

SENATE TAXATION COMMITTEE
MINUTES OF MEETING
APRIL 25, 1975

The meeting was called to order at noon.

Senator B. Mahlon Brown was in the chair.

PRESENT: Senator B. Mahlon Brown, Chairman
 Senator William Raggio
 Senator Gene Echols
 Senator Mel Close,
 Senator Thomas Wilson
 Senator Helen Herr
 Senator Norman Hilbrecht

SB 392: LIMITS WITHHOLDING OF CERTAIN ASSETS OF DELINQUENT TAXPAYERS
 TO AMOUNT AMPLY SUFFICIENT TO SATISFY STATE'S CLAIM FOR SALES
 AND RELATED TAXES.

General discussion on the language contained in the bill, in particular, the area specifying "clearly" Liquid and "amply". Mr. Jim Lien, Nevada Tax Commission, indicated his department was working on a regulation to be adopted that would handle this same problem. Mr. Lien stated the Tax Commission would have no objection to the amendment to the bill which would read: "liquid assets sufficient..." It was determined that those two words should be eliminated.

Senator Close - Amend and "Do Pass"
Senator Herr - 2nd
Motion carried unanimously

SB 386: Provides for submission at next general election of question
 proposing certain changes in Sales and Use Tax Law.

Senator Brown explained he has had a chart made up showing the loss of revenue from neighboring states, the figures are tied directly to food sales. He explained that the committee, at their last meeting, had asked Mr. Daykin and Mr. Lien to prepare an amendment to the bill on the explanation that will be placed on the ballot; this amendment has been drafted.

Senator Gibson testified on the bill and explained that he has an amendment he would like considered. He explained his amendment goes to the same subject but precludes any question in the future that we still have the ability to do what we want in regulating other taxes. He explained that he was chairman of the Tax Committee when the sales and use taxes were worked out and they really struggled with them. He gave a brief history of sales and use taxes. He is concerned that by bringing these two taxes into the referendum, are they still flexible to legislative action after that. The other thing that concerns him is that we put the local option sales tax in the law with the idea that the people could determine whether they needed it or not and all counties have not decided they needed it. This makes it apply in all counties. He thinks it is a problem to narrow the tax base. But, if it is the desire of

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the legislature, we should be careful to safeguard the other taxes that we have developed. He has an amendment which he feels would accomplish that. His amendment would eliminate the sales tax on unprepared foods and provide that if the voters approve it the sales tax would be increased to make up for loss of revenue when the levy on food is abolished. The present statewide rate is three per cent and 11 of the 17 counties have imposed a half a cent extra. The rate would go to 3.4 cents in the six counties which don't have the local option tax and to four per cent in the remaining 11 counties. In addition, it would not be imposing an additional tax in those areas that do not have it. He does not have in the law the percent of distribution. This would still provide that it be distributed as it is now. It also irons out technical objections that the legislature would not be able to raise the one cent sales tax for education without a vote of the public.

Senator Gibson explained we would be referring to the people only that question that has already been referred to them. This would be much more simple and more straight forward.

Senator Close stated he would like to see the legislature take back to themselves total control over the sales tax question. Take from the people the control they have as a result of the referendum passed several years ago. Mr. Daykin explained that could be drafted into the bill, but it would be a totally new bill than what is before them now. He admitted that would be the ideal situation if it could be done. This would bring under legislative control all taxes at the same time as taking taxes off food. The Committee wanted to make sure that we don't go to the public without the complete documentation of what we are doing.

Senator Sheerin, speaking on the measure, stated that Carson City does not have the city-county option tax and they do not want to get locked into a position of having that tax imposed on their constituents. If either bill is going to force Carson City to put on the 1/2 cent tax, they don't want any part of it.

Senator Gibson's amendment would not require they be included.

Senator Hilbrecht explained his idea would be to shift the tax burden from food to other revenue sources. His proposal would leave the other two taxes in effect, taking the food out from under the sales tax and making up the loss in revenue by an increase in gaming taxes. The money would be distributed in the same way as we are proposing to distribute the consolidated sales tax. There would be no increase in rate in any of the other taxes - only gaming. He stated that if had occurred to him that we should evaluate more ideas than shifting the burden of taxation to durables.

Senator Raggio agreed that this proposal has a great deal of merit. He stated, he did not like to see the sales and use tax increased and this has been his resistance to this measure all along. Everyone wants to be able to remove food from sales tax but we must face the fact that we can't do that unless it is recaptured.

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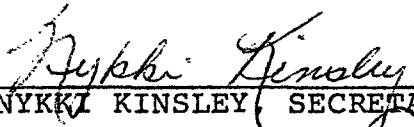
Senator Hilbrecht expressed the doubt that this measure would be helping out the people, he feels it is deceptive and that the only way we are going to provide tax relief for people is by finding an alternative source.

The suggestion was made to offer a rebate to people who qualify; this was received several objections from the committee members.

It was finally determined by the committee that Mr. Daykin would work with Mr. Lien on preparation of proper verbage for the Gibson amendment. Mr. Daykin reiterated the feelings of the committee in that we are going to have to make the language on the ballot clear in order that people will know just what we are doing with each of the three separate taxes. We should let the people know just what the effects will be.

Each member of the committee expressed interest in the measure but wanted to see the finalized version of the amendment. The new verbage will be brought back to the committee at the next meeting.

RESPECTFULLY SUBMITTED:


NYKKI KINSLEY, SECRETARY

APPROVED BY:


B. MAHLON BROWN, CHAIRMAN

Nevada Tax Commission

CARSON CITY, NEVADA 89701

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In-State Toll Free 800-992-0900



MIKE O'CALLAGHAN, Governor

JOHN J. SHEEHAN, Secretary

April 21, 1975

MEMORANDUM

TO: Senator Mahlon Brown, Chairman, and Members, Taxation Committee

FROM: James C. Lien, Assistant Secretary

SUBJECT: SB 386

Pursuant to the Committee's request when last considering SB 386, attached hereto are the following:

1. Memo reference increase necessary to gaming tax to recapture sales tax loss by exempting certain foods for human consumption.
2. Cigarette and liquor tax increases necessary to recapture sales tax loss.
3. Property tax information as to increase impacts.
4. Proposed amendment to distribute moneys directly to school districts.
5. Impact study as result of amendment noted in item 4 above.
- 6&7. Letters from Washoe County and Clark County School Districts regarding support of amendment.
8. Statistical report regarding food sales as percentage of total sales.

JCL/mw

Enc.

cc: Senator Mary Gojack

Nevada Tax Commission

CARSON CITY, NEVADA 89701

237

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MIKE O'CALLAGHAN, Governor

JOHN J. SHEEHAN, Secretary

April 14, 1975

MEMORANDUM

TO: James Lien, Assistant Secretary

FROM: James Rathbun, Statistician

SUBJECT: Conversation with Jake Noel, Nevada Gaming

Jake Noel reports that the \$14.3 million could be made up in a variety of ways and offers the following possibilities:

- a. A surcharge on all taxes, except annual license fees and the Federal tax collected on slots, could be levied. A 20% surcharge would yield approximately \$15 million.
- b. The percentage fees could be increased as following:
 1. The 3% fee could be increased by 25% to 3.75%
 2. The 4% could be increased by 31.25% to 5.25%
 3. The 5.5% could be increased by 31.8% to 7.25%

These percentage fee increases work out to 29% and would raise approximately \$16 million. Of the \$16 million so raised, \$11.3 million would come from Clark County, \$2.7 million would come from Washoe County and \$1.9 million would come from Douglas County.

- c. The above represents some possibilities and are not recommendations. Currently 53 of our major casinos show a loss position on their last statement. Any one of these tax increases would increase the number of casinos in a loss position by 6 and would reduce the profit margin on all of the remaining casinos that are continuing to show a profit. Mr. Noel suggested that the Quarterly County License Fees, which are collected by the county and of which \$1.8 million is remitted to the State annually, could be modified so that the \$1.8 million may remain with the counties and cities.

JTR/mw

ALTERNATIVES TO RECAPTURE \$14.3 MILLION LOST
THROUGH FOOD SALES EXEMPTION

1975-76

Cigarette Tax

Present Rate	\$.10 per package; Rate Factor .953	
Estimated Packages	125,924,751	
Rate Increase	\$.12 per package	
Effective Rate Increase	\$.1144 per package	
Revenue Increase		\$14,405,792

This method would raise the cigarette tax from the present rate of \$.10 to \$.22 per package.

