)): resort-public, public, public-resort, and private. You can see land the values listed and what they are now, and what they would be under the methodology we proposed in the amendment ([Exhibit E](#)). The first value of \$602,406 is the assessed value at the

35 percent rate of the \$1,721,160 reported value. You have to add in all the other factors.

Michael Luce, President, Walters Golf, Las Vegas, Nevada:

The values of golf course land throughout the state vary a great deal. Part of the reason for this amendment is to put a consistent value on them. For many years, there has not been an actual value paid for land on newly developed golf courses. There have been numerous cases where developers have approached golf course owners and developers to give them land for free, but they have not been able to attract operators to build those. The economics are not there.

Throughout the last five years, I don't believe there is a golf course that has paid virtually any value for land to build. In this state, with the assessed values for land, they have run as high as \$45,000 down to \$5,000 in the rural areas; some even less than that. One of the things we are dealing with is consistency.

We have offered in testimony at various appeals, appraisals that showed that golf course land throughout the state has nominal value. We consistently face prices that are connected to the value of overall land. It is very similar to the use of agricultural land. It is worth a certain amount of money to raise crops on. That changes very slowly. It doesn't matter what happens to land throughout the county. It is the same with the golf course. It can only generate so much income and is an extremely large user of land. There is a tremendous amount of money spent on improvements. We are also taxed on those improvements according to *Marshall & Swift*. The land itself is nominal in value and will not likely increase in the foreseeable future.

Chairman Perkins:

Mr. Luce, is there a golf course anywhere in the State of Nevada where \$500 per acre is more than what they are paying now?

Mike Luce:

Not that I am aware of.

Chairman Perkins:

The green fees vary greatly from one golf course to another, depending on the prestige of the course and its amenities. Since those fees vary greatly, it would seem unfair for everyone to be taxed at the same \$500 per acre.

Mike Luce:

The green fees are determined by the improvements to the golf course, not the underlying land. We own golf courses that range a great deal in value in the overall improvements. You may spend \$5 million in improvements to build a golf

course or you may spend \$35 million. That is the determining factor on the rates. The other factor is the quality of maintenance and the quality of service offered at those courses.

[Mike Luce, continued.] At the high-end facilities, you have a significantly higher operating cost than you do at a traditional municipal golf course. The improvements are greater, the maintenance costs are higher: mowing, trimming, and landscaping. Those things are reflected in taxation on the improvements.

For example, Club Corp USA built a Bear's Best facility in Las Vegas. It is a well-known facility and prestigious. It commands a higher green fee. The land purchased for that golf course was recorded as \$15,000 paid to the company that sold the land for the development. That was only for the golf course land.

In the transaction, the golf course developer was given a credit for the premium that was earned on the golf course lot sales. At the end of the development, the course developer received about \$400,000 to \$500,000 for developing that golf course. There was no land value remaining. The value was in the homes surrounding the golf course.

Chairman Perkins:

What keeps a large landholding company that has a bunch of dirt out in Clark County from putting a few cups and flags in the ground, calling something a tee box and a green, and reducing their tax liability significantly? I read over the definition; just because it doesn't have grass on it doesn't mean it isn't a golf course.

Bob Ostrovsky:

The only guarantees that exist are the deferral provisions of NRS 361. If it is converted to a higher use, they would have to pay 7 years' back taxes. If you are willing to sit on it for 7 or more years, then you could do that. That is an awfully long time. The protection is the 7 years.

Assemblywoman Leslie:

I am not a golfer. I don't go for walks on courses. So, I'm struggling with equating parks with golf courses from the public's point of view. Even though, technically, it might be open to the public, people don't go to golf courses to recreate. They go to play golf.

Mike Sullivan:

I am not sure if you are questioning that provision in the bill that would allow a developer to build a park and pay \$500 an acre. Maybe there is some confusion there.

Assemblywoman Leslie:

I am looking at your amendment ([Exhibit D](#)) in Section 7. It says that open space real property means land, improvements on land, and, subsection 3, land that is used as a park or golf course. To me, "park" and "golf course" aren't equal.

Bob Ostrovsky:

If your definition between park and golf course is a problem, we would be more than happy to take parks out and talk about that as a separate issue.

