

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

**Seventy-Third Session
May 24, 2005**

The Joint Assembly Committee on Growth and Infrastructure and the Senate Committee on Taxation was called to order at 1:59 p.m., on Tuesday, May 24, 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.

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 J. 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:

None

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Doug Sonnemann, County Assessor, Douglas County, Nevada
John Swendseid, Bond Counsel, State of Nevada
Dino DiCianno, Deputy Executive Director, Nevada Department of
Taxation
Dave Dawley, City Assessor, City of Carson City, Nevada
John E. Sherman, Legislative Advocate, representing Washoe County,
Nevada

Chairman Perkins:

[Joint meeting called to order. Roll called.] We have one bill on our agenda. It is Senate Bill 509. It has been heard by the Senate Taxation Committee. We have further amendments, and we want to consolidate our time to get this done in time. We will have Brenda Erdoes walk us through S.B. 509 and explain it to us.

You should all have a proposed amendment ([Exhibit B](#)) to S.B. 509 to provide technical changes to Assembly Bill 489. Both Senator McGinness and I desire to do all this in one bill and have but one bill. Hopefully, we can accomplish that in this meeting.

Senate Bill 509: Revises provisions governing property taxes. (BDR 32-1452)

Brenda Erdoes, Legislative Counsel:

This proposed amendment ([Exhibit B](#)) adds Sections 2 through 17 to S.B. 509.

Sections 2 through 13 provide common definitions for the new Sections 14 through 17 of S.B. 509 and Sections 3 through 7 of A.B. 489, relating to the partial abatement of property taxes.

Sections 14 and 15, as written, need to be changed to include language that makes it clear it applies to centrally assessed property. Where it says "assessor," we would add "the Department of Taxation" and talk about unitary values.

Section 14 sets forth a formula for allocating the loss of revenue, as a result of A.B. 489, among taxing entities which levy property taxes in a redevelopment area where there is an increase in the combined property tax rate.

Section 15 sets forth a formula for allocating the loss of revenue among the taxing entities that increase their property tax rates as a result of A.B. 489, and is attributable to an increase in the combined property tax rate applicable to property outside of a redevelopment area.

Section 16 sets forth a formula for making certain calculations regarding and determining the amount of the partial abatement applicable to a parcel of property after its annexation to an additional tax entity. This section would generally decrease the amount of the partial abatement applicable to a parcel of property for the first fiscal year after annexation, and then, as a result of the way the abatement applies, it would continue on by requiring that the property had been annexed to the taxing entity for that prior year.

The way this is set up, it treats the parcel as if it had been in the annexed area and part of whatever entity annexing it in the previous year. For example, if it were annexed into the city from the unincorporated county, this formula would assimilate the tax rate that had been for the city as if it had applied to that parcel of property, and then apply the abatement to it. It will reduce the abatement that is applied if the property has been annexed.

Section 17 authorizes the Committee on Local Government Finance to adopt regulations to carry out Sections, 14, 15, and 16, about amendment annexation provisions, and to provide methodologies for allocating the loss of revenue as a result of A.B. 489 among the taxing entities affected by the inclusion of the property in or the exclusion of the property from a redevelopment area, tax increment area, or taxing entity after S.B. 509 becomes effective.

[Brenda Erdoes, continued.] The second thing this amendment does is add Section 22 to S.B. 509, which amends *Nevada Revised Statutes* (NRS) 361.455, to allow more time before the governing boards of local government within a county are required to meet and establish a combined property tax rate that conforms to the statutory limit. This is to accommodate the changes that were made by A.B. 489.

This amendment would also propose to add a Section 27 to S.B. 509, which amends A.B. 489 to add a new Section 5.5. That section would provide an exemption from the partial abatements from taxation for future legislation that imposes a duty on a local government to impose a new property tax or increase the rate of an existing property tax. The idea here is if the Legislature requires a tax rate, then it would be outside the partial tax abatement provided by A.B. 489.

This proposed amendment would also amend Section 10 of S.B. 509 to clarify that Section 10, which provides an exemption from the partial abatements for certain tax levies necessary for bonded debt, does not apply to a property tax levied by the State. That is in response to a question we received.