Alcoholic Beverages Taxes

(12.5%) Beer: (Present Rate: \$.06/gallon; Rate Factor: .9717)		
Estimated Gallons	21,066,046	
Rate Increase	\$.09 per gallon	
Effective Rate Increase	\$.0874	
Revenue Increase		\$ 1,841,172
(7.3%) 0% - 14% Wine: (Present Rate: \$.30/gallon; Rate Factor: .9713)		
Estimated Gallons	2,517,580	
Rate Increase	\$.43 per gallon	
Effective Rate Increase	\$.4176	
Revenue Increase		\$ 1,051,341
(1.7%) 14% - 22% Wine: (Present Rate: \$.50/gallon; Rate Factor: .9696)		
Estimated Gallons	298,179	
Rate Increase	\$.85 per gallon	
Effective Rate Increase	\$.8242	
Revenue Increase		\$ 245,759
(78.5%) Over 22% Liquor: (Present Rate: \$1.90/gallon; Rate Factor: .9703)		
Estimated Gallons	4,175,130	
Rate Increase	\$2.76 per gallon	
Effective Rate Increase	\$2.6780	
Revenue Increase		<u>\$11,180,998</u>

Total Revenue Increase from Alcoholic Beverages \$14,319,270

This method would raise the Alcoholic Beverages Taxes as follows:

	Present Tax	Increase	New Tax
Beer	\$.06	\$.09	\$.15
0% - 14% Wine	.30	.43	.73
14% - 22% Wine	.50	.85	1.35
Over 22% Liquor	1.90	2.76	4.66

Property Taxes: 35% at 1974-75 rates = \$71,450,454
 + 14,300,000
\$85,750,454

42% at 1974-75 rates = \$85,741,362

TAX IMPACT IF ASSESSED VALUATION RATIO IS INCREASED OVER 35%
 ASSESSED VALUATIONS TAKEN FROM 1975-76 BUDGET
 TAX RATES TAKEN FROM 1974-75 RED BOOK

COUNTIES CITIES	ASSESSED VALUATION	RATE	35%	36%	37%	38%	39%	40%
Carson City								
Rural	\$ 37,674,199	1.4994	\$ 564,887	\$ 581,027	\$ 597,166	\$ 613,306	\$ 629,445	\$ 645,585
Urban	52,461,490	2.6318	1,380,681	1,420,130	1,459,578	1,499,026	1,538,474	1,577,922
Churchill	47,406,976	1.6270	771,255	793,290	815,326	837,362	859,398	881,434
Fallon	11,910,892	1.0000	119,109	122,512	125,915	129,318	132,721	136,124
Clark	1,665,681,374	1.1305	18,830,528	19,368,543	19,906,558	20,444,573	20,982,588	21,520,603
Boulder City	23,610,623	1.1970	282,619	290,694	298,769	306,844	314,918	322,993
Henderson	44,517,144	1.3327	593,280	610,231	627,182	644,133	661,083	678,034
Las Vegas	585,627,294	1.4122	8,270,229	8,506,521	8,742,813	8,979,105	9,215,398	9,451,690
North Las Vegas	98,790,171	1.4122	1,395,115	1,434,975	1,474,836	1,514,696	1,554,556	1,594,417
Douglas	111,288,928	.1900	211,449	217,490	223,532	229,573	235,615	241,656
Elko	142,624,341	.9947	1,418,684	1,459,218	1,499,752	1,540,286	1,580,820	1,621,354
Carlin	3,124,165	1.8000	56,235	57,842	59,448	61,055	62,662	64,269
Elko	40,257,208	.7905	318,233	327,326	336,418	345,510	354,603	363,695
Wells	4,461,383	1.7000	75,844	78,010	80,177	82,344	84,511	86,678
Esmeralda	11,418,422	2.3500	268,333	276,000	283,666	291,333	299,000	306,666
Eureka	27,950,999	1.3500	377,338	388,120	398,901	409,682	420,463	431,244
Humboldt	50,878,913	1.5860	806,940	829,995	853,050	876,106	899,161	922,217
Winnemucca	13,311,456	1.1800	157,075	161,563	166,051	170,539	175,027	179,514

TAX IMPACT IF ASSESSED VALUATION RATIO IS INCREASED OVER 35%
 ASSESSED VALUATIONS TAKEN FROM 1975-76 BUDGET
 TAX RATES TAKEN FROM 1974-75 RED BOOK

COUNTIES CITIES	ASSESSED VALUATION	RATE	35%	36%	37%	38%	39%	40%
Lander	\$ 26,100,000	1.8700	\$ 488,070	\$ 502,015	\$ 515,960	\$ 529,905	\$ 543,849	\$ 557,794
Lincoln	15,311,549	1.4500	222,017	228,361	234,704	241,048	247,390	253,734
Caliente	1,397,266	1.5000	20,959	21,558	22,157	22,755	23,354	23,953
Lyon	75,733,557	1.6900	1,279,897	1,316,466	1,353,034	1,389,603	1,426,171	1,462,740
Yerington	6,558,445	1.0340	67,814	69,752	71,689	73,627	75,564	77,502
Mineral	21,000,049	2.5250	530,251	545,401	560,551	575,701	590,851	606,001
Nye	58,581,273	1.6500	966,591	994,208	1,021,825	1,049,442	1,077,059	1,104,675
Gabbs	3,547,514	1.3000	46,118	47,435	48,753	50,071	51,388	52,706
Pershing	29,790,302	1.4570	434,045	446,446	458,857	471,249	483,650	496,051
Lovelock	3,217,000	1.7200	55,332	56,913	58,494	60,075	61,656	63,237
Storey	7,731,568	2.4000	185,558	190,859	196,161	201,463	206,764	212,066
Washoe	879,974,830	1.7390	15,302,762	15,739,984	16,177,206	16,614,428	17,051,649	17,488,871
Reno	498,679,457	1.0880	5,425,632	5,580,651	5,735,669	5,890,687	6,045,705	6,200,723
Sparks	121,957,436	1.0880	1,326,897	1,364,808	1,402,720	1,440,631	1,478,542	1,516,454
White Pine	43,500,000	1.7900	778,650	800,897	823,144	845,391	867,639	889,886
Ely	11,375,370	1.4000	159,255	163,805	168,355	172,906	177,456	182,006
State General Fund	3,305,108,770	.2500	8,262,772	8,498,851	8,734,930	8,971,010	9,207,089	9,443,168

20 SEC. 118. 372.785 Withdrawals, transfers from sales tax fund.

21 1. The money in the sales tax fund shall, upon order of the state
22 controller, be drawn therefrom for refunds under this chapter, or be
23 transferred as follows:

24 (a) To the general fund of the state, 57 percent.

25 (b) To the state distributive school fund, 28 percent.

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(c) To the several county school districts in proportion to the
amount of tax collected in each county, 26 percent.

^d
26 (c) To Carson City and the several counties of the state in proportion
27 to their respective populations, 15 percent in the following manner:

28 (1) If there is no incorporated city within the county, the entire
29 amount of the allocation to that county shall be remitted to the county
30 treasurer for deposit in the county general fund.

31 (2) If there is one incorporated city within the county, the allocation
32 to that county shall be apportioned between the city and the county
33 general fund in proportion to the respective populations of the city and
34 the unincorporated area of the county.

35 (3) If there are two or more incorporated cities within the county,
36 8.33 percent of the allocation to that county shall be apportioned to the
37 county treasurer for the general fund and 91.67 percent of such allocation
38 shall be distributed among such cities or towns in proportion to
39 their respective populations.

40 2. For purposes of this section:

41 (a) Population shall be determined from the last preceding national
42 census of the Bureau of the Census of the United States Department
43 of Commerce.

44 (b) "Incorporated city" includes incorporated town.

45 (c) The entire amount apportioned to Carson City shall be deposited
46 in the general fund of the city.

