

ASSEMBLY
TAXATION COMMITTEE
March 8, 1973, Thursday

8:00 a.m.

Members Present: Messrs. May Huff
Demers Broadbent
Smalley
Craddock
McNeel

Members Absent: Messrs. Fry (Excused)
Bremner (Excused)

Guests Present: Messrs. Homer Rodriguez, Carson City Assessor
Edward Klatt, Legislative Intern
John Ciardella, DMV
Leonard H. Winkelman, DMV

The meeting was called to order by Chairman Paul May at 8:00 a.m.

AB 315 Discussion

The Chairman read the summary of this bill to the committee, and requested Mr. Richard Morgan, Nevada State Education Association, to present testimony.

Mr. Morgan referred to testimony given previously at the March 6 meeting, i.e., in counties that had a proceeds of mines factor significant which they must place in the school distribution formula to calculate how much money they raise locally and therefore, how much they would get from the state, their major problem was the estimate and its fluctuation. They were asking for the state to pick up the difference (approximately \$367,000) letting them not have to count net proceeds of mines. There would be a cost of about \$350,000 each year following.

Noticing this problem and trying to avoid the long range complication if for one year the state picked up the \$350,000 and thereby let the local districts avoid it one year and thereafter the local district could live on the actual receipts received rather than having to live on the estimate. Mr. Morgan commented that if the committee wished, he would write the amendment.

There was discussion on this point to help clarify the amendment to the committee. Mr. Craddock wondered if the one year would be enough of a buffer zone for the school districts to smooth the problem out because there was such a great fluctuation, and it was explained that the formula would take care of it, but it is the estimate problem that hurts now.

Mr. Demers thought perhaps that a ceiling should be put on the amount of money and anything over would be held for the following year. Mr. Morgan explained that two problems would be addressed then. One, the way the formula operates all the local available money is calculated and then to reach a statewide average state money would be added.

Another problem that wasn't discussed at the March 6th meeting, according to Mr. Morgan, was in all the counties except the ones asking for relief if citizens want capital outlay they go to the bond process. If the bill was adopted the way it was the other day, a fund would have been automatically created that would relieve them of going to the bond process.

Mr. Smalley made the motion to have Mr. Morgan draft an amendment and it was seconded by Mr. Demers. Chairman May asked if he would define that to being amended and "do pass" after, of course, seeing the amendment. Mr. Smalley stated that this proposal would do away with AB 315, and Mr. Morgan said it could have that impact.

The motion was clarified as stating to amend a "Do Pass" predicated on the assumption that Mr. Morgan will have an amendment drafted and referred back to this committee for approval before it is released on the floor. This bill would be referred to Ways and Means.

Mr. McNeel stated that he would not vote on it until he could see the amendment, and Dr. Broadbent concurred. Mr. Morgan stated that if it was delayed for half an hour he could have the amendment for the committee to see, therefore, the motion and second were withdrawn.

AB 358 Discussion:

This bill provides an annual vehicle license and tax reduction to persons over certain age and within certain income limits.

Mr. Leonard Winkelman, Department of Motor Vehicles, Internal Auditor, pointed out that the Department is not in opposition of this bill, but they did have some administrative problem with it.

Mr. Winkelman indicated the problems as follows:

1. There should be some guides in regard to the combined income of man and wife as to what type of document will be used in determining the income. This might be done by income tax returns, but he was skeptical as to if the Department could demand these.
2. Not sure whether the person would have to have an operator's license or be the actual operator of the vehicle.
3. It be limited to one vehicle per family.
4. Is the \$5,500 income to be gross income or net income.

He stated also that the highway patrol and the weight and inspection fees could not be prorated.

Mr. Demers suggested that Mr. Winkelman get together with the

Tax Commission with these problems since this bill was essentially copied after the senior citizen tax relief bill which calls for the \$5,500 and other requirements, and they would have the information available.

Mr. Winkelman stated that if the Tax Commission would have this information available and would furnish some kind of a document to the individual at the time he comes in to register, it would be perfectly alright with the Department.

Mr. Smalley, one of the sponsors of the bill, indicated that this bill was geared to the retired person on a pension and who doesn't make over \$5,500 per year and not the person that is retired and making over that amount.