This amendment proposes to repeal Section 9 of A.B. 489, which requires the approval of the Nevada Tax Commission before a local government may increase its property tax rate. The rest of the changes in this amendment are various technical revisions to S.B. 509 to conform it to the changes that were made that I described earlier.

Chairman Perkins:

Thank you, Brenda. Is there anything else in this Senate bill that we need to be aware of, since the Assembly has seen this bill before?

Brenda Erdoes:

It includes the fixes that were discussed earlier to A.B. 489. Other than that, no, there isn't.

Chairman McGinness:

The repealing of Section 9—that a local government has to go to the Tax Commission for approval of their rates—is that language replaced somewhere? If it isn't replaced, then why is it not needed?

Brenda Erdoes:

That is something I have to analyze and get back to you.

Senator Care:

In Section 3, subsection 1, on page 2 of the bill, this is where the taxpayer, for good cause, has failed to claim the partial abatement; the tax receivers can then go ahead and adjust the property rolls. The operative phrase I am looking at is "failed to claim in a timely manner." Is there a statutory definition of "timely"?

I wonder if what we mean here is that the taxpayer would have to seek the claim within the fiscal year in which he failed to make that claim if he hadn't done it up to that point, rather than just "in a timely manner." I guess that is going to be the call of the assessors. Is there a definition of "timely" that might address that? In other words, does "good cause" lapse after 30 days, 60 days, or how long would the taxpayer who failed to make the claim have to do that?

Brenda Erdoes:

There is no definition of which I am aware for "timely" or that would apply here. There are two ways you could go on this. One would be, as we have done here, to leave it to the assessor. Our thought was, depending on the facts of the individual case, "reasonable" or "timely" might change. If you didn't want to do that, you could provide some parameters in the form of a definition or substantive requirements for what that could be. They are not in here now. Right now, it is left up to the assessor to determine, based on the facts, what is "reasonable."

Senator Care:

I would feel more comfortable with something explaining what "timely" means. Something that would take into account, if a property owner is out of the country, hospitalized, or gone for 2 to 3 months, and is unaware that he has failed to file a claim or that he could have, that it doesn't become too late for him to do so. The assessor may take that into account, but I would feel more comfortable with some sort of language that explains that "timely" means more than just a brief, undefined period of time.

Senator Tiffany:

This doesn't necessarily relate to partial abatements. One of my constituents bought in a new area and sold their older home. The property tax was double that of the older home, even though it was smaller and less expensive than their new home.

Across from them is another new development, which is a year older than their development and has an established property tax. The property tax on those homes is different from hers. That isn't fair and equal. The assessor told her it

was because her development was newer and there was nothing to use for comparables.

[Senator Tiffany, continued.] Since we are discussing this section on applying for tax abatement, can Legal tell me if there is some solution to this problem, or is that how it is—the tax assessor is correct—and there is no other choice?

Chairman Perkins:

Appeal processes exist in various forms. Brenda, can you address that question?

Brenda Erdoes:

There is the county board of equalization and the State Board of Equalization, which is where those types of appeals would go. You appeal that your property is more equal to property with which you compared it than to what the assessor said or compared it. That is where you would dispute those property values or that it exceeds the fair market value. It is a good forum for that, and they do adjust those routinely.

Senator Tiffany:

This didn't relate directly to this bill, but I needed to ask that question.

Chairman Perkins:

Sometimes those questions from your constituents spark additional thoughts for the bill as well. Senator Care, did you want to offer a suggestion for the definition of "timely"?

Senator Care:

This might be a conceptual amendment, but I was thinking of just amending the language. Instead of using "timely," we could say something along the lines that they had the remainder of that fiscal year in which they failed to file for the partial abatement to file.

Chairman Perkins:

Brenda, does that make sense to you in terms of the timeliness question?

Brenda Erdoes:

Yes.

Chairman McGinness:

Mr. Dawley and Mr. Sonnemann are here. They might be able to shed some light on whether that would cause them an administrative nightmare. Do you gentlemen have any thoughts on the "timely" issue?

Doug Sonnemann, County Assessor, Douglas County, Nevada:

For the assessors, we have to get the roll to the treasurer by the end of June. If these people came in August or September, we would be more than happy to qualify them and say they are deserving of the 3 percent cap. The problem would be for the treasurer's office. Given your direction, they would be willing to work with that.

