

SENATE TAXATION COMMITTEE

April 3, 1973

Room 231

The meeting was called to order at 3:10 pm by Senator B. Mahlon Brown, Chairman, with the following members and guests present:

PRESENT: Senator B. Mahlon Brown Senator Eugene Echols
 Senator Carl Dodge Senator Thomas Wilson
 Senator Melvin Close Senator Coe Swobe
 Senator Archie Pozzi

G U E S T S

Jim Elson, Junior Achievement, Director of the Board
Frank Daquila, TWA Director of State and Local Taxes
Bob Lusk, TWA
Captain Boling, United Air Lines
Rex A. Tynes, Nevada Power Company
Norm Sahn, Aviation Services, Inc.
John White, Jr., City of Reno
Robert Warren, Nevada Municipal Association
Bill Byrne, Clark County Assessor's Office
Homer Rodriguez, Carson City Assessor's Office
E. L. Newton, Nevada Taxpayers Association
Jack Sheehan, Tax Commission
Grant Bastian, Nevada Highway Department
G. B. Carter, Reno Airport
James E. Smalley, Assembly Taxation Committee
Jan MacEadham, League of Women Voters of Nevada
Dr. Robert Robinson, Assemblyman
John Meader, County Association, County Commissioners
Ernie York, Councilman, City of Reno
Bob Guinn, Associated Contractors Auto Association
Paul Gamel, Nevada Mining Association, Inc.
Roy McAfere, former Mayor of Reno
Mike Byreley, City of Sparks
Senator Richard Blakemore

ACR 21 Memorializes California to cease taxing the income derived by Nevada residents in California.

Mr. Robert Guinn testified that this bill was introduced in response to complaints from truck drivers in the Las Vegas area having their wages subjected to withholding tax by the state of California. A state income tax is owed only on earnings attributable to service performed within that state. Congress stated, in 1970, that when a person is a transportation employee, traveling in more than one state, the state in which he does more than 50% of the traveling will be the one to impose the withholding tax.

If he does not do 50% of the traveling in any one state, then the state of residence will tax. The problem came in 1972 when California imposed a withholding tax. The motor transport employees in the state of California were told that they would be held responsible if they did not tax their employees.

Some Reno employees are paying California withholding on as much as 90% of their earnings. The only purpose of this legislation is to let California know that this situation exists. The remedy lies in Congress. Only the state of residence should be allowed to withhold. This bill would let the Legislature and the Governor know that the problem exists. California and Oregon law states that the state is obliged to withhold from its residents.

If a California resident pays tax in Oregon, he gets a credit against his California tax; a California employee doing more than 50% of his traveling in Nevada still pays on 100% of his California income

Senator Pozzi moved 'do pass'; seconded by Senator Close; motion carried.

ASSEMBLY BILL 101: Exempts casual importers from liquor licensing requirement.

Assemblyman James Smalley stated that this bill would relieve the pressure for tourists and casual travelers who bring alcohol into the state. Mr. Jack Sheehan testified that the two airports in Nevada (Reno and Las Vegas) are international ports of entry. The second clause in this bill relates to imports from another country. This bill would allow a traveler to bring in the same amount that the federal government allows which is a limit of one gallon. A traveler could bring 4 quarts, if three were for gifts.

Senator Dodge Moved 'do pass'; seconded by Senator Echols and carried unanimously.

ASSEMBLY BILL 297: Exempts from property tax any property used for air or water pollution control devices.

Mr. E.L. Newton stated that this bill was introduced in an effort to provide incentive for air and water pollution devices to be installed in manufacturing and mining agencies in the state without having them subject to substantial increases in assessed valuation. These facilities would be only those which are required by the Pollution Control Agencies of the United States or the State of Nevada.

The exemption is closely limited to facilities which are installed in compliance with the regulations of these agencies. The anti-pollution devices must cost in excess of \$1,000 and cause no increase in the profitability of the enterprise and those which do not provide for the sale and use of by-products which are pollutants of the air and water.

These facilities will not increase the value of the appliance in which they are installed and thus the Assembly Committee felt that they should not increase the assessed valuation of the plants where they are installed. These devices add nothing to the value of the property and there is no question about the constitutionality.