6 Sec. 121. NRS 387.124 is hereby amended to read as follows:

7 387.124 1. On or before August 1, November 1, February 1 and
8 May 1 of each year, the state controller shall render to the superintendent
9 of public instruction a statement of the moneys in the state treasury sub-
10 ject to distribution to the several school districts of the state as provided
11 in this section.

12 2. Immediately after the state controller has made his quarterly
13 report, the state board of education shall apportion the state distributive
14 school fund among the several county school districts in the following
15 manner:

16 (a) Basic support of each school district shall be computed by:

17 (1) Multiplying the basic support guarantee per pupil established in
18 NRS 387.122 by the sum of:

19 (I) Six-tenths the count of pupils enrolled in the kindergarten
20 department on the last day of the first school month of the school year.

21 (II) The count of pupils enrolled in grades 1 to 12, inclusive, on the
22 last day of the first school month of the school year.

23 (III) The count of handicapped minors receiving special educa-
24 tion pursuant to the provisions of NRS 388.440 to 388.520, inclusive, on the
25 last day of the first school month of the school year.

26 (IV) The count of children detained in detention homes and juve-
27 nile forestry camps receiving instruction pursuant to the provisions of
28 NRS 388.550 to 388.580, inclusive, on the last day of the first school
29 month of the school year.

30 (V) One-fourth the average daily attendance—highest 3 months of
31 part-time pupils enrolled in classes and taking courses necessary to
32 receive a high school diploma.

33 (2) Multiplying the number of special education program units
34 maintained and operated by the amount per program established in NRS
35 387.122.

36 (3) Adding the amounts computed in subparagraphs (1) and (2)
37 of this paragraph.

38 (b) The availability of local funds shall be determined ~~by~~ which local
39 funds shall be the sum of:

40 (1) The amount computed ~~by~~ by multiplying .007 times the assessed
41 valuation of the school district as certified by the Nevada tax commission
42 for the concurrent school year; ~~and~~

43 (2) The proceeds of the local school support tax imposed by chap-
44 ³⁷²ter [374] of NRS. The Nevada tax commission shall furnish an estimate
45 of such proceeds to the state board of education on or before July 15 for
46 the fiscal year then begun, and the state board of education shall adjust
47 the final apportionment of the concurrent school year to reflect any
48 difference between such estimate and actual receipts. ~~F~~

49 (c) Apportionment computed on a yearly basis shall consist of the
50 difference between the basic support as computed in paragraph (a) of

and allocated to school districts thereby.

sales

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1 instruction shall review such request. As used in this paragraph, "cate-
2 gory" means any one of the groups of persons separately described in
3 paragraphs (a), (b), (c) and (d) of subsection 1 of NRS 387.123.

4 (f) The board of trustees of any school district in this state whose esti-
5 mated receipts from all sources provided by this chapter, ~~and chapter~~
6 ~~372~~ of NRS, including any additional apportionment made pursuant to
7 paragraph (e) are less for any fiscal year because of reduced average
8 daily attendance or reduced local income, or both, than the total esti-
9 mated receipts from such sources in the final approved budget for such
10 fiscal year, and which cannot therefore provide a minimum program of
11 education and meet its contract obligations, may apply for emergency
12 financial assistance from the state distributive school fund and may be
13 granted such assistance upon compliance with the following conditions
14 and procedures:

15 (1) The tax levy for the applying district shall be the maximum of
16 \$1.50 for operating costs as authorized by law, not including any special
17 tax authorized by the provisions of NRS 387.290.

18 (2) Such application shall be made to the state board of education
19 in such form as shall be prescribed by the superintendent of public
20 instruction, and in accordance with guidelines for evaluating needs for
21 emergency financial assistance as established by the state board of edu-
22 cation.

23 (3) Before acting on any such application, the state board of educa-
24 tion and state board of examiners, jointly, shall determine the difference
25 between the total amount of money appropriated and authorized for
26 expenditure during the current biennium from the state distributive
27 school fund and the total amount of money estimated to be payable from
28 such fund during the biennium pursuant to paragraphs (c) and (e), and
29 shall make no distribution in excess of such difference.

30 (4) The state board of education shall review each application and
31 shall by resolution find the least amount of additional money, if any,
32 which it deems necessary to enable the board of trustees of the applying
33 school district to provide a minimum educational program and meet its
34 irreducible contract obligations. In making such determination, the state
35 board of education shall consider also the amount available in the dis-
36 tributive school fund and the anticipated amount of future applications,
37 so that no deserving school district will be wholly denied relief.

38 (5) If the state board of education finds that emergency assistance
39 should be granted to an applying school district, it shall transmit its reso-
40 lution finding such amount to the state board of examiners, along with a
41 report of its then-current estimate of the total requirements to be paid
42 from the state distributive school fund during the then-current fiscal year.

43 (6) The state board of examiners shall independently review each
44 resolution so transmitted by the state board of education, may require the
45 submission of such additional justification as it deems necessary, and shall
46 find by resolution the amount of emergency assistance, if any, to be
47 granted. The board may defer, and subsequently grant or deny, any part
48 of a request.

49 (7) The state board of examiners shall transmit one copy of its find-
50 ing to the state board of education and one copy to the state controller.

DISTRIBUTION TO SCHOOL DISTRICTS
AND STATE DISTRIBUTIVE SCHOOL FUND

	<u>Present System</u> 1977-78	<u>Proposed System SB386</u> 1977-78
Churchill	\$ 340,560	\$ 338,894
Clark	18,491,813	18,401,323
Douglas	943,091	938,484
Elko	838,303	834,202
Esmeralda	16,373	16,293
Eureka	32,746	32,586
Humboldt	337,286	335,635
Lander	104,787	104,275
Lincoln	55,668	55,396
Lyon	314,363	312,825
Mineral	167,005	166,188
Nye	130,984	130,344
Carson City	1,002,035	997,132
Pershing	117,886	117,309
Storey	117,886	117,309
Washoe	9,224,616	9,179,480
White Pine	510,841	508,341
	<hr/>	<hr/>
	\$32,746,243	\$32,586,016
State School Dist. Fund	2,147,000	2,506,617
TOTAL	<hr/> 34,893,243	<hr/> 35,092,633

WASHOE COUNTY SCHOOL DISTRICT

425 EAST NINTH STREET

RENO, NEVADA 89502

214

Telephone (702) 322-7041

Marvin Picollo, Superintendent

BOARD OF TRUSTEES

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Robert McQueen, Ph.D., Member

William A. O'Brien III, M.D., Member

Edward L. Pine, C.E., Member

April 15, 1975

Mr. James Lien
Executive Secretary
Nevada Tax Commission
Carson City, Nevada 89701

Dear Mr. Lien:

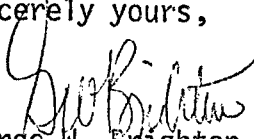
Re: SB 386 Amendment

The amendment in Section 118, which reduces the State Distributive amount of the Sales Tax Refund from 28% to 2% and then in a new subparagraph transfers 26% to the County School Districts in proportion to the amount which is collected in each county, is a much better procedure than that in the original bill.

The amendment returns the money collected in a county to the school district of that county and truly represents local support of the schools. It thus does not become lost in the State General Fund and State Distributive Fund and become money from the state.

If there is any further assistance the School District can give you in this matter, please let us know.

Sincerely yours,


George W. Brighton
Associate Superintendent
Business & Finance

GWB:bw

RECEIVED
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Nevada Tax Commission

INTER-OFFICE MEMORANDUM

TO: Jim Lien, Assistant Secretary, Nevada Tax Commission

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FROM: Dr. Kenny C. Guinn, Superintendent, CCSD DATE: April 11, 1975

SUBJECT: Senate Bill 386

The Clark County School District has had two concerns about Senate Bill 386. They are as follows:

1. The changes affecting sales tax should not reduce the projected tax revenues to the State Distributive School Fund.
2. The amount of money generated from the local sales tax, and up to now credited as local support, should continue to be so credited.

Your analysis of revenue that would be generated under this bill would indicate that the State Distributive Fund would continue to receive at least the same amount of revenue as projected under the present tax bills.

You suggested an amendment to change Section 118 on page 25, and Section 121 on page 26 of the bill. The amendment is designed to distribute the sales tax in about the same proportion as under the present bills and allow our district to be credited for local support.