We try to get into the media the need to have those cards in by the deadline to make the process less for the treasurer's office. We would be willing to work as hard as we could to make the process work.

Senator Coffin:

What kind of anecdotal information can you give us now? Is it three or four weeks after the cards were mailed out? What kind of return can you tell us about?

Doug Sonnemann:

Our cards are going out this week. Washoe County and Clark County have gotten theirs out, but I don't know what kind of response they've had. Carson City's are due to be mailed tomorrow and ours on Thursday. Most of the smaller counties are in the same situation.

Senator Coffin:

I wanted to make sure that we didn't have some massive misunderstanding out there about what is going on. Clark County sent out small 3x5 cards and pasted together in a very sophisticated way so that you could send them back. I was curious how it worked out. We may have to have some transitional language that would give you allowance for people's mistakes, not just the timeliness. Since it is the first time, there will be people who won't get the message. If it is just 5 or 10 percent, that could be 50,000 parcels in Clark County.

Doug Sonnemann:

You are correct. The problem we have when we send the assessment notices in December is very similar. People get the notices, look at, think it is just another thing from the assessor, and file it. Then comes the summer and their tax bill arrives. They then say that it is not fair that their value is that high. We explain to them what you were saying. We sent those cards out so that they would have the understanding of what your value would be. Often we get the response that they didn't realize that was what that notice was.

We try as much as we can to get it out into the media. There is an article today in the Reno paper. Other papers are going to put articles in tomorrow.

Hopefully, a lot of that will come out, and people will understand the importance of that card.

Senator Coffin:

Have we given you enough flexibility in this legislation to rebate in such a fashion that, if a person is unable to get it done in time or misses a deadline in one year, they can have it reduced in the following year retroactively?

Doug Sonnemann:

I can't answer that. I don't think that flexibility has been given. From what the Nevada Tax Commission has put forth as the emergency regulations and some of the work they have done to implement the legislation, it allows the treasurer a lot of flexibility on the tax bills. They can fairly quickly, with good cause, reissue a tax bill for the corrected amount through the fiscal year.

At this point, there is a long time period that they can do that, possibly through to the end of the fiscal year in June 2006. I am speaking out of turn in that.

Senator Coffin:

I wanted to make sure that every assessor had every opportunity to cover all the exegeses that could occur and not say later they wished the Legislature had given them the power to fix that.

Doug Sonnemann:

We look to your direction. If you allowed through the end of June 2006, that would give people a good opportunity without creating problems for the budget folks having to go back and amend one year or a previous year when budgets have been set and spent.

Senator Coffin:

If I had known, I would have suggested to Clark County to send a much larger card and in a bright color so people wouldn't miss it.

Doug Sonnemann:

Mr. Dawley has given me some information. Carson City mailed out 490,000 in Clark County and, thus far, 200,000 have been returned. That is a pretty good percentage. A lot have rentals that do not qualify and would not send it back.

Chairman Perkins:

It is my understanding, related to Senator Care's question, that the approach to the "timely" issue is okay as it affects the assessors.

Doug Sonnemann:

I don't have to go through what the treasurer does, but I would say so. It would give, especially in the first year, some good flexibility to allow for those people who threw their cards away unknowingly. It gives them and us the flexibility to be able to say yes.

Chairman Perkins:

We are trying to do this as safely and expeditiously as possible. We will amend this on the Assembly side; the Senate is here to join in the conversation. Then, hopefully, it is something we can collectively come together on so that they can concur on the amendment. If that is not the approach we want to take, then we want to get that fixed here today.

Chairman McGinness:

On the repeal of Section 9, talking about the local government not increasing its total ad valorem rate without approval of the Tax Commission, Ms. Erdoes has advised me that it was not kept in the original bill. Mr. Swendseid could answer if that was done purposely or because we don't need it anymore.