Senator Dodge asked if exemption of the real property could be applied.

Mr. Newton stated that the rationale is the estimation of value of an appliance is a matter of calculation based on cost and value to the purchaser. This bill will help County Assessors in assessing real and personal property. The addition of the pollution control devices do not increase the value of the appliance.

Senator Brown asked exactly what the real property is considered to be.

Mr. Newton replied that real property is not the actual ground but the equipment and buildings thereon. In a situation of a dust collector in a smokestack, the collector would be exempt, but the smokestack would not. The pollution control device would be exempt because its only service is to control pollution. If a water purification plant were built on the ground to comply with requirements, it would be exempt.

Senator Echols asked if Mr. Newton envisioned a deduction in present taxes as a result of this. Mr. Newton replied in the negative, and stated also, that air conditioners and instruments for the control of human waste are not exempt items. Excavations would be assessed at cost rather than value.

Mr. Rex Tynes, Power Company, stated that the Environmental Protection Agency requires that they make large capital investments to be within standards. It is to the benefit of their rate payers that they minimize the cost. The Power Company does not believe that one agency of the Federal Government should make a decision that will cause industry to spend money in capital investments and then tax them on those investments. In the new plant that they are building, 30% of the total cost (\$8-10 million) will be for anti-pollution equipment. Mr. Tynes felt that inasmuch as it is the residents of Nevada that have requested air and water pollution control, and the residents will derive the benefit, then industry should not have to pay the entire burden. Taxes on the new plant would be \$175,000.00 increase in tax a year. Operating cost is \$1-million on the pollution equipment.

Dr. Robinson pointed out that the pollution in Las Vegas valley is hazardous to the health of its residents. He felt that it is obvious that citizens do not want to put plants out of business and people out of work. Air and water pollution abatement equipment creates no new jobs for workers, in all cases no overhead expenses are added and in some cases, they reduce productivity. If this bill is made into law, industry will have to comply with pollution requirements. Assessment will be made on the extent to which the equipment is used.

The purpose of the bill is based on fairness for all concerned. If these devices are not granted exemption, the Power Company will add the tax on to the public's power bill (copy of statement, attached)

Mr. Jack Sheehan stated that he thought the devices would be those placed on property by companies which have already been assessed. The tax commission determines taxability and the exempt value. County Assessors and the Equalization Board would assist when necessary. There should be depreciation schedule figures set up in the statute. He has no question about the constitutionality.

Mr. Bill Byrne stated that the Administration Office in Clark County foresees no problem in enforcing this if it is enacted into law. He felt that this type of legislation has a lot of merit; he did not feel that industry should be taxed on the equipment which the law requires them to install, as this would be a double penalty.

Senator Brown asked if Mr. Byrne envisioned any plant, presently under assessment, which would benefit from this as far as a tax cut. Mr. Byrne replied in the negative. Several other states have done this so a precedent has already been set giving this type of relief to industry.

Mr. Homer Rodriguez simply wanted to be sure that industry would not pass its additional expense on to the customer.

Senator Brown asked Mr. Rodriguez if he envisioned an increase in taxes?

Mr. Rodriguez didn't know; he added that he felt the customers would bear the burden of the additional cost.

Mr. Paul Gamel stated that with regard to the mining industry, there are a number of places in the state where this bill has important impact. In the first annual report of the state of the mining industry in the state of Nevada put out by the Interior Department, it is stated that in 1950, there was a \$1-billion imbalance in payments in the mineral industry; in 1970, \$8-billion; by 1985 a \$31-billion. The pollution controls have closed many smelters in the mining industry to comply with these regulations. Water pollution does not pose a problem for the mining industry; their main concern is dust.

There will be no big tax exemption for any equipment to abate water pollution in the mining industry.

It was noted that on page 1, line 14 of the bill, next to the last word should be 'is' rather than 'if'.

Jan McGinern stated that the League of Women Voters does not object to the bill, especially since the Assembly Committee has imposed the appropriate restrictions.

Senator Pozzi moved 'do pass', with the correction of the typographical error on page 1, line 14; seconded by Senator Swobe and carried unanimously.

