

Senate

COMMITTEE ON TAXATION

Minutes of Meeting -- April 7, 1969

Committee members present: James Gibson, Chairman
 Carl F. Dodge
 Mahlon Brown
 Coe Swobe
 M. J. Christensen
 James Slattery
 Marvin L. White

Also present were:

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| F. W. Farr | Senator |
| Arch Pozzi | Senator |
| William Swackhamer | Assemblyman |
| Roy Nickson | Nevada Tax Commission |
| Roy Robinette | |
| Bob Ferraro | U. of Nevada |
| Dick McDougal | Cattle Feeder |
| Karen Gerling | |
| Allen Brinkenholl | |
| Jim Bailey | Motor Vehicle Department |
| Robert Bruce | Fiscal Analyst |

Press representatives

Chairman called the meeting to order. There were various bills under consideration.

AB-387 Proposed by Messrs. Getto, Howard, Glaser, Jacobsen, Dini, Lowman, Homer, Hilbrecht, Kean, Tim Hafen, Frank Young, Bryan Hafen, Swackhamer, Ashworth, Bowler, May, Fry, Mrs. Tyson, Messrs. Prince, Swallow, Espinoza, Mrs. Brookman, Messrs. Bryan, Viani, Mrs. Frazzini, Miss Foote and Mr. Wood.

Includes livestock within "free port" tax exemption.

Mr. Swackhamer spoke on this bill, briefly outlining what it does. Mr. McDougal stated that all of the feed that goes into the feed lots develops an industry in the feed lots and reflects back on the growers -- their being put in an advantageous position, since the feed lot managers buy the grain at a higher price than they can get if they have to ship into California, for example. It would, in effect, mean more income to those who raise the hay and grain. There is also an advantage of not having to invest in transportation items as well. Chairman Gibson questioned what the effect on the present assessed evaluation -- in terms of revenue to the state -- would be. The reply was approximately \$79,000.00. There was further committee discussion and amendments were suggested.

Senator Slattery moved Amend and Do Pass, seconded by Senator Swobe. Vote was unanimous for passage.

AB-230 Proposed by Mr. Swackhamer.
Exempts unpatented mines from property transfer tax.

Mr. Swackhamer spoke briefly on this, pointing out that the provisions of this chapter (375 of NRS) do not apply to the transfer, assignment or any conveyance of unpatented mines or mining claims.

Senator Swobe moved Do Pass, seconded by Senator Dodge. Vote was unanimous for passage.

SB-454 Proposed by Committee on Taxation.
Transfers responsibility for licensing liquor importers and wholesalers to Nevada tax commission.

Mr. Nickson stated that this bill was not sponsored by the Nevada Tax Commission, nor does he know who was responsible for the bill. Senator Swobe stated that the bill was from the liquor industry and they feel it would facilitate their licensing procedures, rather than go through the counties. There are very few liquor dealers who sell in just one county. There was committee discussion with Mr. Nickson on this bill, but no decisions were reached at this time.

SB-357 Proposed by Senators Swobe and Farr.
Requires same assessment of railroad property not used for railroad purposes as for other property.

Mr. Nickson spoke briefly on this bill and stated that it could result in a drop in total revenue although it would undoubtedly increase revenue in Washoe County. There was discussion as to how Clark County handled this and some discussion regarding mileage and the question that Union Pacific does not report non-operating profit to the Tax Commission. Southern Pacific and Western Pacific do report it, and it is included in their total evaluation. Senator Dodge questioned the non-uniformity of procedure in this and wondered if there should not be insistence upon uniformity on reporting. Vote on this bill was delayed, since the committee expressed the desire to know more about this. It was agreed to hold this bill several days.

SB-380 Proposed by Senator Farr.
Allows certain exemptions from vehicle privilege tax.

Mr. Nickson stated that this bill indicates that if a blind person takes the deduction for a motor vehicle, this must be reduced from any other property tax exemption granted. There was committee discussion and it was agreed to hold this bill and see if they can resolve it later.

AB-312 Proposed by Mrs. Tyson.
Provides deduction from gross receipts for debts owed retailer by persons adjudicated bankrupt.

After committee discussion, Senator Dodge moved to hold this bill indefinitely, seconded by Senator Swobe. Vote was unanimous for this action.

AB-381 Proposed by Committee on Taxation.
Establishes year to which state tax levy rate applies.
Executive estimate of cost: None.

Mr. Nickson explained that this was a purely technical matter, to clarify the language and intent of the bill.

Senator Brown moved Do Pass, seconded by Senator Dodge. Vote was unanimous for passage.

AB-455 Proposed by Committee on Taxation.
Makes technical amendments to motor vehicle fuel tax collection and distribution provisions.
Executive estimate of cost: None.

Mr. Nickson explained the bill, stating that it was the Tax Commission's hope to eliminate some of the problems regarding vehicle fuel tax collection and from an administrative standpoint make it more workable. There was committee discussion regarding the refunds being able to come in at any time during the year.

Senator Dodge moved Do Pass, seconded by Senator Slattery. Vote was unanimous for passage.

AE-529 Proposed by Mr. Schouweiler.
Defers filing dates for tax commission assessment certificates of net proceeds of mines.
Executive estimate of cost: None.