John Swendseid, Bond Counsel, State of Nevada:

I assisted in some of the language. The reason Section 9 of A.B. 489 has been repealed is because Section 15 of the amendment has been added to the bill. Sections 14 and 15 indicate that, if there is an abatement caused by an increase in the rate of ad valorem taxes because a unit of local government has raised their taxes, the expense of that abatement will go to whatever entity raised its taxes. The reason for Section 9—before this amendment, the cost of the abatement was shared among all local government—has gone away.

If City X wants to raise their taxes, they have to pay for any abatements caused by that increase in taxes, and that decision to raise their taxes no longer affects other entities. Therefore, it was felt it was no longer necessary to get a special approval in order to raise their taxes. All of the normal limits on raising taxes apply. They can only raise it as permitted by law. Under the proposal, if that increase by City X causes an abatement, then it comes out of the revenue that City X would otherwise get.

Chairman Perkins:

Are there any further questions or comments from the Committee? Is there anything else that anyone wants to change in this bill? Now is the time.

Dino DiCianno, Deputy Executive Director, Nevada Department of Taxation:

In Section 15, on page 5 of the amendment, it currently reads, "On or before August 1 of each fiscal year, the county assessor of each county shall determine for each parcel..." We need to amend that first sentence to add, after "county," "or Department of Taxation" to take into consideration centrally assessed properties, which the Department does. That could have an impact on that calculation for the abatement.

Chairman Perkins:

Thank you. Did that make any sense, Brenda?

Brenda Erdoes:

That is what I was trying to describe when I went through Sections 14 and 15. You need to add it in both places to account for centrally assessed property. We can do that.

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

I spoke with Ms. Erdoes about Sections 14 and 15. I am extremely concerned about the August 1 deadline for 2005. I don't think it is possible to do that. The values for my redevelopment district were established in 1985. They are not in the computer. I would have to do thousands of these parcels on a per parcel basis by hand. If there is a way to move that date further to October, November, or December, to give my programmer more time to get this data together, that would be very much appreciated.

The other thing I would like to ask for is the funding for the other counties. The programming to implement A.B. 489 for the rural counties is going to cost about \$6,000. A lot of them don't have that money. They need the funding in order to pay for the programming and the software to implement this bill. I ask that this be included in the trailer bill.

Chairman Perkins:

We probably won't put that in this trailer bill. We are having some of that discussion in the Ways and Means Committee and in Senate Finance about making sure that those things are taken care of.

Brenda, do you want to address the date, August 1, and if there are some challenges in moving that?

Brenda Erdoes:

What we could do, if you would like to accommodate that request, would be to have a transitory provision that would move it to October 1 for this first year to

get them on board. It would be August 1 in the future years. With the transitory provision, it would take away the sting of this first year. That would work.

John E. Sherman, Legislative Advocate, representing Washoe County, Nevada:

I am actually here on behalf of the Committee on Local Government Finance, who worked with Mr. Swendseid on crafting the three major components of the amendment. We did have concerns and worked on the mechanics of how to allocate revenues to redevelopment agencies, hence the need for this particular amendment.

The Committee on Local Government Finance would like to work with the assessors to make sure the timing of the allocations of those revenues to redevelopment agencies doesn't cause those agencies cash flow problems. Delaying it too long may give the assessors and treasurers time to get the mechanics figured out to do the programming, but it may cause redevelopment agencies to run into cash flow problems.

There are provisions in this bill that allow the Committee on Local Government Finance to adopt additional regulations to put in place those amendments. The Committee worked on these amendments with Mr. Swendseid and would be happy to work with the assessors and treasurers on how this bill gets implemented.

Chairman Perkins:

Do you have any suggestions to add, or are you supporting the language in the amendment? I want to make sure. [Mr. Sherman responded in the affirmative.] Is there anyone else wishing to address S.B. 509 or the proposed amendments?

We need to adopt the proposed amendment, transitory language for October 1 of this year for the implementation of Sections 14 and 15, with August 1 for every year after that, and the "timely" provision that Senator Care suggested. Am I missing any other proposed amendments?

Brenda Erdoes:

I would add the "centrally assessed" portion to Sections 14 and 15. That should do it.

Chairman Perkins:

Is there anything else the Committee thinks should happen with this amendment? The Chair will accept a motion to amend and do pass S.B. 509 with the proposed amendment ([Exhibit B](#)).