If the revenue to the State Distributive Fund is at least as much as that generated under the present tax bills, and if the amendment does allow the district credit for about the same local support, then we have no concerns over the bill.

We cannot comment on the effect the bill will have on total state revenue. We assume you have determined that it will not reduce revenue to any other entities.

KCG/EAG:dt

FOOD STORE ANNUAL SALES TAX RECEIPTS AS
% OF TOTAL ANNUAL SALES TAX RECEIPTS

Fiscal Year.	Total Tax Receipts	Food Store Tax Receipts	Food Store %	Food Sales %
1962-63	\$20,135,965	\$2,731,884	13.57	10.45
1963-64	21,492,077	3,070,413	14.29	11.00
1964-65	22,416,484	3,308,214	14.76	11.37
1965-66	23,546,257	3,442,184	14.62	11.26
1966-67	23,416,652	3,514,101	15.01	11.56
1967-68	25,634,725	3,754,443	14.65	11.28
1968-69	29,660,512	4,098,206	13.82	10.64
1969-70	33,594,537	4,515,405	13.44	10.35
1970-71	35,517,647	5,048,400	14.21	10.94
1971-72	40,757,780	5,696,107	13.98	10.76
1972-73	47,926,510	6,996,582	14.60	11.24
1973-74	54,326,752	8,218,914	15.13	11.65
1974-75*	14,690,720	2,215,315	15.08	11.53

*1st Quarter

Other	2	10	784
	12	201	11,481
Ranchos:			
Country Club Estates	1	14	736
Ranchos Estates & Units	4	946	35,438
4,5,6	5	960	36,174
Kingsbury:			
Alpine, Kingsbury			
Summit and Tahoe			
Villages, Kingsbury	12	258	61,990
Estates & Highlands			
Round Hill; etc.:	1	9	10,501
TOTAL OF CATEGORY	30	1423	120,146
(DISCOVERED)			
Percent of total list (approx.)	47 percent		41 percent

expect every subdivision and group of people will not only take for granted these things, but would each give consideration and actual work and abilities to plan, design, and do what is needed.

Do something you know is expected of you, and you'll feel a lot better for living. Help the other fellow with his music and art and calculating. It seems as though that was one of the things God wanted for the world, wasn't it?

Well-laid plans of mice and men may go astray, but they don't have to.

JUNE SPRING



STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CARSON CITY, NEVADA 89701



LEGISLATIVE COMMISSION
LAWRENCE E. JACOBSEN, Assemblyman, *Chairman*
INTERIM FINANCE COMMITTEE
FLOYD R. LAMB, Senator, *Chairman* 248

ARTHUR J. PALMER, *Director*

PERRY P. BURNETT, *Legislative Counsel*
EARL T. OLIVER, *Legislative Auditor*
ARTHUR J. PALMER, *Research Director*

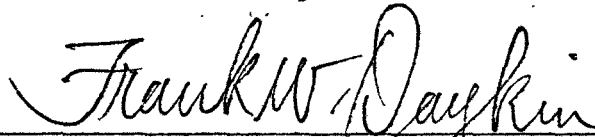
April 17, 1975

Senator Mary Gojack
Senate Chamber
Legislative Building
Carson City, Nevada 89701

Dear Mary:

If Senate Bill 386 is enacted and the people at the 1976 general election approve the proposal submitted, the legislature is not prevented from enacting a new tax upon retail sales and related uses. The new tax would have to be, as the local school support tax is, contained in a separate law, complete in itself and destined to some use other than the general fund.

By direction of the Legislative Counsel


Frank W. Daykin

FWD:jll

WASHOE COUNTY SCHOOL DISTRICT

425 EAST NINTH STREET
RENO, NEVADA 89502

249

Telephone (702) 322-7041

Marvin Picollo, Superintendent

BOARD OF TRUSTEES

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Edward L. Pine, C.E., Member

April 15, 1975

Mr. James Lien
Executive Secretary
Nevada Tax Commission
Carson City, Nevada 89701

Dear Mr. Lien:

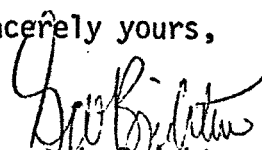
Re: SB 386 Amendment

The amendment in Section 118, which reduces the State Distributive amount of the Sales Tax Refund from 28% to 2% and then in a new subparagraph transfers 26% to the County School Districts in proportion to the amount which is collected in each county, is a much better procedure than that in the original bill.

The amendment returns the money collected in a county to the school district of that county and truly represents local support of the schools. It thus does not become lost in the State General Fund and State Distributive Fund and become money from the state.

If there is any further assistance the School District can give you in this matter, please let us know.

Sincerely yours,


George W. Brighton
Associate Superintendent
Business & Finance

GWB:bw

RECEIVED
IF /ADA TAX COMMISSION
APR 17 9 10 AM '75

CLARK COUNTY SCHOOL DISTRICT

CC-52A

INTER-OFFICE MEMORANDUM

250

TO: Jim Lien, Assistant Secretary, Nevada Tax Commission

FROM: Dr. Kenny C. Guinn, Superintendent, CCSD DATE: April 11, 1975

SUBJECT: Senate Bill 386

The Clark County School District has had two concerns about Senate Bill 386. They are as follows:

1. The changes affecting sales tax should not reduce the projected tax revenues to the State Distributive School Fund.
2. The amount of money generated from the local sales tax, and up to now credited as local support, should continue to be so credited.

Your analysis of revenue that would be generated under this bill would indicate that the State Distributive Fund would continue to receive at least the same amount of revenue as projected under the present tax bills.

You suggested an amendment to change Section 118 on page 25, and Section 121 on page 26 of the bill. The amendment is designed to distribute the sales tax in about the same proportion as under the present bills and allow our district to be credited for local support.

If the revenue to the State Distributive Fund is at least as much as that generated under the present tax bills, and if the amendment does allow the district credit for about the same local support, then we have no concerns over the bill.

We cannot comment on the effect the bill will have on total state revenue. We assume you have determined that it will not reduce revenue to any other entities.

KCG/EAG:dt

Nevada Tax Commission

CARSON CITY, NEVADA 89701

Telephone (702) 885-4820
In-State Toll Free 800-992-0900

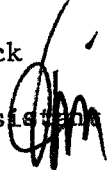
351

MIKE O'CALLAGHAN, *Governor*JOHN J. SHEEHAN, *Secretary*

April 11, 1975

MEMORANDUM

TO: Senator Mary Gojack

FROM: James C. Lien, Assistant Secretary 

SUBJECT: Amendments to SB 386

Attached hereto are the proposed amendments to SB 386 which will effect distribution of a portion of the sales tax directly to the several county school districts.

That change in the allocation formula resulted in the having to amend pages 26 and 28 as well in order to reinstate that language that the sales tax is to be considered part of the available local funds for school districts. Should you have any questions on the amendments, please contact me.

These have been discussed with both Washoe County School District and Clark County School District and I anticipate receiving a memo of support from each Monday.

JCL/mw

Attach



Carson City Senior Citizens Center

901 BEVERLY DRIVE
CARSON CITY, NEVADA 89701

Phone

702 - 883-0703

April 18, 1975

SENIOR CITIZEN CRISIS CALL!

Sign up if you want TAX TAKEN OFF FOOD!

Senator Mary Gojack's Bill.

- Barbara A. Fisher 1317 Stanford Dr Carson City
- Belle Parsons 1950 W. Carson Sp. 56 Carson City.
- Willis B. Parsons 1950 W. Carson Sp. 56 Carson City
- Theodore R. Pursey 2055 Fairmont way. Carson City Mrs.
- Allen Johnson 1958 G Street Carson City Sw.
- Ruth Host P.O. Box 2022 Carson City
- Dorothy Brundage 2648 Viking Way " "
- Albert B. Lloyd Davis Rd Carson
- Angie Doyle 2275 Columbia Way - C.C.
- Paul Doyle " " " "
- Bonnie Pursey 2055 Fairmont Way C.C.
- ~~Ruth Host~~
- Al Lundgren 2880 - Doris way C.C.
- Alice Lundgren " " " "
- Glyde Perry P.O. Box 1744 C.C.
- Beth Perry P.O. Box 1744 C.C.
- Lillian Ras 2700 Luella Gay - C.C.
- George M. Archer 901 Winnie Ln C.C.
- Mildred Archer 901 Winnie Ln C.C.