Mr. Craddock requested the fiscal impact of the bill, and Chairman May read the Fiscal Note as follows:

Income data for persons in age group of 62-65 are not available. Data obtained from the Department of Motor Vehicles indicates that 23,100 people 65 and over have a drivers license as of December 31, 1972. Estimates for people in Nevada 65 and over whose income is \$5,000 or less is 13,000. For purpose of computing loss of fees to Department of Motor Vehicles and privilege tax to counties, assume the 13,000 people also have a valid drivers license and own a passenger car. Based on these assumptions, we estimate the following loss of revenue:

Registration fee - DMV, $13,000 \times \$5.50 \times 1/2 = \$35,750$
Privilege Tax - Counties, $13,000 \times \$10.00 \times 1/2 = \$65,000$

Fiscal Analyst

Mr. Smalley brought up the idea of limiting the exemption to one per family and perhaps cut the figure in half.

AB 101 Discussion:

This bill exempts casual importers from liquor licensing requirement.

This bill was previously held at the request of Mr. Bremner to hear further testimony from a liquor wholesaler from Clark County, Mr. MacElhone.

Mr. Jim Lane stated that small quantities are being brought into Nevada now and the inspectors allow this as being in compliance with federal laws. This bill would simply make this legal by state law also. He stated that the wholesalers are not opposed to this measure. As for the fiscal impact, Mr. Lane indicated that there would hardly be any.

AB 105 Discussion:

This bill would limit tax exemption on cigarettes exported from Nevada.

Mr. Lane indicated that the Tax Commission had a substitute on this particular measure, and it is still in the bill drafters. Therefore, they would prefer to have this bill indefinitely postponed. This bill was originated by the Tax Commission to meet the bill submitting deadline and more intense legislation will be introduced.

Mr. McNeel wondered if the other bill would have the effect of taking care of the Indian over there at Walker Lake and was answered in the affirmative.

Mr. Smalley made the motion to "Indefinitely Postpone" this bill. Seconded by Mr. Demers. The committee voted unanimously in favor of this motion.

AB 50 Discussion:

This bill would permit the division of assessment standards to conduct appraisals for county assessors when any county assessor requested such assistance.

The Chairman indicated that a sub committee had previously been appointed for this measure. Mr. Lane indicated that a new piece of legislation had been drafted on this. (BDR 32-1279)

Mr. Demers moved that this bill be "Indefinitely Postponed" Seconded by Mr. Smalley. The committee voted unanimously in favor of this motion.

AB 69 Discussion:

This bill's summary reads, "Increases amount of tax exemption granted to widows and orphans.

Mr. Lane indicated that currently they have 4,100 widows receiving real property tax exemptions totaling four million dollars in round figures. 924 receiving an unsecure role exemption of \$850,000 and only two orphans who receive real property tax exemptions totaling \$1,900. Therefore by multiplying the total present exemption, \$4,900,000 by 2 and 1/2 we find that the impact of this bill would be to increase the assessed valued exemption from that amount to \$12,313,103 or an increase of \$7,387,861. The impact would be a loss of \$332,454.

Mr. Demers inquired if there were any definitions of widows or limitations on the amount of money that they can make, and it was stated that there wasn't and that it was a straight assessed value exemption because income information was not available.

He thought that some type of ratio could be attempted. Mr. Demers thought there should be some type of limitation. Chairman May pointed out that is was for bona fide residents of Nevada. Mr. Demers made a motion to form a sub committee to get together with the DMV and come up with a solution. Seconded by Mr. Smalley. Discussion: Dr. Broadbent wished to say that he had some trepidations on this measure, i.e., who will qualify for the exemption and that the sub committee's findings probably wouldn't change his opinion on ths type of legislation. Mr. Demers stated that he wanted to give an increase to the people on social security and would like to have the subcommittee to work with the DMV and come up with a bill that would administratively responsible as well as fiscally responsible.

Mr. Craddock commented that there is another tax relief measure that looks more hopeful than this bill, and the tax relief would come into this field. Since there people would be covered from another angle than it might create problems on the overlap.

Chairman May stated that he felt that Dr. Broadbent's and Mr. Craddock comments were well taken and reflected his own attitudes. Upon Mr. Demers motion for a subcommittee, it was shown as follows:

Voting Yea

Mr. McNeel
Mr. Smalley
Mr. Demers

Voting Nay

Mr. May
Mr. Craddock
Dr. Broadbent
Mr. Huff

Motion denied.

Motion was made to "Indefinitely Postpone" by Dr. Broadbent. Seconded by Mr. Craddock.

Voting results are as follows:

Voting Yea

Mr. May
Dr. Broadbent
Mr. Huff
Mr. McNeel
Mr. Craddock
Mr. Smalley

Voting Nay

Mr. Demers

AB 101 Discussion:

Exempts casual importers from liquor licensing requirement.