ASSEMBLYMAN HETTRICK MOVED TO AMEND AND DO PASS
SENATE BILL 509 WITH THE FOLLOWING AMENDMENTS:

- TRANSITORY LANGUAGE FOR OCTOBER 1 OF THIS FISCAL YEAR FOR SECTIONS 14 AND 15, THEN REVERTING BACK TO AUGUST 1 FOR EACH YEAR AFTER THAT
- THE "TIMELY" LANGUAGE THAT WAS OFFERED BY SENATOR CARE
- THE DEPARTMENT OF TAXATION'S CORRECTION FOR CENTRALLY ASSESSED PROPERTIES

ASSEMBLYWOMAN ALLEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chairman Perkins:

I want to thank Senator McGinness for bringing this all together so we could get this all covered at one time. Is there anything else to come before the Growth and Infrastructure Committee?

Assemblywoman Giunchigliani:

Mr. Chairman, do we need to take up the motion to rescind the action to fix that 2 percent issue that other bill?

Chairman Perkins:

Now is as good a time as any to do that. On Senate Bill 394, we had a misunderstanding on the motion, and the amend and do pass had to do with not increasing the commission from 6 percent to 8 percent. It came to our attention that the 6 percent to 8 percent increase was going to provide for the technology, upgrades, and return more money to us over time. It was only for a two-year period.

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

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO RECONSIDER
PRIOR COMMITTEE ACTION OF AMEND AND DO PASS ON
SENATE BILL 394.

ASSEMBLYMAN SIBLEY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Assemblywoman Giunchigliani:

Further, there was some suggestion that if we were going to fix a few things, we were going to look at a sunset provision in two of the sections as well.

Chairman Perkins:

We had passed S.B. 394 with three amendments.

The first amendment was from Washoe County on the transferring of tax-deferred agricultural and open-space lands to local government. The second was from the Nevada Golf Course Owners Association on set valuation of their land. The third amendment was changed to not allow the 2 percent commission increase for the assessors. The Chair will accept a motion on the Washoe County and Nevada Golf Course Owners Association amendments and the bifurcated 2 percent amendment with a sunset provision.

Assemblywoman Giunchigliani:

It will be those amendments again, plus, in Sections 22 and 29, the rates would be going from 6 to 8 percent for real property and from 3 to 5 percent for net proceeds. We would allow them to collect that 2 percent and apply it for their technology needs over the interim. We would then sunset Sections 22 and 29 on June 30, 2007.

In addition, we have the report in Section 33, subsection 4, where they would talk about what they did with the 2 percent. We want to make sure that they are not supplanting other funds for the technology for the assessors.

On the golf course amendment, most everyone is comfortable with that now. We just want to make sure, in the manual that the Tax Commission develops, that they have the language for the land improvement and obsolescence so it can be consistently applied. That language would be adopted by the Tax Commission. It would reference what could be considered for obsolescence.

Chairman Perkins:

When the amendment is prepared, it will be distributed to all the Committee so they are comfortable with it before we end up with it on the Floor.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO AMEND AND DO
PASS SENATE BILL 394 WITH THE PROPOSED AMENDMENTS:

- THE TRANSFERRING OF TAX-DEFERRED AGRICULTURAL
AND OPEN-SPACE LANDS TO LOCAL GOVERNMENT
- SET VALUATION OF GOLF COURSE LAND
- DISALLOW THE 2 PERCENT INCREASE IN COMMISSION
- ADD SUNSET CLAUSE IN SECTIONS 22 AND 29 ON THE
2 PERCENT INCREASE
- ADD LANGUAGE IN SECTION 33, SUBSECTION 4, FOR
REPORTS ON USE OF THE 2 PERCENT FUNDS FOR
TECHNOLOGY

ASSEMBLYMAN SIBLEY SECONDED THE MOTION.

THE MOTION CARRIED, WITH ASSEMBLYWOMAN LESLIE
VOTING NO.

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Chairman Perkins:

Is there anything else to come before the Committee? Thank you; we are adjourned [at 2:40 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: May 24, 2005

Time of Meeting: 1:59 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
S.B. 509	B	Brenda Erdoes / Legislative Counsel Bureau	Amendment to S.B. 509