Telegram

253

REATTAC(1345) (2-024577E111) PO 04/21/75 1344

ICS: IPIRNCZ CSP

1975 APR 21 PM 1:21

7020457507 TDRM LAS VEGAS NV 67 04-21 0144P EST

FMS SENATOR HARLOW BROWN CHAIRMAN SENATE TAXATION COMMITTEE AND MEMBERS:

STATE CAPITOL BLDG

CARSON CITY NV 89701

BOARD OF MANAGERS NEVADA PARENTS TEACHERS ASSOCIATION ACTING AT EMERGENCY LEGISLATIVE COMMITTEE HAS ADOPTED THE FOLLOWING POSITIONS WHILE THE PTA IS GENERALLY SUPPORTIVE OF THE CONCEPT OF REMOVING THE SALES TAX FROM FOOD ITS PRIMARY CONCERN IS THE CURRENT FUTURE ADEQUACIES OF FUNDING FOR EDUCATION WE DO NOT FEEL THAT SB386 PROVIDES FOR THIS ADEQUACY THEREFORE WE CANNOT SUPPORT THIS LEGISLATION

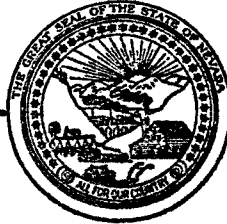
CONNIE LARSON PRES 688 GREENBRAE DR SPARKS NV 89431

END

1975 APR 21

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CARSON CITY, NEVADA 89701



LEGISLATIVE COMMISSION
LAWRENCE E. JACOBSEN, Assemblyman, Chairman

INTERIM FINANCE COMMITTEE
FLOYD R. LAMB, Senator, Chairman

254

ARTHUR J. PALMER, Director

PERRY P. BURNETT, Legislative Counsel
EARL T. OLIVER, Legislative Auditor
ARTHUR J. PALMER, Research Director

April 17, 1975

M E M O R A N D U M

TO: Senator B. Mahlon Brown
FROM: Andrew P. Grose, ^{AG} Chief Deputy Research Director
SUBJECT: Sales Tax Exemption on Food

I have checked with other western states that have a sales tax on food to determine what part of their sales tax revenue comes from that source. I have also contacted California to determine what administrative burden is created by having such an exemption.

Arizona--No estimates available.

Idaho--Their recent session considered the exemption. The Revenue Department estimates 20 percent of their sales tax revenue comes from food. They point out that tourism is low but lots of farm labor accounts for high food purchases from grocery stores as opposed to restaurants.

Based upon their contact with California, the Idaho tax people testified that the auditing and administrative burden of the exemption would be high but had no specific figure as to the impact on Idaho.

Washington--Their recent session also considered the exemption. Their estimate was that 13.8 percent of sales tax revenue came from food. They had not worked out administrative costs but used California's experience as an argument that this burden would increase if the exemption was enacted.

New Mexico--They estimate that 11.2 percent of their sales tax revenue is from food. This seems low. They also cited California as a basis for expected administrative difficulties.

Sales Tax Exemption
April 17, 1975
Page 2

Utah--They did a very detailed analysis for their legislative session and came up with 18 percent. The chief sales tax auditor did a national study of the sales tax on food and came up with another figure of interest. Nationwide, a good per capita food expenditure figure works out to \$500. Obviously there are variations among people and regions but \$500 is close to the mark. Based on this, you can figure that for every 1 percent of sales tax, you are raising \$5 per capita per year from food.

If you apply his estimate to Nevada using 500,000 population as a conservative estimate, and using 3 1/2 percent statewide, you get \$8,750,000. Using the Tax Commission estimate of a 12 percent loss, you get \$8,400,000 loss to the state and local governments combined. I have used rounded figures simply to illustrate the usefulness of the Utah approach. Using their \$500 per capita per year food figure, you can figure out what the tax revenue in any state from food would be. Such an approach controls for tourism too.

Colorado--They figured out their food tax burden the same way as Utah and came up with \$21 in sales tax per capita per year based on a 4 percent sales tax. Instead of exempting food and dealing with the administrative problem, Colorado decided to allow a \$21 per capita credit on state income tax.

California--They enacted a sales tax in 1933 and then exempted food in 1935. They have had a great deal of experience and case law on the problems of the exemption. The Board of Tax Equalization does the auditing of the tax and makes the rules governing its administration. In short, it requires constant attention because of new food products coming out all the time. They feel that they have developed a good system over the years for handling definitions, but they state that they are always involved in rulings of what is or is not taxable. They feel they have handled the problem of the small grocer. They allow small operators to pay a tax on a set ratio of their gross sales and don't audit them as to specific items.

Sales Tax Exemption
April 17, 1975
Page 3

Finally, California estimates what they do not collect in sales tax on food and it would amount to 15.7 percent of what the tax would be without the exemption.

The range in percentages of tax from food, based on the Utah study, is from an unbelievable 6 percent in North Dakota to 22 percent in North Carolina. The North Dakota figure was a guess not based upon hard data by the tax people there. The southern states generally have high percentages from food because they eat about as much as others but have lower per capita incomes, thus spend a greater percentage of income on food.

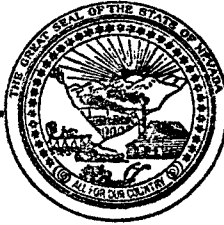
No one had dollar figures on the administrative burden of a food exemption. All cited California, but even California doesn't know what their administrative costs are to keep up with the food exemption.

If you require further explanation of this material, please contact me.

APG/jd

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CARSON CITY, NEVADA 89701



LEGISLATIVE COMMISSION
DONALD R. MELLO, Assemblyman, *Chairman*
INTERIM FINANCE COMMITTEE
FLOYD R. LAMB, Senator, *Chairman* 257

ARTHUR J. PALMER, *Director*

PERRY P. BURNETT, *Legislative Counsel*
EARL T. OLIVER, *Legislative Auditor*
ARTHUR J. PALMER, *Research Director*

April 21, 1975

Senator B. Mahlon Brown
Senate Chamber
Legislative Building
Carson City, Nevada 89701

Dear Mahlon:

Senate Bill No. 386, if the bill is enacted and the question submitted to the people is answered yes, would have three principal effects:

1. To exempt from all currently operative taxes on retail sales the purchase of:
 - (a) Foods for human consumption, as narrowly defined in the bill. Thus, ordinary food products purchased in a store for preparation or consumption at home would be exempt, but restaurant or "fast-food" (drive-in, McDonald's, etc.) meals would be taxable.
 - (b) Certain health care products, such as eyeglasses, hearing aids, crutches and insulin.
2. To consolidate all currently operative taxes on retail sales into a single tax at the rate of 4 percent. The loss of overall revenue from the new exemption is made up, according to the estimates of the Nevada Tax Commission, by the increase from the present combined rate of 3.5 or 3 percent (depending on whether a county has adopted a city-county relief tax). The individual losses of revenue to school districts, cities and counties are made up, according to the same estimates, by the new apportionment of the augmented sales tax fund in section 118 of the bill.

Senator B. Mahlon Brown

April 21, 1975

Page 2

Thus the tax burden is not reduced but shifted in part from those who spend a larger part of their incomes for food or medical supplies to those who spend a larger part for other consumer goods, and to tourists whose food is in the taxable category.

- 3. To withdraw from the Sales and Use Tax Act, which is a referred measure amendable only by vote of the people, those provisions which deal primarily with administration of the tax, and reenact them in a form amendable by the legislature as circumstances may require. The definitions, the exemptions and the rate are left in the referred measure, preserving the control of the people over these features.

For simplicity, the term "retail sales" is used throughout this discussion. The effect on the related "use tax" on the storage, use or consumption of similar items purchased outside the state is the same.