Assemblywoman Giunchigliani:

On green fees, what are examples of golf improvements?

Mike Luce:

Golf course improvements mean the greens, the tee boxes, the bunkers, sand traps, the landscape around the course, the cart paths; it is everything that goes on top of the bare ground to create that golf course.

Assemblywoman Giunchigliani:

Those would still remain taxed at the current value; it is the land itself that you are trying to segregate?

Mike Luce:

Yes, those would be taxed according to *Marshall & Swift*. That has been the State standard. We, as golf course owners, would like to see it consistently applied throughout the State. There has been a great deal of difference between northern, southern Nevada, and the rural counties on the interpretation of *Marshall & Swift*. We accept that *Marshall & Swift* should be the source of value.

Assemblywoman Giunchigliani:

That should be the standard. Is that named in the bill?

Mike Luce:

It is already in the statute. The *Marshall & Swift Reference Guide* is also used to value all improvements on all commercial property throughout the State.

Assemblywoman Giunchigliani:

I do share Ms. Leslie's concern about including park. We had a big debate about this years ago. Things became parks then they weren't. We are very sensitive to making sure that this is narrowly defined if we were to move forward along those lines.

Assemblyman Grady:

In the Yerington area, we do have people walking those areas in the morning and evening. It is used for other recreation. Is there any definition in NRS 361, or any statute, that gives a definition of park?

Bob Ostrovsky:

I have looked through NRS 361A on numerous occasions looking for a real definition of what is a park. There is no clear definition in the statute of a park. There is a definition in NRS 278.4979 that says, "The governing body of a city or county may, by ordinance, require that a subdivider of land or a developer of land for mobile home lots or apartment houses dedicate such land areas, sites and locations for park and playground purposes as are reasonably necessary to serve the proposed subdivision or development and future residents of the subdivision or development." There are some other zoning laws in NRS 278 that provide for zoning of parks, which includes "provide for recreational needs, protect life and property subject to floods, landslides, and natural disasters." There is no common definition in this statute that says this is what a park is.

As indicated by Assemblywoman Leslie, the definition of a park may vary for an individual depending on what they are looking for: a place to play soccer, read a book, swim, play softball, et cetera. Meeting the recreational needs of a community varies. Some want open space where there is no development at all, a walking area, with a nature conservancy attitude. That also can be called a park. What government has to provide for its citizens has a broad reach and range of things. It means that you can't make everybody happy; somebody is going to be unhappy along the way.

Assemblyman Anderson:

Is *Marshall & Swift* the standard we are using for golf courses? When we make recommendations to the Department of Taxation, if we are looking to them to come up with a compendium of what assessors should be using, that would be the reference guide. We should make sure that it is utilized throughout so there would be consistency. Is that what you are recommending?

Mike Luce:

The golf course owners all believe that *Marshall & Swift* is a well-researched national document adjusted for the various regions. It is used in all other commercial property. It specifically has a section for golf courses. For those reasons, we believe it to be a fair and equitable way to value golf courses. We would support that being the standard.

Assemblyman Anderson:

If we decide to move forward with the bill, the people who are going to come up with this compendium of standardization for all of the assessors in the State would recognize that this would be the way we want to go. Is there some level of uniformity within the assessors associations? Have you noted, from county to county, where the counties have large numbers of golf courses?

Mike Luce:

In our research, we have found a great deal of difference in the interpretation of that between the different counties that we have looked at, between Clark County and Washoe County, for instance. That would be a good question to ask, and the assessors are represented here today. They have their standards.

Assemblyman Mortenson:

I have never thought of golf courses as a park or something that is of great benefit to the community. I think of them as a moneymaking deal. If a hotel owns one, it is so they can bring in high rollers. If the city owns one, they do it for recreational purposes. Are there golf courses that are owned purely by businesses as a golf course entity, not connected to a hotel, just to make business?

Bob Ostrovsky:

Yes, there are companies nationwide that provide golf course management services. OB Sports, American Golf, and Club Corp provide management services. There are companies that both manage and own golf courses. One is here at the table, Walters Golf, which is a golf ownership and management company. They provide both services. You will hear from people today who are actually owner-managers of golf courses, particularly in northern Nevada and rural parts of the state, which are owned and operated by individuals. There are some golf courses that are owned and maintained by resorts. There are only three in southern Nevada.