ASSEMBLY BILL 576: Increases amount of proceeds of real property transfer tax receivable by counties.

Mr. James Smalley stated that when they first took over the credit allowed on real estate transfer tax, originally there was 90% going to the state and 10% to the counties; two years ago, it was increased to the present 75%-25%. This bill provides for 50%-50%. Mr. Smalley stated that this new ratio would help out smaller counties which need extra revenue from the transfer.

Senator Brown stated that as he recalled, \$600,000 was earmarked for this particular area. The bulk, \$300,000, went to Clark County and Washoe County. Clark County gets a considerable amount of revenue sharing funds as compared to the amount allocated to the State of Nevada as a whole. Mr. Smalley pointed out that \$229,000 would come away from the state and go back to the counties; by 1974-75, it would be \$357,000.00. Senator Brown and Senator Dodge expressed their opposition to this bill; they felt that revenue sharing funds are already giving sufficient aid to the cities and counties.

Senator Close moved to kill the bill; seconded by Senator Dodge. Motion carried unanimously.

ASSEMBLY BILL 616: Requires periodic full ratio studies by Division of Assessment Standards of Nevada Tax Commission.

Mr. Sheehan stated that the purpose of this legislation is to coordinate the activities of the County Assessors -with the Tax Commission. At the present time, the Tax Commissioners are required to prepare an annual ratio study. The county assessors are required to visit each type and class of personal property once every five years. An assessor examining property in 1970 is not required to return until 1975. In 1973, a tax commissioner will go in and visit that property and say that at this time that parcel is worth \$100; three years previous, the assessor said that it was worth \$75.00. We must keep current valuation. Therefore, the owner has only registered at \$75, when the property is actually worth \$100 and he is registered at 25% rather than the statutory 35%. This bill would compel the Tax Commission to continue to conduct an annual ratio study but it would be abbreviated in nature.

It would be designed to visit those properties where past ratio studies have shown the county assessor to be either high or low. It would not duplicate because the Commission would not visit properties which past history has shown the county assessor to be accurate on. This process would free a considerable amount of the office of assessment standards' manpower to handle other statutory provisions which have been slightly ignored because of lack of sufficient staff.

This would pick up the time lag between the two assessments. No type or class of property would be ignored for more than three years. Another advantage would be that property owners would now be able to request inspections and we would determine the priority of these requests.

Senator Pozzi moved 'do pass'; seconded by Senator Echols and carried.

ASSEMBLY BILL 631: Removes limitation on exemption of property of volunteer fire departments.

Mr. John Meder stated that the Nevada Association of County Commissioners is in favor of this bill. He felt that it is impossible to ask the taxpayer to pay for the cost of fire equipment and buildings. The cost for these facilities is tremendous and he felt that they should be tax exempt. As the law exists today, there is a \$5,000 exemption for fire departments. This bill would provide unlimited exemption.

Senator Dodge moved, 'do pass'; seconded by Senator Pozzi and carried unanimously.

SENATE BILL 554: Imposes additional excise taxes on motor vehicles and special fuels.

Mr. Bob Warren stated that this bill is supported by 16 of the 16 cities in Nevada and, also, by the Regional Streets and Highway Commission of Washoe County.

The first part of this bill would alleviate an additional .01¢ tax on the present motor vehicle fuels and this would be redistributed to the counties and cities. This would raise approximately \$3-million.

The second portion of the bill would levy an additional tax of .01¢ on special fuels, such as diesel. This would raise approximately \$400,000.

The method of collection would be by the Motor Carrier Division of the Motor Vehicle Department on a per-mile travel basis. The Department of Motor Vehicles feels that the Tax Commission should distribute the funds. Mr. Warren would like to amend this legislation to state that the funds should be distributed to the counties on the basis of population. All of the cities have a current budget of \$4-million to maintain the streets but it would actually take \$10-million to accomplish this.

The cities are presently limited to 10% of the road tax funds for maintenance. This also is not enough. In Clark County, 52% of all vehicle miles traveled within the county are in the city.