The repeal of the separate Local School Support Tax Law and City-County Relief Tax Law, and the consolidation of their existing rates into the new 4 percent rate of the Sales and Use Tax Act, would have no legal effect upon the power of the legislature to enact a new tax upon retail sales and related uses. Such a tax would have to meet the same tests as the Local School Support Tax Law did: to be a separate tax, complete in itself and destined to some use other than the general fund of the state. The new tax might be for the same purposes as the laws repealed. This power of the legislature is retained because (1) the repeal of the two existing separate taxes is not part of the question submitted to the people, but only contingent for its effect upon the result of their vote, and (2) nowhere in the Sales and Use Tax Act (existing or as proposed to be amended) is there any provision that the tax so imposed is exclusive. The constitutional

Senator B. Mahlon Brown
April 21, 1975
Page 3

principles applied by the Supreme Court in Matthews v. State ex rel. Nevada Tax Commission, 83 Nev. 266 (1967), therefore would operate upon the same legal situation, and their application would be further enforced by the precedent of that decision.

Very truly yours,

PERRY P. BURNETT
Legislative Counsel

By


Frank W. Daykin

FWD:bkm

GROSS COLL PER CAP (5)	STATE	RATE	POPULATION	TOTAL TAX COLLECTED	REV. LOSS FOOD SALES	TOTAL, COL 2 + COL 5	% OF REV LOST	REV LOSS UTAH (1)	REV. LOSS % OF TAX (3)
154.31	CALIFORNIA	4 3/4%	20,830,000	2,673,510,000	499,000,000	3,172,510,000	15.73%	26,898,300	105,052,632
171.69	CONNECTICUT	6 1/2%	3,032,417	427,917,028	92,692,652	520,609,680	17.80%	30,438,000	14,260,408
123.55	IOWA	3%	2,904,000	322,486,784	36,300,000	358,786,784	10.12%	17,305,200	12,100,097
90.84	LOUISIANA	3%	3,650,000	296,579,120	35,000,000	331,579,120	10.56%	18,051,600	11,666,667
147.97	MAINE	5%	1,034,000	128,003,924	25,000,000	153,003,924	16.34%	27,941,400	5,000,000
170.11	MARYLAND	4%	3,922,399	364,700,000	106,400,000	471,100,000	22.59%	38,628,900	26,600,000
103.78	MINNESOTA	4%	3,895,663	347,280,000	57,000,000	404,280,000	14.10%	24,109,529	14,250,000
94.91	NEBRASKA	2 1/2%	1,542,000	128,051,000	18,300,000	146,351,000	12.56%	21,375,000	7,320,000
79.79	NEW YORK						18.00%	30,780,000	
	No. CAROLINA (4)	3%	5,273,000	420,739,647	95,459,056	- (4)	22.69%	38,199,900	31,819,685
	No. DAKOTA	4%	610,000	69,817,078	5,000,000	74,817,078	6.68%	11,422,280	1,250,000
	OHIO	4%	10,731,000	947,219,779	220,000,000	1,167,219,779	18.85%	32,233,500	55,000,000
	TEXAS	4%	12,015,000	1,119,585,278	249,960,942	1,369,546,220	18.25%	31,207,500	62,490,236
	VIRGINIA	3%	4,900,000	337,175,387	68,000,000	405,175,387	16.78%	28,693,800	22,666,667
	WASHINGTON	4 1/2%	3,448,000	593,633,000	130,309,680	723,942,680	18.00%	30,780,000	28,957,706

USED 18%

Continued over

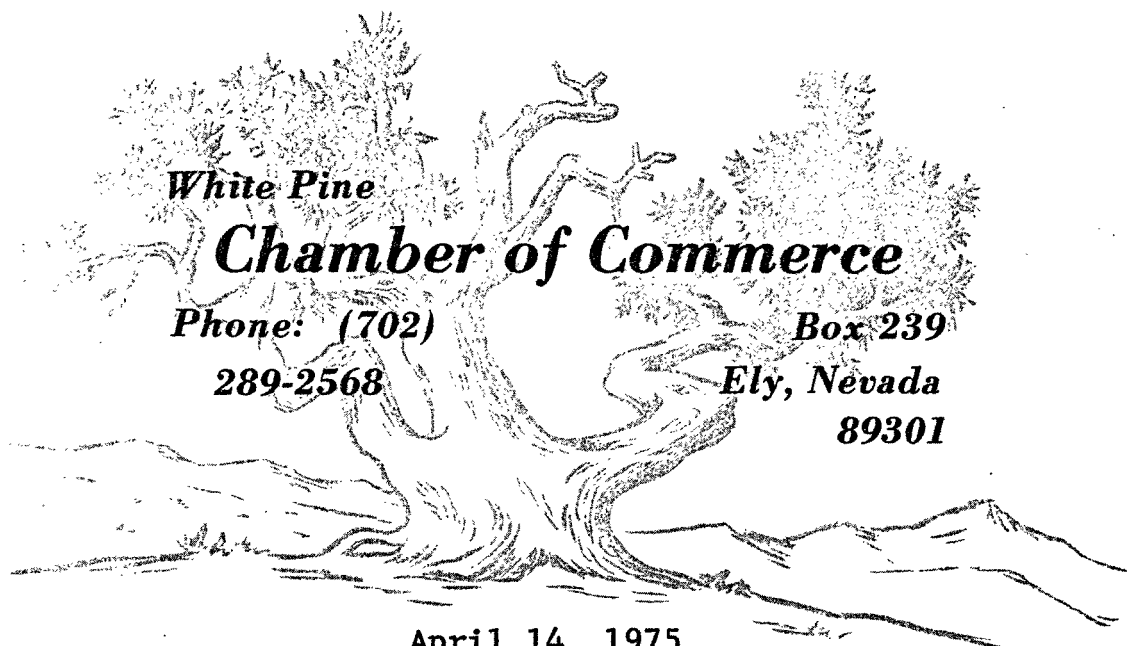
- (1) BASED ON PROJECTED UTAH REVENUE OF 171,000,000 FOR 1974-75 x % in Col. 5
- (2) BASED ON REVENUE LOSS PER CAPITA FOR 4% SHOWN IN COL 9 x UTAH POPULATION
- (3) COLUMN 3 ÷ TAX RATE
- (4) No. CAROLINA DOES NOT EXEMPT FOOD SALES BUT THEY HAVE A RECORD OF FOOD SALES BRO
- (5) INCLUDING FOOD SALES TAX (ITEM 4 ÷ COL 1)

18% x 171,000,000 = 30,780,000

PROJECTED POP = 1,300,000 =

Continued
→

REV Loss Per %	REV Loss PER CAP	REV Loss PER CAP 4%	UTAH PER Loss (2)
5.043	20.1732		24,007,840
4.70	18.81		22,574,227
4.17	16.68		20,016,000
3.20 x	12.78	out	15,342,466
4.84	19.34		23,210,831
6.78 0	27.13	out	32,551,620
3.66 <input checked="" type="checkbox"/>	14.64		17,568,000
4.75	19.00		22,800,000
6.04 <input checked="" type="checkbox"/>	24.16		28,992,000
2.05 x	8.20	out	9,840,000
5.13	20.52		24,624,000
5.20	20.80		24,960,000
4.63	18.52		22,224,000
8.39 0	33.56	out	40,272,000
$\frac{197.64}{10} = \frac{1976}{\text{OUT AT 4\%}}$			
<p>ion of 1,200,000 24% Tax Rate in let</p> <p>REN DOWN STATISTICALLY</p> <p>26,000,000</p>			



April 14, 1975

Senator Mahlon Brown, Chairman
Senate Taxation Committee
Nevada State Legislature
Carson City, Nevada 89701

Dear Senator Brown:

The Legislative Committee of the White Pine Chamber of Commerce, on behalf of all retail businesses in White Pine County, would like to have its endorsement of the following Assembly Joint Resolutions entered into the official record of the Senate hearing for same:

A.J.R. 10, which proposed constitutional amendment to exempt business inventories from property taxation and allow legislature to exempt any other personal property from such taxation.

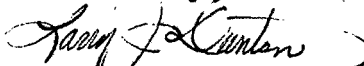
This bill is more favored by the Committee, however A.J.R. 21 would be acceptable if A.J.R. 10 is not passed.

A.J.R. 21 proposes constitutional amendment for progressive exemption of business inventories form property taxation and legislative exemption of other personal property.

A copy of a map of the western states pertaing to inventory tax is enclosed for your information.