Assemblyman Mortenson:

If this is a business that is based on trying to make money on the game of golf, why should they get a tax break? If they were to give up on the golf business and sell that land, they could possibly sell it for \$30,000, \$60,000, or \$100,000 an acre, which is the going price these days. Why value it at \$500 an acre? I don't understand that.

Bob Ostrovsky:

We are not asking for a tax break. We are asking to be assessed at what is more relevant to what the actual value of the land is. That land does not have

that value. The values of these lands, if you look at them in both the terms of buys and sells in the state, and the competitive buys and sells in other states, it would indicate that is not the case.

[Bob Ostrovsky, continued.] If you convert the use, as you suggested, that is another matter. You can say, "It is not going to be a golf course any more. I am going to build houses on this land." Then, you have to pay 7 years of back taxes. But, while it is being used as a golf course, there should be a more fair assessment method than there is today. We believe the assessment methods are overvalued.

Ron Winkel, Executive Director, Sun City Summerlin Homeowners Association, Summerlin, Nevada:

Sun City Summerlin is an age-restricted community located in the western part of Las Vegas. We have about 8,000 homes, 14,000 residents, 3 recreation centers, 4 fitness centers, and 3 golf courses. Our golf courses are open to the public, as are most HOA golf courses.

We have the largest HOA budget in the state. We are similar in size and population to Boulder City. Our budget is a bit smaller than in Boulder City. Our residents are politically well-informed and more than half vote in the elections. My board of directors requested that I attend this session and express the concerns we have with property taxes, especially taxes on our golf courses.

Our residents are, essentially, tripe-taxed above normal property taxes. Because this community has recreational and social amenities, the average price of homes is higher per square foot than other homes in the Las Vegas Valley. The residents pay more property taxes since home prices are valued higher.

The property of the association is also taxed. Last year, we paid \$430,000 in property taxes, or about \$55 per home. There is another bill to lower taxes on non-golf-course property. However, our three golf courses were charged \$300,000 in taxes. That is the second taxation. We support S.B. 358 proposed amendments to fix this problem.

Our three golf courses lose money. There are several reasons for this: the golf industry is down; our developer was more interested in selling homes and did not build the golf courses to maximize profitability; and our location.

Our two full-size courses average 175 acres, much more than the average course. They are on flood channels, which is a reason for the higher acreage. Sixty-five to 75 percent of our fairways are located in these flood channels. Those flood channels provide the regional flood district the means to protect

homes in our part of Las Vegas. We maintain these flood channels at considerable expense. It costs us more to maintain them since the courses are larger in size. We are charged more in property taxes due to the higher acreage.

[Ron Winkel, continued.] The courses are losing, combined, \$1.4 million a year, or about \$180 per home. This is the third taxation. Legislators may not call this taxation, as the money goes into the association to subsidize the golf courses. However, residents end up paying more due to these circumstances.

These three extra costs are starting to become a bigger financial burden for the residents. This is a big concern since many are senior citizens on fixed incomes. I request a positive action through this to give us appropriate property taxes on our golf courses.

Stan Spraul, Chapter President, Nevada Chapter, National Golf Course Owners Association:

The Nevada Golf Course Owners Association represents over half of the golf courses in the State of Nevada. We have been working very diligently on this effort. We have heard from all different types of golf courses across the state, the private high-end to the municipal courses, which are paying taxes. We support your efforts to give the relief that we are looking for in this bill.

Aaron West-Guillen, Lumos and Associates; Member, Fallon Chamber of Commerce, Fallon, Nevada:

I am here as the rural coordinator of this effort. I work in the communities of Fallon, Fernley, and Yerington. I have witnessed the ongoing struggles within these communities to maintain golf courses. In most rural areas, the courses are municipally owned. They would not make it as private endeavors.

As Mr. Mortenson inquired, the courses that I mentioned are privately owned and operated golf courses, aside from any other resort property. These are guys who, on a daily basis, are just trying to make a living. They do comply with, in most case, especially in the rural areas, the open space definition. We do have people who frequently wander the course in Fallon; neighbors, either adjacent to the golf course or in the area, use it for walking purposes.

