

Assembly

MINUTES

LEGISLATIVE FUNCTIONS COMMITTEE - NEVADA STATE LEGISLATURE

122

58TH SESSION - MARCH 20, 1975

The meeting was called to order by Chairman Dreyer at 2:50 P.M.

MEMBERS PRESENT: Mr. Bennett
Mrs. Brookman
Mr. Jacobsen
Mr. Mello
Mr. Sena
Mr. Chairman

MEMBERS ABSENT: Mrs. Wagner - excused

The first order of business was discussion on AJR 6 which:

Memorializes Congress to curb abuses by IRS.

Mr. Getto spoke on behalf of this bill saying the reason he has introduced it is because of the "built-in" fear by many people in this Country of the IRS. He said there is no reason why this should be. He said recently the IRS has started to take on a different attitude and tries to communicate your rights however, many of their auditors work under the arrogant attitude that you are guilty until you are proven innocent. This Resolution is not aimed at any particular district or department of the IRS but rather the IRS at large. He said there were many discrepancies in policy from district to district. He went on to say that the IRS has the power to audit all books in this Country and yet the IRS is never audited. This Resolution would provide that they be audited by the General Auditing Office of the U.S. and put an end to the secrecy they have been enveloped in.

Mr. Jacobsen concurred saying an audit was not a pleasant association and becomes a financial burden to the person audited because it often requires hiring an attorney and approximately two months time. He was afraid many people admit guilt just to avoid all this. He mentioned that there is a problem in rural areas because the IRS is so geared to the Eastern scene where things are more involved and complex.

Mr. Getto had a few minor amendments:

On Line 6 "wage earner" should be changed to "taxpayer".

On Line 7 "readily" should be deleted.

On Line 7 "wealthy" should be changed to "large".

Mr. Getto said there was a distinct difference in attitude of the auditor when dealing with a small taxpayer and when dealing with a large taxpayer. They are much easier to work with when they are up against someone as knowledgeable and as competent as they are.

To point out differing policy from district to district, Mr. Getto commented that in this area, they will not give any agricultural extensions while they do in California.

Mr. Lee Berkstrom then spoke. He was from the Nevada Society of CPA's and Taxation Committee. He said the Society does not take a stand on this Resolution but did have comments to offer. As far as arrogant treatment, the Society does not encounter this type of treatment very often because they are dealing as professionals. He said there is this difference between small income producers as opposed to large income producers because the large income producer is usually represented by counsel and the matters are more grey than black and white and they therefore do lend themselves to litigation. He said the assumption that the taxpayer is presumed guilty until proven innocent is a by-product of self assessment environment. He went on to say that the IRS is not subject to any review by any auditing agency but that they do have an internal audit system of substantial scope. About 2% of their total resources goes to this system. He said while it would make sense that the taxpayer be reimbursed for costs, in many cases the taxpayer delays the IRS. Are there two sides to this coin? Would the taxpayer have to pay the Government's expenses? With regard to advising the taxpayer of their rights, he said in Reno and Las Vegas it is the policy to advise the taxpayers before they receive their 90-day letter that they do have rights of appeal and what these rights are. He said he felt the IRS should be subject to audit but recognized the disclosure problem.

This concluded discussion on AJR 6. Mr. Mello moved that the proposed amendments to AJR 6 be adopted. This was seconded by Mr. Jacobsen and carried the committee unanimously. Mr. Mello moved that AJR 6 be "do passed as amended". This was seconded by Mr. Sena and carried the committee unanimously. Mr. Jacobsen will speak on this bill on the Floor.

Mr. Dreyer adjourned this meeting at 3:15 P.M.

Respectfully submitted,

Joan Anderson, Secretary

ASSEMBLY

AGENDA FOR COMMITTEE ON LEGISLATIVE FUNCTIONS.....

UPON P.M.

Date MARCH 20, 1975 Time ADJOURNMENT Room 222.....

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Bills or Resolutions
to be considered

Subject

Counsel
requested*

AJR 6

Memorializes Congress to curb abuses by IRS.

LEGISLATIVE FUNCTIONS COMMITTEE
LEGISLATION ACTION

DATE MARCH 20, 1975

SUBJECT AJR 6 - Memorializes Congress to curb abuses by IRS.

MOTION 1. Adopt amendments X 2. Do Pass as Amended X

Do Pass _____ Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By 1. Mello 2. Mello Seconded By 1. Jacobsen 2. Sena

AMENDMENT: On Line 6 "wage earner" should be changed to "taxpayer".

On Line 7 "readily" should be deleted.

On Line 7 "wealthy" should be changed to "large".

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Mr. Bennett	<u>X</u>	_____	_____	_____	_____	_____
Mrs. Brookman	<u>X</u>	_____	_____	_____	_____	_____
Mr. Jacobsen	<u>X</u>	_____	_____	_____	_____	_____
Mr. Mello	<u>X</u>	_____	_____	_____	_____	_____
Mr. Sena	<u>X</u>	_____	_____	_____	_____	_____
Mrs. Wagner	_____	_____	_____	_____	_____	_____
Mr. Chairman	<u>X</u>	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes March 20, 1975