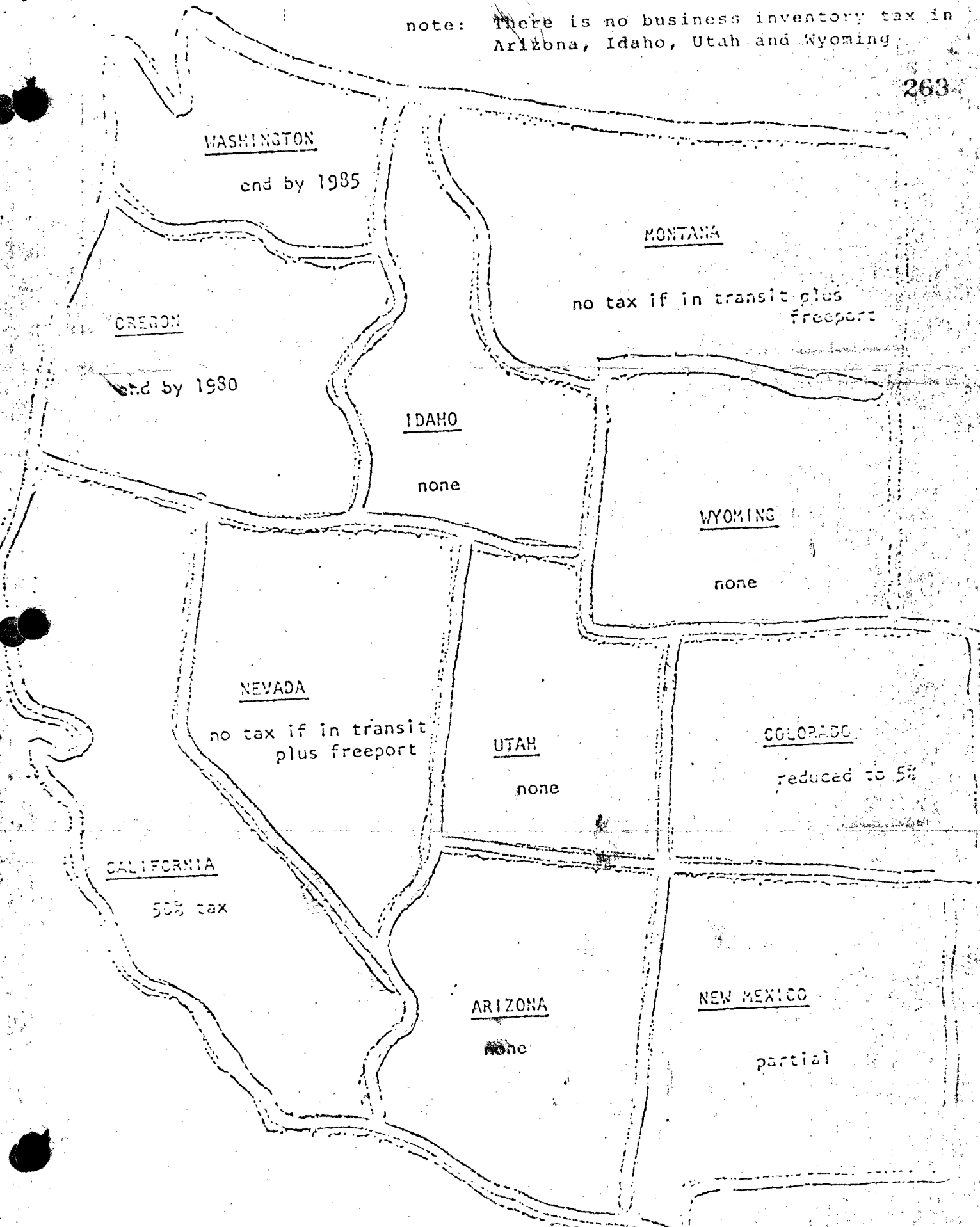
Your committee's serious consideration of our endorsements of the two above mentioned joint resolutions would be most appreciated.

Sincerely,


Larry J. Dunton
President

cc: Senator Blakemore
Assemblyman John Polish

note: There is no business inventory tax in Arizona, Idaho, Utah and Wyoming





STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

264

Division of State Lands

CARSON CITY, NEVADA 89701

April 18, 1975

M E M O R A N D U M

TO: Senator Mahlon Brown, Chairman
Committee on Taxation

FROM: John L. Meder, Administrator
Division of State Lands

A handwritten signature in cursive script that reads "John L. Meder".

RE: Amending AB 158 to include royalty fees on Geothermal Leases on State Lands

As you requested, we have reviewed the laws of several other western states and to determine their policies concerning royalties charged on geothermal leasing of state lands. All of the states studied have provisions for charging royalties. The amount, terms, and conditions vary from state to state.

- : Colorado, Oregon and Hawaii - No specific royalty charge in legislation. The leasing authority for the state establishes the amount - presumably through negotiations.
- : Montana - not less than 10% with the final amount determined by the leasing authority.
- : New Mexico - 10% of gross revenue.
- : Alaska - not less than 10% nor more than 15%, exact amount determined by leasing authority.
- : BLM - 10% on steam and value of the resource at the well head, plus 5% of the value of any minerals or other by-products.

With the increased interest in geothermal energy it would be appropriate to amend AB 158 (NRS 322.030) to include geothermal leasing.

The approach used by Montana and the BLM charging a set percentage for the geothermal resource and 5% for secondary by-products may meet Nevada's needs.

NRS 322.030, 322.040, and 322.060 will need to be amended. Possible language -

NRS 322.030 - added to the last sentence. Geothermal energy source leases shall be based on a fixed rental of \$1 per acre annually for each acre contained therein, and shall further provide for a fixed royalty of 12.5 percent of the amount or value of steam, or other forms of heat or energy, derived from the production under the lease and sold or utilized by the lessee or reasonably susceptible to sale or utilized by lessee and 5 percent of any by-product derived from production under the lessee and sold or utilized or reasonably susceptible of sale or utilization by the lessee.

NRS 322.040 - last line. coal, oil, gas, and utilization of geothermal sources of energy.

NRS 322.060 - Leases or easements authorized pursuant to the provisions of NRS 322.050, and not made for the purpose of extracting oil, coal, gas or utilizing geothermal sources of energy.

If you have any questions or need additional information, please call.

OREGON

522.170 Lessee or operator to conduct operations in prudent manner; no 266
duty to conduct operations; royalties. (1) It is hereby declared to be the policy of the State of Oregon that, in order to further the elimination of waste by increasing the economic recovery of geothermal resources, any lease or contract executed on behalf of the state and granting to any lessee or operator the right to explore for and remove all geothermal resources from a geothermal area, in the absence of an express provision to the contrary, shall be construed as permitting such lessee or operator or his successors or assigns to exercise such right in the manner in which a prudent operator using reasonable care would do so while promoting the best interests of the lessor, lessee and the people of this state. However, nothing in this section shall be construed to impose a legal duty upon such lessee or operator or his successors or assigns to conduct such operations.

(2) The Division of State Lands shall fix a royalty for any geothermal resources removed from state lands.

COLORADO

112-3-13. Leases - rental - mineral lands. The state board of land commissioners may lease any portion of the land of the state at a rental to be determined by it, except as provided in SECTIONS 112-3-18 AND 112-3-48. The lessee shall pay the annual rental to the state board of land commissioners, who shall receipt for the same in the lease. Upon receiving such annual rental, the state board shall transmit the same to the state treasurer, as provided by law, and take his receipt therefor. If GEOTHERMAL RESOURCES OR stone, coal, oil, gas, or other MINERALS not mentioned IN THIS SECTION ARE found upon the state land, such land may be leased for the purpose of obtaining therefrom the GEOTHERMAL RESOURCE OR stone, coal, oil, gas, or other MINERALS, for such length of time and conditioned upon the payment to the state board of such royalty upon the product as the state board of land commissioners may determine.

HAWAII

The payment of royalties to the State shall be fixed by the board.