Mr. Ernie York stated that the main source of revenue for maintaining streets within a city is from the property tax or the ad valorem tax. Reno has approximately 500 miles of paved streets. We are capable of maintaining 15 miles of streets per year. We have in our budget \$500,000 to fix the streets damaged by the severe past winter. The cost should be paid by the users of the streets. Trucks place extra strain on the streets and should be responsible for paying their share for the restoration. Reno needs the extra 1¢ tax on fuel.

Mr. Roy McAfere spoke from a revenue sharing standpoint. We are now with the combination tax rate (state, county, school) above the \$5.00 rate. Mr. McAfere stated that there is no guarantee that the revenue sharing funds will continue. Senator Brown stated that revenue sharing is a five year program. Mr. McAfere did not feel that revenue sharing is the answer and that this 1¢ tax is direly needed.

Mr. Mike Byrley stated that the money in the general fund is only one half enough for the City of Sparks. Annual maintenance cost now is \$235,000. Cost of rebuilding is \$99,000. Needed but not available is \$160,000.

Senator Dodge felt that there was another alternative to the gas tax, and that is the one half cent local option sales tax. This tax is applied to virtually everything; the initial cost of the vehicle, maintenance, repair parts, etc.

Mr. Grant Bastian stated that the counties currently receive 44¢ of the ~~418-~~

line taxes collected in the state. 18% of the vehicle miles traveled are off of the highway system. Based on the present split in the gasoline taxes, he would oppose the increase.

Mr. Bob Guinn spoke in opposition to the bill; he stated that there is \$8-million of privilege tax on motor vehicles which is split between cities, counties and the school districts. He also pointed out the parking fees and traffic fines bring in quite a bit of money. All of these fines go into the general fund for the use of the city. Parking meter funds go into improved parking lots, traffic lights, street markings, etc. He rejected the argument that the total cost should be born by the road user.

Senator Swobe moved 'do kill'; seconded by Senator Dodge and carried unanimously.

SENATE BILL 513: Provides that real property tax exemption may extend for five years.

Similar bill passed in the Assembly this date. Senator Wilson moved to 'kill the bill'; motion seconded by Senator Close and carried unanimously.

SENATE BILL 528: Grants Junior Achievement of Washoe County, Inc., tax exempt status.

Senator Raggio introduced the proponents of this legislation; he stated that this is a national program with excellent reputation and good community support in Washoe County. Young people are encouraged to start businesses, create projects and develop products.

Jim Elson stated that this program is strictly an educational program for the young. The budget is \$13,500 and is used extensively to help the young who are in the \$275.00 salary budget. The program could continue without the tax exempt status, but would be greatly impeded.

Senator Raggio stated that this bill is limited to Washoe County, and in view of the nature and durability of the program, the involvement of the community and the public sector, he feels that the program should be considered for this relief.

It was pointed out by Senator Echols that it has been two years since an organization was added to the tax exempt list.

Senator Wilson moved 'do kill'; he requested that the record show that he did not oppose adding this organization to the list of those who are tax exempt, but that there should be definite guidelines to determine which organizations are eligible. Presently there are no guidelines; he did not feel that there should be any further additions to this list until criteria is established. Motion seconded by Senator Echols and carried.

SENATE JOINT RESOLUTION 18: Proposes constitutional amendment prohibiting personal income tax.

Senator Brown stated that he hoped the State of Nevada never imposes an income tax, however, the probability has become stronger within the last two years.

Senator Dodge did not think that the committee should lock themselves in on any of the areas that they might have to consider for taxation in the future. He felt that the legislature has done a good job in Nevada so far sidetracking income tax and he felt that it could continue to for a considerable time in the future. However, the state only has three basic taxes: sales, property, income. It seems that the legislature should look into the future to a point in time when we might have to separate a percent of the sales tax in

Nevada. When that time arises, then he felt that the legislature needs to take a better look at the equities in taxation. How far you go as to a consumer paying a sales tax; how far you go against a property owner paying a property tax, etc. There is a point of time in equity in which you have to consider a persons's income capabilities. It is not a very realistic course of action to preclude this consideration some time in the future. Senator Swobe felt that the citizens should be reassured that the legislators will not, overnight, impose an income tax. Senator Echols stated that he was told that Florida, last year, received \$31-million in estate tax credits. If Nevada had this credit, we would have received \$2-million.

