

MINUTES OF MEETING - COMMITTEE ON TAXATION - 56TH ASSEMBLY SESSION

March 23, 1971

PRESENT: Kean, Swallow, Smalley, May, Glaser, Smith

ABSENT: Lingenfelter

GUESTS: Mr. John Sheehan, Tax Commission
 Mr. Irwin Aarons, Tax Commission
 Mr. Clay Lynch, North Las Vegas
 Mr. K. W. Dunham, Western Mining Council, Mina, Nevada
 Mrs. Margaret Swanson, Mina, Nevada
 Mr. W. C. Cameron, Mina, Nevada
 Mr. Merle Swanson, Western Mining Council, Mina, Nevada
 Mr. Louis DeRousse, Mina, Nevada

Chairman Kean convened meeting at 8:00 a.m.

SB-450 - Clarifies property tax exemptions.

Mr. Sheehan stated this measure would broaden exemptions in that persons entitled to exemptions could claim them on property that is at their disposal but to which they do not have legal title.

SB-451 - Clarifies property tax valuation of interstate property of electric light and power companies.

Mr. Sheehan discussed the language of the bill and the purposes. He said line 2 and line 16 did not conflict now, as they had. This will effect only Sierra Pacific Power Co. and Southern California Edison Company.

Mr. Smith moved the Committee Do Pass SB-451; Mr. Swallow seconded; the motion carried unanimously.

SB-453 - Provides for tax plate and sticker on campers and mobile homes to show payment of property tax.

Mr. Sheehan said each county is now left to own devices as to type of decal and the placement thereof. This bill would specify uniformity in both.

Mr. May moved the Committee Do Pass SB-453; Mr Smalley seconded; motion carried unanimously.

SB-452 - Authorizes Nevada tax commission, state board of equalization to meet other than in Carson City; amends provisions concerning certification of combined tax rate and levy of ad valorem tax rate.

Mr. Sheehan said the Tax Commission would like some flexibility in location of meetings; they are now compelled to meet in Carson City. They want to be able to hold the meetings where the problems are.

Mr. Kean was concerned that-for example, Reno people - would be required to travel to Las Vegas to testify before the Commission.

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Mr. Aarons said that this would not happen. They did not attempt to avoid problems. As it is now, Meetings have to commence in Carson City and then be re-convened elsewhere.

Mr. Smalley moved the Committee Do Pass SB-452; Mr. Smith seconded; motion carried unanimously.

SB-449 - Makes deficiency determinations by Nevada tax commission applicable to all taxes.

Mr. Sheehan said there was now no penalty for late payment of cigarette and liquor taxes as there is for sales and use taxes. The language in this bill is primarily copied from the sales and use tax statutes as they now exist.

Mr. Kean said that the penalty should not be as great for negligence as for intentional disregard of the statutes (reference line 15 and 16.) The penalty for negligence should be reduced to 5%. The penalty for intentional disregard should remain at 10%.

Mr. Swallow asked if the "intentional disregard" would not be taken care of under Section 5 that pertained to "fraud". Mr. Smalley was of the opinion that "fraud" included the falsifying of records and that was not the same thing.

Mr. Smith asked whether the Tax Commission literally interpreted the law or if they could apply compassion and judgement to their decisions. Mr. Aarons and Mr. Sheehan replied that the Tax Commission could make judgements in these matters. They would have no objections to a wording of "less than 10%" in Section 4 of SB-449.

Mr. Smith asked if the administration costs of collecting the penalty would be greater than the amount involved? Mr. Sheehan replied the purpose of the law was not to reimburse the Tax Commission for expenses incurred but was a punitive measure.

The Committee agreed to amend SB-449 (Mr Sheehan will write amendment) to read, in Section 4, a penalty of 5% for "negligence" and no more than 10% for "intentional disregard". ALSO, insert in this bill the language in SB-443, Section 1 (b) lines 11, 12, and 13 " May have up to 15 additional days to file such statement, if beforehand he makes written application to the commission and the commission finds good cause for such extension."

A motion was made and seconded to amend and Do Pass SB-449; motion seconded and carried unanimously.

AB-703 - Authorizes certain rent as deduction in computing net proceeds of mines tax.

Mr. Swanson, of Mina, spoke as a proponent of this bill. The rent received by a mine owner from an operator of a mine is not proceeds or bullion and should not be taxed as such. The mine owner has put a great deal of work and money into the mine to interest leasees. The leasee realizes the profit from the production of the mine and

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Mr. Swanson - con't

and has many tax advantages. The mine owner now has to pay 5% of the amount received in rent for taxes. This is not equitable.

Mr. Dunham stated the mine owners had obtained a legal opinion to the effect that rent received on a mining property should not be taxed as proceeds of the mine. He said there were other inequities. If a mine is leased to an out-of-state or foreign operator and this operator agrees to pay the bullion tax but does not do so, the responsibility for payment reverts to the mine owner. These small businessmen (the mine owners) cannot afford to take the matter to the courts and so themselves have to pay it.

Also; if an out-of-state operator fails to pay NIC fees, then the mine owner has to pay those. There should be an arrangement where the out-of-state companies were responsible and not the mine owners.

Mr. Kean said SB-443 dealt with the mining industries and changed some of these responsibilities.

Meeting adjourned.