As the past president of the Fallon Chamber of Commerce, I worked very closely with the golf courses annually in orchestrating 10 to 12 charitable golf fundraisers. Those fundraisers generate nearly \$50,000 for the community, through these Fallon Golf Course events, that go into the charitable, nonprofit organizations. This is ongoing; it is not specific to Fallon. You would find this in every golf course in the state.

[Aaron West-Guillen, continued.] Specifically, in Fallon, we are adding another 9 holes; currently, in Fallon, we only have 9 holes of golf. As the engineer of record for the project, we orchestrated that project after 20 years of people begging for those additional 9 holes of golf.

For the expansion, we worked out a deal with the acquisition of the adjacent property. With the selling of the developable portion of that land, we were able to capitalize most of the cost for those additional 9 holes. We are starting in a hole on that project.

Through the process of developing these other 9 holes, we are working with Churchill County to develop a Carson River Appreciation Region, since Fallon is called the "Oasis of Nevada." We are working to develop a trail system that would meander along the river. In the rural areas, there are numerous opportunities to work with the local communities to make them a better place.

Chairman Perkins:

The walking trail that you talked about is not on the golf course, correct?

Aaron West-Guillen:

We are incorporating portions of it meandering by the tee boxes and so forth to avoid contact.

Chairman Perkins:

Just not along the fairways.

Mike Mazzaferri, Head Pro, Hidden Valley Country Club, Reno, Nevada:

I am a PGA [Professional Golfers' Association] golf professional from Reno, Nevada. I worked at the municipal level, running the City of Reno's courses for nine years; at the resort level, working at Redhawk Golf Course; and now, I am in the private club business.

The game of golf today is pretty healthy, but the business of golf is not. Over the last few years, the number of rounds of golf has been flat. Many facilities are struggling financially. I am here to support this bill. It will help to bring some equity into the way the taxation for the facilities that may not be zoned correctly.

We have issues in Reno like Sacramento, which closed four golf courses in the last couple of years. We have proposals to close golf courses and convert them to other uses, such as real estate. Anything we can do to avoid that is worth looking at. Unfortunately, the golf courses that help us grow the game seem to be the courses that have the lower green fees and aren't making money.

[Mike Mazzaferri, continued.] It was mentioned that the cost to play golf in this state is high. Nevada is ranked number one in green fees. It costs more to play golf here than any other state. It is not necessarily that there is a lot of profit going on. The cost of doing business and putting forth the product in this state is expensive.

Assemblywoman Allen:

Sun City Summerlin is my district. I know that the golf courses there are not a moneymaking venture. In 2003, when the floods occurred, the golf courses at Sun City turned into lakes. The question was asked before about how much the golf course assessed per acre? Do you happen to know what that is in Sun City Summerlin?

Ron Winkel:

It is around \$5,000 per acre. I don't have those figures in front of me.

Tom Godman, Head Pro, Mason Valley Country Club, Yerington, Nevada:

I am here to support the bill. Our golf course does not make money. I am out there to help it make money. One of the things that is most disturbing is the slide of golf in communities and the number of people who don't know anything about golf.

Rarely will you see one golf professional punch another golf professional during a round, unlike what you see when you watch a basketball tournament. Those ethics and those things that we need to teach our young people and help our families to recreate together are values that we should hold dear. They are as much about our communities and speak loudly about who we are.

Without the golf business and the things it taught me, I would not be able to raise the millions of dollars that I have. If we didn't have golf courses and places to recreate, those ethics and values that are taught at golf courses and the business that is done there would die in America. I see this as a dying art and privilege to give to our young people.

Assemblyman Grady:

We had a golf course in Yerington that was just progressing from 9 to 18 holes and the people basically walked away from it as they couldn't make it. Tom and his group came in and developed a new course. The money and what they have done there has everyone in the community excited. People are starting to come back just to see what they are doing.

Mathew Biddinger, Owner and General Manager, Fallon Golf Course, Fallon, Nevada:

We are a family business. We do not make money either. We subsidize our business through real estate sales. That is the only way we are able to move forward on our development.

