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NEVADA LEGISLATURE - 54TH SESSION

JOINT MEETING OF SENATE COMMITTEES
ON FINANCE AND TAXATION

Minutes of Meeting Held
March 16, 1967
3:15 p.m.

A joint meeting of the Senate Committees on Finance and Taxation was called to order at 3:15 p.m., Thursday, March 16, 1967, in Committee Room 50, State Capitol, presided over by Senator Floyd R. Lamb.

Committee members present:

Finance Committee

- Senator Floyd R. Lamb, Chairman
- Senator B. Mahlon Brown, Vice Chairman
- Senator James I. Gibson
- Senator Emerson Titlow
- Senator James C. Bailey
- Senator John Fransway
- Senator Archie Pozzi, Jr.

Taxation Committee

- Senator James I. Gibson, Chairman
- Senator B. Mahlon Brown, Vice Chairman
- Senator M. J. Christensen
- Senator G. F. Fisher
- Senator Carl F. Dodge
- Senator Coe Swobe

Absent: Senator James Slattery - Taxation Committee

Also present were:

- Mr. Norman Terrell, Fiscal Analyst,
Legislative Counsel Bureau
- Mr. Cy Ryan, Newsman

Senator Gibson distributed to the committees a sheet tabulating revenues lost and additional revenues needed (copy attached hereto).

Senator Lamb stated that total revenues needed are:

- \$ 6.0 million - schools
- 1.5 million - University
- 3.0 million - additional appropriations here
- 1.5 million - cities and counties
- 1.7 million - Title 19
- \$13.7 million - total (in addition to cabaret tax)

Senator Dodge questioned whether the validity of picking up the \$1.7 million for Title 19 had been checked. Sen. Gibson said there are still some problems with that--it's still in the Assembly. Senator Lamb commented: "If you disregard Title 19, you're still talking about \$12 million."

Senator Dodge: "There's one other thing--depending on how urgent some of these needs are, we might want to give some thought to whether we can relieve the general fund requirements by methods other than the salestax, and go 1/2¢ on the sales tax. I got figures from Don Perry this afternoon that indicate that by the same basis of comparison of over \$8 million relief at 1¢, we would still pick up \$2 million relief on 1/2¢ on S.B. 15." (Senator Dodge left, then returned with the figures.)

Senator Christensen asked: "Isn't the proportion the same on 1/2¢ and 1¢?" Senator Gibson said that 1¢ would raise \$12½ million, with \$8 million relief, while 1/2¢ produces \$6 million less. He said further that there was some feeling in the Finance Committee meeting today for the Nevada Plan (ADA), for getting away from Peabody. Senators Dodge and Lamb agreed that the Nevada Plan was the better one.

Discussion followed on classroom problems, particularly with regard to small attendance areas. Senator Dodge commented that the State Department of Education is working on that and they think they can come up with a refinement on S.B. 15 that would help the small attendance areas. "We don't know what it is. They said by the end of the week they'd have information put together for us."

There was discussion on possible additions, particularly with respect to parks. Senator Christensen asked: "Have you compared with Ways and Means?" Senator Lamb said there would be a joint meeting of Senate Finance Committee and Assembly Ways and Means Committee at 9:00 a.m. on Saturday (March 18).

Senator Gibson said he had gone over the figures with Norman Glaser, Chairman of Ways and Means, and "There are a couple of areas where the figures are off. I don't know what they'll come up with, but I think there is a difference between us. It seems to me that determines what we do on the tax program." Senator Gibson went on to state that, even by cutting everywhere possible, "...you still get an amount considerably greater than what we can raise by the gambling tax; so in the Taxation Committee, we are faced with the problem of figuring out how to raise that money. If we are at all accurate in the figures we have come up with today, the only thing we can do is go to a sales tax."

Senator Lamb asked Senator Dodge: "Didn't we half-way agree on a sales tax?"

Senator Dodge: "I don't know. The bill writes in a certain amount of . . . tax relief. When we were working on that, we didn't know what the needs would be, or whether or not we could get other revenues; so it was considered out of context with anything else. I have thought a lot about the sales tax proposal. . . . I think if there was any way we could see our way clear to go the 1/2¢ route, there are several things meritorious about it. For one thing, it should convince the people we have done the best we could and held it at 1/2¢ and not gone to the 1¢ route. Then it seems to me we should reserve another 1/2¢ for such time in the next few years when we have to raise additional revenues for public education. If we use part of this for general fund requirements, and the schools come back for additional money, we will have to start doing what we've done the last few years--add more taxes."