NEW MEXICO

7-15-7. Leases - Terms. A. Each lease issued pursuant to the Geothermal Resources Act (7-15-1 to 7-15-28) shall provide for the following rentals and royalties with respect to geothermal resources produced, saved and sold from the lands included within the lease:

(1) a royalty of ten per cent (10%) of the gross revenue, exclusive of charges approved by the commissioner made or incurred with respect to transmission or other services or processes, received from the sale of steam, brines, from which no minerals have been extracted, and associated gases at the point of delivery to the purchases thereof;

(2) a royalty of not less than two per cent (2%) nor more than ten per cent (10%) of the gross revenue received from the sale of mineral products or chemical compounds recovered from geothermal fluids in the first marketable form as to each such mineral product chemical compound for the primary term of the lease;

(3) a royalty of eight per cent (8%) of the net revenue received from the operation of an energy producing plant on the leased land;

(4) a royalty of not less than two per cent (2%) nor more than ten per cent (10%) of the gross revenue received from the operation of the geothermal resources for recreational or health purposes;

(5) an annual rental, payable in advance of one dollar (\$1.00) an acre or fraction thereof for each year of a lease;

(6) if, after the discovery of geothermal resources in commercial quantities, the total royalties paid during any calendar year do not equal or exceed a sum equal to two dollars (\$2.00) an acre for each acre or fraction thereof then included in the lease, the person holding the lease shall, within sixty (60) days after the end of the year, pay such sum as is necessary to equal the minimum royalty of two dollars (\$2.00) an acre;

(7) the royalties specified pursuant to this section shall be subject to renegotiation after twenty (20) years from the effective date of a lease and at ten-year intervals thereafter, however, the new royalty rate shall not vary more than fifty per cent (50%) from the previous royalty rate; and

(8) except for royalties on minerals, royalties and rentals may be negotiated at other rates than that provided in this section where the surface has heretofore been sold with minerals reserved; Provided, however, a public hearing shall be held thereon before any such rates are approved by the commissioner.

B. Royalty payments shall be made pursuant to paragraphs (1) and (2) of subsection A of this section for all geothermal resources used and not sold by a person holding a lease, with the gross revenue therefrom to be determined as though the geothermal resources had been sold to a third person at the then prevailing market price in the same market area and under the same marketing conditions; Provided, however, that no royalties shall be payable for steam used by a person holding a lease in the production of any geothermal resources subject to the payment of royalties pursuant to paragraphs (1) and (2) of subsection A of this section.

C. The commissioner shall have the authority in leasing lands pursuant to the Geothermal Resources Act to prescribe a development program. In prescribing the program, the commissioner shall consider all applicable economic factors, including market conditions and the cost of drilling for, producing, processing and utilizing of geothermal resources.

ALASKA

(A) a royalty of not less than 10 per cent nor more than 15 per cent of the gross revenue, exclusive of charges, approved by the commissioner made or incurred with respect to transmission or other services or processes, received from the sale of steam, brines, from which no minerals have been extracted, and associated gases at the point of delivery to the purchaser of them;

(B) a royalty of not less than two per cent nor more than 10 per cent of the gross revenue received from the sale of mineral products or chemical compounds recovered from geothermal fluids in the first marketable form as to each mineral product or chemical compound for the primary term of the lease;

(C) an annual rental payable in advance of not less than \$1 an acre or fraction of an acre for each year of a permit or lease.

(2) The royalties specified in this section are subject to renegotiation under (m) of this section based upon recommendations of the director and the renegotiations are not limited by the maximum royalties specified in (1) (A) and (B) of this subsection.

(3) Royalty payments shall be made for all geothermal resources used by the lessee, but which he does not sell. The value of these geothermal resources used, but not sold, shall be determined by the commissioner and set out in the terms of the lease. The commissioner shall consider the cost of exploration and production and the economic value of the resource in terms of its ultimate utilization.

(4) Upon request of the commissioner, other state departments and agencies shall furnish him with any relevant data then in their possession of knowledge concerning or having bearing upon fair and adequate charges to be made for geothermal steam produced or to be produced for conversion to electric power or other purposes. Data given to a department or agency as confidential under law may not be furnished in a way which identifies or tends to identify the business entity whose activities are the subject of the data or the person or persons who furnished the information.

(5) The commissioner independently or upon the advice of the director, may waive, suspend, or reduce the rental or minimum royalty for the land included in any permit or lease, or any portion of it, and waive, suspend, alter or amend the operating requirements contained in the lease or regulations promulgated under this section affecting operations of the lease or permit, in the interests of conservation, and to encourage the greatest ultimate recovery of geothermal resources if he determines that that action is necessary or beneficial to promote development or finds that the permit or lease cannot be successfully operated under the permit or lease terms or under the regulations.

(6) If, after the discovery of geothermal resources in commercial quantities, the total royalties due to the state during any calendar year do not equal or exceed a sum equal to \$2 an acre for each acre or fraction of an acre then included in the permit or lease, the permittee or the lessee shall, within 60 days after the end of the year, pay whatever sum is necessary to equal a minimum royalty of \$2 an acre.

MONTANA

81-2605. Royalties and rentals. Geothermal leases shall be issued at an annual rental of not less than one dollar (\$1) per acre, payable in advance and/or a royalty which shall not be less than ten percent (10%) of the amount or value of steam, or other forms of heat or energy, derived from the production under the lease and sold or utilized by the lessee or reasonably susceptible to sale or utilization by the lessee and not more than five percent (5%) of any by-product derived from production under the lease and sold or utilized or reasonably susceptible of sale or utilization by the lessee.

COMMENTS ON SENATE BILL NO. 362

The 1973 legislature authorized the Public Service Commission of Nevada to conduct a complete survey of all publicly owned airports in Nevada and to prepare a long term development plan for a system of airports considered critical to the transportation needs of Nevada.

The study was funded by the State and the Department of Transportation administered by the Federal Aviation Administration. On August 26, 1973, the Preliminary Nevada State Airport System Plan was submitted for review. As part of the review process, public hearings were held throughout Nevada.

The goals and objectives the Nevada Airport System plan was designed to achieve are:

1. To provide for the orderly and timely development of a system of airports which will meet the aeronautical and air transportation needs of Nevada for the period 1973-1993 and which will be compatible with the National Airport System Plan (NASP) and local planning activities.
2. To provide a framework for cost-effective airport development programs consistent with short-, intermediate-, and long-range needs.
3. To provide a basis for coordination of airport plans with the planning by metropolitan and regional agencies in the areas of transportation, land use, economic development, and resource utilization.
4. To inform national and local political, industrial, and individual interests of airport facility requirements.
5. To make possible long-range coordination of airport development, air navigation facilities, airspace use, and air traffic control procedures within the framework of State and metropolitan area comprehensive planning.
6. To provide a document for use at the local level in planning and cost estimation for airports which will be compatible with the goals of the individual communities.
7. To provide for appropriate and orderly allocation of land for airport purposes.

8. To identify and suggest solutions for airport related environmental problems.

9. To identify the general location of all the airports (by type and size) and recommend development (with estimated cost) that will be required to make air transportation reasonably accessible to users in the State.

10. To develop an air implementation plan and a supportive airport system computer data bank to facilitate a continuing Nevada State airport planning process.

It does not seem reasonable to debate SB362 when a current State Airport System Plan is available or near completion which was paid for by State and Federal funds.

Before any State Aviation Advisory Board is created, serious consideration should be given to the concept of the Airport System Plan. There should be more discussion by the legislature and all city and county governments involved.

I believe the people of Nevada deserve a workable system of public transportation. Several towns and cities have neither bus or train service. A basic outline for third level air service was set forth in the 1970 Western Region Short Haul Transportation Program. This plan should be updated, studied, and given consideration.

Nevada is in need of a state wide consolidated front in airline route cases and other air service needs. There are many route cases and other air service cases before the Civil Aeronautics Board that are important to the tourist industry in Nevada.

SB 362 would prevent Clark County from collecting aviation flowage fees from general aviation and supplemental/charter airlines. This flowage fee is 2.5 cents per gallon and is paid in lieu of a landing fee. All funds obtained by Clark County through flowage fees are used for the airfield. In fiscal 1974, it amounted to \$95,557, and we are estimating \$105,000 for 1975.

If this flowage fee is stopped, we would in turn have to charge general aviation and the supplemental/charter airlines a landing fee which is not possible to administer. (All those that do not pay landing fees pay flowage fees)

The depletion of these funds would also jeopardize our bonding agreements.

McCarran International Airport has the staff and technical ability and is willing to assist any Nevada airport in areas of preparing applications for airport planning and development grants; types of engineering; safety and security programs; and other airport related programs.