Our importance to the community is overwhelming to not only the people who play golf but also those who walk our golf course daily. As Aaron spoke to, we helped raise thousands of dollars for several not-for-profit organizations. We are a meeting area, as is Yerington, for many civic groups, not-for-profit groups, and different associations who meet without charge and use our facility.

One of the things that we are concerned about, especially in the Fallon area where the price per acre for developable land has skyrocketed; we are in a high-density use area for highest and best-used as residential and we are being taxed as such.

We hold 68 acres on our present golf course, not including the expansionable area. My father lives a few miles away in an agricultural use district and has 80 acres. Both are water-righted. We pay over \$15,000 to \$16,000, and my father pays \$4,000. That is quite a disparity for us budgetarily. What that means is the inability to give pay raises, hire more seasonal part-time workers, or have an 18-hole golf course, a sellable amenity for our tourism, which is a desperate need in our area.

One of the things that has not been mentioned is what we have to do to subsidize many of these things to make money. We run a catering service and a restaurant. We brought in gaming and sell alcohol and cigars. We have to do this to support the course itself for the maintenance budget. For us, as a rural community, it is very challenging.

You mentioned green fees. Today is a discount day; the fee is \$12. We also subsidize the Navy to a \$15 or \$20 green fee, depending on the area. We provide recreation for the Fallon Naval Air Station, Strike Warfare, Top Gun, and Top Dome that use our facility.

For us looking at the tax issue and the rates that we are being assessed, we are just asking for fairness across the board.

Don Boyle, Director of Golf, Fernley Golf Club, Fernley, Nevada:

Our golf course definitely does not make money. One of the things you look at is the price of lots. Three to four years ago, they were going for between \$30,000 and \$40,000. Now they are going for \$100,000 plus. Our rates are

still the same. We charge \$40 on weekends, which is our rack rate. The tax on that property is not inline with what we do in the golf business.

Assemblywoman Giunchigliani:

This sounds like a risky business. Isn't that part of the business decision, if at some point, the property isn't making what you want? There are two issues here. One is the land and the value that you want equity across the board and how the assessors deal with that.

Then, further in the amendment, it starts looking at the improvements. I thought that, from the original testimony, would continue to be taxed as they are, and that was not an issue. It was the value of the land and how it was being approached. That part would help you balance the riskiness of the business. Is that what I'm hearing? Could you clarify that for me? I'm going back through the amendment, and I am not sure that it is doing everything that I thought you were trying to do, or maybe it is trying to do more than I thought.

Mike Luce:

You are correct. There is an obsolescence factor in the valuing of improvement. The method of reaching the overall value of the improvement remains the same, that being *Marshall & Swift*. They are discounted based on the obsolescence factor, and that depends on what areas you are in.

In northern Nevada, like Elko, where the courses aren't open a lot of the year, that would have a strong effect on their valuation. They cannot operate on a consistent basis. They may play a lot of rounds in the summer, but, in the winter, they don't play any or very few. Reno also faces those different things. It would not have nearly the impact on southern Nevada that it does on the other areas of the state. It would allow for consistency on the measurement of those.

Vice Chairwoman Giunchigliani:

They could use obsolescence for those periods of time that they were not able to be open? Is that allowable?

Mike Luce:

Golf courses are required to submit all of their actual rounds played. They take the highest month of the year and figure the capacity of the golf course based on the maximum number of rounds played at that time. Then, they multiply that number by 12 and take the actual numbers as a division of that number and figure the percentage of actual use of the golf course. That would account for that seasonality.

Vice Chairwoman Giunchigliani:

If I look at Section 4 on the amendment ([Exhibit D](#)), it says, "The value of the open space for use of real property used as a park or golf course in a fiscal year is equal to the sum of: (a) \$500 per acre of real property used as a golf course;..." One gentleman from Fernley said he was taxed at \$5,000 per acre. Is that correct? That was based on what?

Bob Ostrovsky:

I believe the testimony was from \$5,000 up to as high as \$40,000 per acre. Then you apply the 35 percent, the tax rate, and all the other things down to where you want to be. It varies widely by where you are located and what kind of course. But where is the big answer. That is why we are asking for consistency across the board in applying *Marshall & Swift*. There is a handout ([Exhibit E](#)) that shows some of the impacts.