Senator Lamb said he would like to go for 1¢. "I don't think you're going to have any trouble passing the 1¢ sales tax on this side of the house."

Senator Dodge: "You will. We're going to have problems in the Assembly."

Senator Swobe: "If we go 1/2¢, how much more do we need?"

Senator Gibson: "It will cover your school need."

Senator Swobe: "So we still need \$6 million?"

Senator Dodge: "Yes, or maybe less."

Senator Lamb: "Where are you going to raise \$6 million?"

Senator Gibson: "The gaming tax."

Senator Lamb: "Even 25% won't do it."

Senator Swobe: "The real estate tax will raise \$500,000."

Senator Dodge: "You can always put a small increase on things like cigarettes and liquor. I notice in Reagan's proposal, they're talking about a 75% increase in cigarette taxes in California. When we set the cigarette tax last time here in Nevada, we tried to keep it somewhat in line with the California tax."

Senator Swobe: "Can they work out a 3/4¢ increase? . . ."

Senator Dodge: "Don't go to 1/4¢; make it either 1/2¢ or 1¢. If we go for additional money, we can build a legislative building."

Senator Swobe commented that if a 1¢ tax is used and raises too much, then the Legislature will have been too easy on gaming; he didn't like that. Senators Gibson and Dodge agreed.

Further discussion followed on the feasibility of a 1¢ or 1/2¢ sales tax plus a 25% gaming tax increase. Members discussed the urgency or lack of urgency of the needs of cities and counties. Senator Gibson said he would like to see action taken on the cigarette tax proposal. He said, "If we could tie that cigarette tax into the cities and tie a population growth tax into that, you would do a good job for the future. As I look over these figures, it is amazing what that cigarette tax means in comparison with ad valorem. It means so much more for cities, we should consider it. This would release the ad valorem to the counties. . . ."


Discussion followed between Senators Dodge, Lamb, and Gibson on school needs. Senator Dodge said the \$6 million for schools was selected because it represents a 10% increase over approximately \$60 million being expended now. He said 10% was a reasonable increase and that the \$6 million is close to the State Department's request. Senators Lamb and Gibson cited specific instances of the need for more school funds in Clark County.

Senator Gibson then stated: "We've made the Taxation Committee aware of what the Finance Committee is looking at."

Senator Lamb: "Has the meeting served its purpose?"

Senator Gibson: "I think so."

The joint meeting adjourned at 4:00 p.m.



Louise Glover, Secretary
Senate Taxation Committee

I certify that the foregoing minutes are correct.

Senator James I. Gibson, Chairman
Senate Taxation Committee

Distributed 3/16/67 by
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City of San. Finance
Taxation Coms., 3:00 pm.

<u>Revenues Lost</u>	
Decrease in Reversions	\$ 500,000
SB 255 Bank Fees	252,662
AB 265 Civil Action Fees	555,000
Budget Director-Revised Revenues	63,511
	<u>\$1,371,173</u>
Less:	
Salary Savings	<u>519,360</u>
Net Revenue Loss	\$ 851,813

<u>Additional Appropriations-Firm or Probable</u>	
Group Insurance	\$ 329,077
Additional Legislative Costs	100,000
Additional Books-University	100,000
Supplemental-Counsel Bureau	149,799
Supplemental-State Warrants	144
Supplemental-Equal Rights	1,662
Supplemental-Sand Harbor	28,785
Supplemental-Welfare	101,000
Supplemental-Governor	511
Retirement Increase	400,000
District Judges or Administrator	50,000
Spring Mt.	144,000
Sawyer Portrait	5,000
Pahrump Valley	52,500
Mansion Land	20,750
Insurance Study	25,000
New Positions-Welfare	198,780
New Positions-Prison	277,954
New Positions-Parole & Probation	51,170
	<u>2,036,132</u>
Total Additional Revenue Needed	<u>\$2,887,945</u>