Mr. McNeel moved to "Do Pass". Seconded by Dr. Broadbent.
Voting results are as follows:

Voting Yea

Mr. May
Dr. Broadbent
Mr. Huff
Mr. McNeel
Mr. Craddock
Mr. Smalley

Voting Nay

Mr. Demers

Chairman May requested Dr. Broadbent to speak on this measure on the floor. Dr. Broadbent indicated that he would state that the present law is too stringent to be practical.

AB 315 Discussion:

Mr. Morgan explained that the thrust of the proposed amendment would be on section 2, (b) 1, line 17, to delete the word "not" and add a new section somewhere in 387.124 which would state, that during the fiscal year 1973-74 the net proceeds of mines computations of local support shall be excluded without loss of basic support. In subsequent years the actual amount collected in the immediate preceding fiscal year shall be included in the local support computation.

This would provide the one year lag. "Without loss of basic support" would indicate that the state would step in the void with actual dollars from the general fund.

Dr. Broadbent wanted to state that he had trepidations on this measure also. Mr. Smalley felt that the only way to go would be to write the amendment in or indefinitely postpone otherwise the money would go to the county and the state would pick it up every year.

Mr. Craddock was concerned about the proceeds of the money itself, and it was explained that the money would be in an interest bearing account.

Mr. Morgan explained that by passing this bill, it would be asking Ways and Means to obligate \$370,000 of state funds, but for only one year and then let the county pick it up.

Mr. McNeel wondered if there was a group that is opposed to this that hasn't been given the opportunity to speak, and it was pointed out that it would probably effect only five or six small counties. Mr. Smalley pointed out that this bill is not taking anything away from them, but if it is passed out without the amendment it will give them alot.

Mr. Craddock made a motion to "Do Pass as amended with referral to Ways and Means. Seconded by Mr. Demers.

Discussion: Dr. Broadbent declined from voting because he was unclear on this measure.

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Voting Yea

Mr. May
Mr. Huff
Mr. McNeel
Mr. Smalley
Mr. Craddock

Not Voting

Dr. Broadbent

Chairman May explained that the committee still had two bills dealing with pollution control still pending for the report from the sub committee.

The Chairman indicated that if in compliance with the committee's wishes the Taxation Committee will not meet next Tuesday, March 13, 1973. The committee gratefully approved.

The meeting was adjourned at 9:00 a.m.

Respectfully submitted,

Cindy Benjamin

Cindy Benjamin
Assembly Attache

TAXATION COMMITTEE - 57th SESSION

BILL NO.: AB 315 DATE: February 16, 1973
SPONSOR: Prince, Hafen, Young, Dini, Getto, & Howard
SUBJECT: Changes apportionment of state distributive school fund by excluding net proceeds of mines from computation of local funds available.

COMMITTEE ACTION : DATE: March 8, 1973
AMENDMENT YES: NO: _____
AMENDMENT PROPOSED BY:
SECONDED BY:

<u>COMMITTEE VOTE</u>	YES:	NO:	ABSENT:	NOT VOTING:	EXCUSED:
MAY	X				
SMALLEY	X				
BREMNER					X
DEMERS	X				
CRADDOCK	X				
BROADBENT				X	
FRY					X
HUFF	X				
McNEEL	X				

DISPOSITION DATE: March 8, 1973

DO PASS Motion: Craddock
DO PASS AS AMENDED X Second: Demers
INDEFINITELY POSTPONED _____

NOTES: Re-referral to Ways and Means.

TAXATION COMMITTEE - 57th SESSION

BILL NO.: AB 101 DATE: January 24, 1973
 SPONSOR: Committee on Taxation
 SUBJECT: Exempts casual importers from liquor licensing require-
 ments.

COMMITTEE ACTION : DATE: March 8, 1973
AMENDMENT YES: _____ NO: _____
 AMENDMENT PROPOSED BY:
 SECONDED BY:

<u>COMMITTEE_VOTE</u>	YES:	NO:	ABSENT:	NOT VOTING:	EXCUSED:
MAY	X				
SMALLEY	X				
BREMNER					X
DEMERS		X			
CRADDOCK	X				
BROADBENT	X				
FRY					X
HUFF	X				
MCNEEL	X				

DISPOSITION DATE: March 8, 1973
 DO PASS X Motion: McNeel
 DO PASS AS AMENDED _____ Second: Dr. Broadbent
 INDEFINITELY POSTPONED _____

NOTES: Previsouly held for additional testimony by Mr. MacElhone
 of Clark County.

Chairman May requested Dr. Broadbent to speak on this bill
 on the floor.

