

MINUTES

Assembly  
TAXATION COMMITTEE  
January 23, 1973

Members Present: Messrs. May, Smalley, Demers, Craddock,  
Broadbent, Fry, McNeel

Members Absent: Messrs. Bremner, Huff

Guests Present: Messrs. John Sheehan, Jim Lane, Ed Klatt  
Mrs. Jean Ford

The meeting was called to order by Chairman May. Chairman May stated the procedures relative to absenteeism and tardiness. He also stated that the meetings will be started promptly and any incidents of absenteeism and tardiness will be reported to the head of the respective party.

Chairman May then introduced Mr. John (Jack) Sheehan, Executive Director of the Nevada State Tax Commission. Mr. Sheehan explained the creation of the Commission and that the Commission is headed by a part time commission composed of nine members with staggering terms and meets as the statutes prescribe. He also stated that the Commission is in general responsible for the revenue system in Nevada which includes the gasoline and cigarette taxes.

Mr. Sheehan distributed a copy of the "1971 Annual Report of the Tax Commission" to each member and elaborated on it with charts. The charts concerned the Sales and Use Tax which is the largest contributor to the revenue fund; proceeds earmarked for school systems; the 1970-71 County/City Relief Tax Distribution; the gasoline tax; the cigarette tax for which future legislation will be introduced; the distribution of the cigarette tax revenues; the liquor tax; and the Real Property Transfer Tax Revenue which came into effect in 1967-68. Mr. Sheehan indicated that this tax is difficult to predict because of the difficulty in the trends of the buying public plus the value of the property purchased.

Mr. Sheehan elaborated on the duties of the Commission which is relative to net profits of mines which are earmarked for local governments and the responsibility for determining bank evaluations. He also covered the functions of the Division of Assessment Standards for which legislation is hoped to be introduced.

Mr. Sheehan called on Mr. Jim Lane to comment on the Commission's role in local government budgets which is primarily to provide the expertise in initiating budgets and to check them.

Mr. Sheehan went on to discuss the State Board of Evaluation whose primary role is to hear appeals of property evaluation from the county boards.

Assembly  
TAXATION COMMITTEE  
January 23, 1973

8

Mr. Sheehan summarized by stating that the bills which are hoped to be introduced will primarily be "housekeeping" bills.

Chairman May thanked Mr. Sheehan and guests for the presentation and opened the meeting for discussion.

Mr. McNeel wished to know how much of the tax budget does the license of motor vehicles go to the State. Mr. Sheehan explained that the Commission does not handle this tax.

Mr. Smalley wondered if there could be a corporation income tax for Nevada, but Mr. Sheehan stated the Commission did not have the mechanics nor knowledge to develop a state income tax. Mr. Smalley also wanted to know how much would the sales tax on food be raised to eliminate the tax on food. Mr. Sheehan stated that a study was made on this point, and it was found that the removal of such would be offset by the additional cost of operation on the food merchant.

Mr. Craddock wanted clarification of the enforcement of collection of taxes. Mr. Sheehan stated that legislation was being drawn up to expand this power and related an incident relative to the sale of cigarettes on the Walker River Indian Reservation which presently are not being taxed resulting in loss of tax revenue to the state.

Mr. Broadbent cited an incident of the Duck Valley Indian Reservation allowing non-resident people to fish without a license.

Mr. Demers was concerned with the audit of local budgets. Mr. Sheehan stated that the local governments are supposed to hire their own auditors for recommendations for budgets. The budgets must be sent to the Commission for review. Mr. Lane stated that there are 190 locals to audit with 51 major ones.

Mr. Fry wished information on the Real Property Transfer Tax, and Mr. Sheehan stated he will get together with him at a later date on this subject. Mr. Fry also wondered why Douglas County seemed lower in tax rates in comparison with the other counties. Mr. Lane explained that the report was based on population and therefore is lower, but in sales tax is relatively high.

Mr. Fry wondered if this would have an impact on Revenue Sharing. Mr. Sheehan explained that by lowering the tax effort the federal allotment in the future will be lower.

Mrs. Ford had a question concerning the 1 1/2¢ tax and the distribution of funds. Mr. Sheehan discussed the Supreme Court's rationale on the School Support Tax.

Chairman May then asked the committee if it wished to introduce legislation as was discussed. The committee was in favor.

**Assembly**  
TAXATION COMMITTEE  
January 23, 1973

Chairman May stated that Mr. Jack Hunter, Chairman of the Tax Commission will be scheduled for the committee meeting on February 6, 1973.

There being no further business, Dr. Broadbent made a motion to adjourn, seconded by Mr. Smalley and carried. The meeting adjourned at 9:25 a.m.

Respectfully submitted,



Cindy Benjamin  
Assembly Attache