Senator Echols moved 'do pass'; seconded by Senator Pozzi, motion carried. Voting aye: Echols, Pozzi, Swobe & Wilson; nay: Brown, Dodge and Close

SENATE BILL 573: Enacts aviation fuel excise tax and provides for disbursement of such tax by State Aviation Board for air safety.

Senator Brown stated that the Taxation Committee did not have S.B. 573. While this bill was a concurrent reference, it was still in the Transportation Committee; the Chairman pointed out that many people, both local and out of state, were present today and out of courtesy, we should take their testimony.

Senator Blakemore said that this bill would reduce tax. Under the present rules of law, gasoline for aviation has an 8¢ tax on it which is refundable if you use 200 gallons in a six month period. This is a discriminatory tax against the small operator. Many flyers buy their gas in San Francisco or Los Angeles because Nevada's tax is so high. It costs the Tax Commission \$2,200 to process the claims of those who do apply for the refund. This bill proposes to reduce that tax to a 1¢ non-refundable and eliminate the method of applying for the refund. It also imposes a 1 mil tax on jet fuel on which there is no federal tax. The present tax, unrefunded, is used in two things; 1st to finance a \$30,000 commitment made to the Civil Air Patrol of the State of Nevada, the remainder is disbursed to the counties on a proportionate basis as to the gallons sold.

This bill proposes to take the sum total and place it in one fund; deduct the \$30,000 allotted to the Civil Air Patrol and the remainder will be disbursed by a five man board where it is needed or requested.

There is approximately \$150,000 after the deduction of the \$30,000 at the end of the year. As it is constituted now, with the gasoline and jet fuel sold within the state, it will generate \$170,000. Also, there would be a saving in the Tax Commission's office in not having to process the claims.

The operating cost for a DC10 for American Airlines is \$1,095.83 per hour; based on a 1-mil tax, a DC10 in Las Vegas, which taxied to the end of the runway and took off to the first point of power reduction, would cost the airlines an additional 12¢. If you compute the amount again in a DC10 going to full altitude which is 38 to 41 thousand feet, it comes to .50¢ per hour. At cruising altitude, the 1-mil added cost would total to the outer cost of the DC10, 36.4¢ per hour. The DC10 figures as a rate, a low of \$1,021 an hour to \$1,229 an hour.

If you consider the inequities between the airline companies contributions and those of general aviation, a Boeing 747 costs its owners \$24,875 a year for its registration and weight tax; it has 374 passenger seats which comes to \$66.51 per seat. A stretched 727 costs an annual total of \$6,710 and has 163 passenger seats and costs \$41.72 per seat. Compare these with a light twin which has 4 seats; in 1971 its owner paid \$97.00 for registration and weight plus \$273.63 fuel tax. This is a 7¢ federal fuel tax. This

totals \$123.54 per passenger seat. Add the regulatory depreciation, the restricted air space in airports. We should do what busses and trucks have done on the highways; pay fuel taxes, and the use of the highways by weight. Commercial airlines need this same accountability.

Senator Swobe pointed out that in Section 11, page 2, it says, "in addition to any other taxes provided by law". On page 3, it refers to an excise tax of 1¢ per gallon. He stated that this bill is not supposed to be a tax bill. Senator Blakemore stated that those sections are after repealing under Section 34 those that are supposed to be repealed.

This bill is meant to eliminate the tax which is presently imposed. Mr. John White testified in opposition to the bill. Senate Bill 573 eliminates existing state tax of 8% that is now imposed under chapters 365 of the NRS on aviation fuel that is sold to non-scheduled aircraft. It eliminates the county 2¢ tax imposed under NRS Chapter 373 which is the tax that goes to the street and highway fund. Page 4, section 17 amends 365.210 by eliminating the city flowage tax. Out of 11¢ of tax, all but 2¢ is eliminated and that 2¢ goes to the street and highway fund. The funds that are generated by the additional tax go to the State Aviation Board.

Only counties are allowed to apply, the City of Reno could not under Section 6, subparagraph 2. NRS. 494.041 repeals this. Title 44 states the unfunded balance of taxes shall be used to carry out the purposes of 494.041 and 046 which says that the city should get the funds for airport purposes.