Mr. Nickson spoke on this bill and stated that it would cause only a minimal problem in the counties involved as far as lag of receipts is concerned. It would not have any major impact, he felt, since the timing involved does not get near the beginning of the year.

Senator Brown moved Do Pass, seconded by Senator Slattery. Vote was unanimous for passage.

AE-531 Proposed by Mr. Schouweiler (By request).
Requires payment of sales and use taxes on motorboats before issuance of number or certificate of number for motorboat.
Executive estimate of cost: None.

Mr. Nickson stated that as it now stands, the assessor has no way of knowing whether a boat is in Nevada. Owners can go to the Fish and Game Commission and get a certificate now and then put the boat in the water. This would be very similar to the provision in the law for automobiles, when the owner must first obtain a certificate from the Tax Commission that the use tax has been paid if they purchase the car in California. This bill would tighten the provision in regard to motorboats.

Senator Slattery moved Do Pass, seconded by Senator Brown. Vote was unanimous for passage.

AB-360 Proposed by Committee on Taxation.
Clarifies methods and procedures involved in valuation and assessment of property. Executive estimate of cost: None.

Mr. Nickson explained this bill. Senator Dodge stated that Mr. Settlemeyer and Mr. Knisley were involved in some Assembly hearings on this bill and would like to speak on the bill to this committee. It was agreed to hold this over.

SB-348 Proposed by Committee on Taxation.
Amends various provisions relating to special fuel taxes.

Mr. Bailey of the Motor Vehicle Department spoke on this bill, stating that it requires reports from fuel importers. He stated that there was no reason for these reports and that they have not been asking for them. It was his feeling that his department would rather not have the bill passed and favored, instead, SB-91.

Mr. Bruce also testified regarding this bill, stating that the department had never enforced Section 2 of this bill (requiring importers to report monthly) because the voluminous reports that the carriers would have to prepare and the department would have to file would be of little value. The department estimates that approximately 90% of all substances classed as special fuel and used in the state is consumed for off-highway purposes -- such as heating oil.

Since the excise tax imposed by this chapter of NRS is levied against the user, the remaining 10% of the delivery reports would be insignificant. Such reports are required (by NRS) for motor vehicle fuel. The excise tax, however, imposed by this chapter is on the dealer and the tax is based on the gallonage delivered as reported by the carrier. He recommended that 366.155 be amended to allow the department to require reports from all or any portion of the carriers, that, in the department's discretion are necessary to administer the provisions of this chapter. Persons from the Motor Vehicle Department stated that the amount was so small they would like to do away with the above mentioned chapter. There was also the feeling that SB-91 was about "worn out" as far as use and efficiency were concerned. There were further remarks and testimony regarding bond requirements.

Senator Brown moved Amend and Do Pass, seconded by Senator Slattery. Vote was unanimous for this action.

At this time, Chairman Gibson called on Mr. Robinette to speak on Nature Conservancy, for which there is no bill at this time. He detailed the program, explaining that this was a non-profit organization whose main function is land-obtaining and land-holding. It is organized under the federal tax law and its income comes from memberships, contributions from

the public, and at the present time, a large portion from the Ford Foundation. Apropos of the land-holding function, he stated that many times the states or federal government would like to acquire a desirable piece of property, but the functions of the government are slow sometimes -- often several years -- and there is not opportunity to take action. With the time lapse, the property could become unavailable -- but Nature Conservancy could act immediately to acquire it, thus preventing it from falling into private hands. The program is vital in relation to the states and federal government acquiring critical "blocks" of land in park systems, et cetera. After further testimony, in which he detailed much of the information in the attached material, the Chairman assigned Senator Swobe to draft a bill exempting Nature Conservancy from ad valorem taxes (under certain circumstances).

SB-236 Proposed by Committee on Federal, State and Local Governments. Increases cigarette tax.

SE-439 Proposed by Committee on Taxation. Increases excise taxes on intoxicating liquor and provides for apportionment of such taxes.

SE-365 Proposed by Senator Farr. Provides for city-county relief tax.

There have been hearings on the above three bills, as well as several committee discussions -- both with this committee and Federal, State and Local Governments. Chairman Gibson and Senator Brown proposed the above "package" from the several tax bills to provide relief for cities. Senator Brown stated that the cigarette tax would generate approximately 2.4 million in revenue, the liquor tax about 1.250 million, and SB-365 about 7.5 million -- the total providing the cities with what has been presented as necessary for relief. There was further committee discussion on these bills and no committee members liked the privilege tax bill, all preferred this package of three. Senator Brown pointed out that on SB-365, there would be $\frac{1}{2}$ ¢ generated now and 1¢ later.

Voting on these bills was as follows:

SB-439 Senator Brown moved Amend and Do Pass, seconded by Senator White. Senators Slattery and Swobe voted nay, and the majority voted to pass this bill.

SB-236 Senator Brown moved Do Pass, seconded by Senator Christensen. Senators Slattery and Swobe voted nay, and the majority voted to pass this bill.

SB-365 Senator Brown moved Amend and Do Pass, seconded by Senator White. Senators Slattery, Swobe and Dodge voted nay, and the majority voted to pass this bill.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patricia F. Burke

Patricia F. Burke,
Committee Secretary