Vice Chairwoman Giunchigliani:

When you talk about *Marshall & Swift*, is that (b) 1, sub 2, through (a), (b), (c), and (d) in Section 4?

Bob Ostrovsky:

Yes, we are talking about *Marshall & Swift* values are determined the way the assessors do them now. Then the obsolescence factor is applied. There are two changes here. One is in land value; one is in taking a look at the improvements and applying the obsolescence factor. This would arrive at a fair valuation for these operations.

Vice Chairwoman Giunchigliani:

You are looking at the combination of both. Some of us were thinking that it was the initial land piece of what the acreage would cost. You based that on Arizona?

Bob Ostrovsky:

That is correct. We also indicated that if there is concern about how this impacts tax revenues. There certainly is room within the \$500 number. The Speaker asked several questions as to whether that number could rise or be phased in or other methodologies to get us to where we need to be over a period of time. We could get some fairness and the entities adjust and prepare for it. We will be agreeable to that. We would be happy to work on this amendment based on the questions that were asked today. We could possibly have another adopted amendment for you to be consistent with responding to the concerns of the Committee.

Vice Chairwoman Giunchigliani:

I appreciate the openness of the discussion that goes into all of this. Is there an average acreage size of what a golf course should be?

Mike Luce:

Golf courses range from 125 to 145 acres. Residential golf courses are often large because they go between the homes. They are around 150 to 175 acres.

Assemblywoman Kirkpatrick:

I was trying to listen and read *Marshall & Swift* golf appraisal. I thought they had a phrase that summed up the part that we are talking about, factoring in all these things. The phrase says, "The value of a golf course is grounded to the customers it serves." You can have golf courses valued throughout the Valley all over the board. It depends on who plays them. Residential courses are going to have less impact than a course that is feeding the tourists.

The part of the amendment with trying to determine the numbers of rounds of golf will help make it more even throughout the State. They are not going to play 12 months out of the year in the north due to snow, et cetera. That will determine the customers that it does service. It is going to benefit it.

We have an open discussion on how we are going to look at different open space. Currently, in Clark County, there is a golf course that is reverting to a park. I would be curious to see the difference in the property tax as a golf course versus its being a park. There will be a difference, yet nothing has changed. The land, trees, and grass are still there and it still should be assessed. It will make it a little clearer how open space is different than an actual golf course.

Bob Ostrovsky:

The property will end up eventually in the hands of a municipal government, which is tax exempt. The revenues that were generated from it as a taxable property will go away. Governments don't pay taxes.

Assemblywoman Kirkpatrick:

I am saying it would be interesting to see how it is assessed today as a golf course and assessed later as a regular parcel that the city may obtain. There should be a significant difference with the word golf course behind as opposed to open space.

Vice Chairwoman Giunchigliani:

Maybe you could put together a scenario for us?

Bob Ostrovsky:

Yes, I will try to get some material together.

Vice Chairwoman Giunchigliani:

On the \$500 in Section 4, is that taxable or is that assumed to be assessed value?

Bob Ostrovsky:

That is assessed value.

Vice Chairwoman Giunchigliani:

Are golf courses eligible for the deductions that other businesses come in and receive from the Tax Commission? They come in and ask for an adjustment.

Bob Ostrovsky:

There have been a number of appeals. They have their appeal rights. I think you are referring to if they would be eligible to use the income method. The answer to that is yes, but it is highly disputed as to how the income method works. Some of the assessors say, "I know you don't have any money, but I still need to have a value." That is a whole other argument.

Ted Tylman, Executive Director, Nevada Chapter, National Golf Course Owners Association:

There are about 115 courses in Nevada. We represent 62 of those courses in northern and southern Nevada. One of the major concerns is the competition we have with Arizona. We want to be able to maintain affordable golf for whoever wants to play golf, people who live in Nevada, as well as our visitors, to keep them here and not have them go to Arizona. We ask your support on this amendment ([Exhibit D](#)).

Bob Ostrovsky:

You did receive a letter ([Exhibit F](#)) from the Las Vegas Convention and Visitors Authority (LVCVA).

Mike Alastuey, Assistant County Manager, Clark County, Nevada; and representing the Nevada Association of School Boards:

Most of you are used to seeing me represent Clark County. Today, I am also here representing Nevada Association of School Boards.