Mr. Obie Carter stated that Reno Airport objects to every part of the bill. The bill would reduce two of their revenues. It also creates an airport commission in the state. There are only two states that do not have this type of commission; the commission is for the purpose of fostering aviation in the state. This bill would not provide this. The \$30,000 that is given to the Civil Air Patrol, they are already getting. I see no purpose in having a board which will have a military officer or airline pilot on it.

Bob Lusk stated that Las Vegas is classified at the 22nd largest air passenger hub in the United States. In 1972, Las Vegas deplaned over 4-million passengers with 236 scheduled flights per day. With the growth of recreation activities in Nevada facilitates more air travel. Landing fees and rentals pay a major part of the maintenance and operation of Reno and Las Vegas airports. These airports have over 1,000 tax paying employees and pays over 11-million in salaries. Airlines pay taxes in Nevada in excess of \$72-thousand. There is no opportunity for carriers to offset this tax; there is no justification for making commercial carriers pay for facilities that they do not use.

Senator Dodge asked if rentals and landing fees are used for the operation of airports. Captain Boling answered, "yes, that they are used for nothing else". Captain Boling felt that ADEP's 8% ticket tax is more equitable means. Mr. Frank DeCola stated that the Supreme Court ruling in Illinois states that in addition, the State could apply mileage allocation formula to the fuel (burn off method). Fuel use taxes in Illinois grant other tax exemptions to carriers. The proposed bill has some safety provisions but they would not be of any use to commercial carriers.

Mr. Norm Strong stated that creation of a board for air safety would duplicate funding and efforts because they already have federal fees for that purpose. The person to administer such funds would have to have administrative ability; could not be just a pilot. He felt that the board would be out of balance. The board should not be politically appointed, but should be under the Civil Service Act. This bill states that the Board would be appointed by the Governor which would make a pilot vehicle. This bill was held in committee for further discussion.

There being no further business, the meeting was adjourned.

Respectfully submitted,


Kathleen Johnson, Acting Secretary

APPROVED:



Senator B. Mahlon Brown, Chairman

Exhibit 2 -

INTRODUCTORY REMARKS BY ASSEMBLYMAN ROBERT E. ROBINSON:

Mr. Chairman and Committee:

I address you today on behalf of A.B. 297.

We have for the past 30 or 40 years seen throughout America an ever increasing insult upon our environment. As in the song, where we used to be able to see "forever," it is now getting difficult to see the nearest mountain, at least in the Las Vegas Valley. It not only offends the aesthetic sense but it is becoming a hazard to our health. Unseen pollution seeps through our desert floors to arise in putrid streams in which the wildlife struggles to survive and which man must shun for fear of death by hepatitis or other serious infection.

Our attempts to correct these problems are met with constant delays. Enforcement of well-intentioned laws is punctuated with extensions of deadlines, postponement of implementation, appointment of new study groups and additional committees. And yet, it is obvious that no responsible citizen wants to close down a plant and put hundreds or indeed thousands of workers onto the unemployment rolls.

But our mandate to industry so far has been punitive. We have attempted to get our polluters to accomplish something without one significant non-punitive exercise in leadership.

We have told them to expend thousands and even millions of dollars for the benefit of mankind into capital investments

which we would then gleefully add to the tax tolls and penalize them a second time. I say a second time because the original cost of installation of the pollution control devices was a sacrifice on the part of these industries for:

1. They serve no productive economic purpose nor do they add value to the plant.
2. They do not increase production nor add to profits.
3. They create no new jobs for our workers.
4. In almost all cases they add to overhead expenses due to operating or maintenance repairs.
5. In some cases they reduce the productivity of the equipment on which they are installed such as is the case with your own automobile.
6. When the profit squeeze is "on" there is less money available for the justifiable wage requirements of our workers.

If this bill, 297, is made into law, I believe you will see a sudden and dramatic race to comply with the present laws we now have for pollution control - where heretofore we have faced a reluctance which is certainly understandable. Yet industry is, and has been concerned - their leaders' and workers' lives and our lives are all interwoven into the fabric of Nevada's future.

To the specifics of the bill:

It only exempts that portion of a plant or machine or device that is used for pollution control. Quote "To the extent that such property is used," unquote, is the phrase

I believe is a KEY whereby our county assessors can sit down with company auditors and quite readily come up with dollar amounts. If a device controls pollution but has an economic return, such as recovering a by-product formerly considered waste, it is taken into account and deducted from the exemption.

In essence, the purpose of this bill is based on the premise of a sense of fairness to all concerned. It should be beneficial to everyone.

Thank you.

Statement of
Rex A. Tynes
before the Senate Taxation Committee
Nevada State Legislature
April 3, 1973

Gentlemen:

I am Rex Tynes, Executive Assistant to the President of Nevada Power Company. Thank you for allowing me to appear before you to speak in support of AB 297.

Essentially what we are faced with in solving our air and water pollution problems is making large capital investments that produce no additional revenues and only add to our costs of generating power. Sometimes these are referred to as "counter-productive" investments. It is to the benefit of all of our ratepayers that we minimize these additional costs. The exemption of these counter-productive investments from real estate and personal property taxes would be a great help in this endeavor.

The Environmental Protection Agency requires that certain air and water pollution be virtually eliminated. We, of course, do not oppose this; however, we do not believe that one Agency of the Government should pass a law or regulation that is going to cause industry to make large capital investments, and then increase industry's taxes as a result of the industry complying with the law. This would seem to penalize that industry for meeting the requirements.

I would like to give you some facts on our Reid Gardner Plant, at Moapa, about 45 miles north-east of Las Vegas. The air pollution equipment now being installed, will cost, when completed, between \$8 and 10 million. This represents about 30% of the total cost of the plant. We are confident we will be able to meet the requirements of the County and, I am pleased to report to you that all tests on the pilot installation show that we are able to comply with the regulations. It will cost in excess of one million dollars per year to operate the equipment, yet will add nothing to the productive capacity of the Plant. In fact, it will reduce the capacity (and revenue) from the Plant by 3%, or about 6000 kilowatts. It will increase our taxes in the range of \$175,000 annually.

The people of Nevada have rightfully, I believe, requested legislation to control both air and water pollution. You legislators have complied with their request. Inasmuch as these regulations benefit primarily the residents of the State of Nevada, Industry should not be required to bear the entire burden, including the additional taxes. In fairness to all, I urge you to pass AB 297, and give industry the relief that you are capable of giving, and that industry is certainly entitled to.

SENATE TAXATION COMMITTEE

APRIL 3, 1973

ROOM 231

P.M.ADJOURNMENT

- SENATE BILL 513: Provides that real property tax exemption may extend for five years. (Introducer: Committee on Taxation)
- SENATE BILL 528: Grants Junior Achievement of Washoe County, Inc., tax exempt status. (Introducer: Raggio)
- SENATE JOINT RESOLUTION 18: Proposes constitutional amendment prohibiting personal income tax. (Introducer: Swobe)
- ASSEMBLY BILL 101: Exempts casual importers from liquor licensing requirement (Introducer: Taxation)
- ASSEMBLY BILL 297: Exempts from property tax any property used for air or water pollution control devices. (Introducers: Robinson, Hayes, Bremner and Wittenberg)
- ASSEMBLY BILL 576: Increases amount of proceeds of real property transfer tax receivable by counties. (Introducer: Jacobsen)
- ASSEMBLY BILL 616: Requires periodic full ratio studies by division of assessment standards of Nevada tax commission. (Introducer: May)
- ASSEMBLY BILL 631: Removes limitations on exemption of property of volunteer fire departments. (Introducers: Dini and Jacobsen)
- ASSEMBLY CONCURRENT RESOLUTION 21: Memorializes California to cease taxing the income derived by Nevada residents in California. (Introducers: May, Jacobsen, Ashworth, and Torvinen)
- SENATE BILL 554: Imposes additional excise taxes on motor vehicle and special fuels. (Introducer Committee on Federal, State and Local Governments)
- SENATE BILL 573: Enacts aviation fuel excise tax and provides for disbursement of such tax by State Aviation Board for air safety. (Introducers Blakemore and Herr)