Any time you touch property taxes, you affect the Distributive School Account, and, thereby, the level of state appropriations that are necessary. You already made a correction of about \$40 million to the Distributive School Account in

order to fund A.B. 489 at the level of tax relief you have planned to give taxpayers for next year.

[Mike Alastuey, continued.] You have your prerogatives. You can process this amendment into the bill. You can wait and take a more in-depth look at the fiscal impact to the state debt fund, the schools, et cetera, and act accordingly. One additional avenue of consideration is the A.B. 489 Study Committee comprised of six legislators to look at issues related to property taxes.

Dave Dawley:

I understand they are talking about making everything equal as far as the \$500 per acre. There is nothing equal in the State of Nevada. We have done three months of study to determine the best way for property tax relief in A.B. 489. We know that Elko County is not the same as Clark County or Humboldt County. Trying to apply a straight, even value across the state may not work, and I'm not sure it is fair.

NRS 361A was adopted as a constitutional amendment. I am not sure if this needs to go before the taxpayers again to amendment. I agree with Mr. Alastuey; this should be referred to the A.B. 489 Study Committee.

Vice Chairwoman Giunchigliani:

As one of the assessors, in your reading of Section 4 of the amendment, is that \$500 intended to be assessed value or taxable?

Dave Dawley:

I don't have an opinion on that.

Assemblyman Parks:

I don't know how to get a good grasp on this amendment. Can we get three examples of golf courses and compare what it would be without this amendment and what it would be with this amendment? I would suggest that there be one in a rural area, an older course, and a newer course.

Vice Chairwoman Giunchigliani:

Did this document ([Exhibit E](#)) not address what you wanted to see?

Assemblyman Parks:

Well, a little more information on that might help.

Vice Chairwoman Giunchigliani:

Is this handout only Clark County?

Mike Sullivan:

Yes, Madam Vice Chair, it is only Clark County. They are done by square footage. But those are only courses in Clark County. We could get you something with others. That was just a representative sample of what a public course, et cetera. We can get you some examples from northern and rural Nevada if you want.

Assemblyman Parks:

Thank you, I'll analyze this handout first.

Vice Chairwoman Giunchigliani:

Mr. Sullivan, maybe you can get with Mr. Parks and pick 3 courses and 3 parks in the state. We can add those to this scenario.

Assemblyman Sibley:

I would like to make a disclosure that I have an equity interest in a private golf course. It will not affect me any differently than anyone else. I may vote on this matter, should we bring it to a vote. To answer Mr. Parks' question about golf courses, at our course, we pay between \$400 and \$1,000 in property taxes per hole. The clubhouse paid \$120,000 in taxes last year. It brings me back to the issue that, 5 years ago, we had golf courses popping up everywhere. Now, you don't see the courses being built any more. This bill will encourage more courses to be developed and continue to build the open space.

Assemblywoman Pierce:

On that point, I read an article in the *Wall Street Journal* in the past year that noted that. People are not playing golf like they used to; the game is just too hard. That may have something to do with why golf courses are not being built. There is a drop-off on the number of players.

Vice Chairwoman Giunchigliani:

Are there further comments or questions? Seeing none, we will close the hearing on S.B. 394. Do we have a work session? Okay, that will be on Thursday. Is there further business to come before the Committee? Seeing none, we are adjourned [at 3:51 p.m.].

RESPECTFULLY SUBMITTED:

James Cassimus
Committee Attaché

APPROVED BY:

Assemblyman Richard Perkins, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Growth and Infrastructure

Date: May 10, 2005

Time of Meeting: 1:57 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		AGENDA.
S.B. 394	B	Dave Dawley / Assessor of Carson City	Amendment to S.B. 394.
S.B. 394	C	John Slaughter / Washoe County	Amendment to S.B. 394.
S.B. 394	D	Mike Sullivan / NGCOA (National Golf Course Owners Association)	Amendment to S.B. 394.
S.B. 394	E	Bob Ostrovsky / NGCOA	"Exhibit 1" statistical data in support of the NGCOA amendment to S.B. 394.
S.B. 394	F	Bob Ostrovsky / NGCOA	Letter of support from the Las Vegas Convention and Visitors Authority.