

MINUTES

ASSEMBLY COMMITTEE ON TAXATION
JANUARY 27, 1977
9:30 a.m.

Members Present: Chairman May
Mr. Schofield
Mr. Craddock
Mr. Dreyer
Mr. Horn
Mr. Jacobsen
Mr. Mann
Mr. Murphy

Members Excused: Mr. Harmon

Guests Present: John Crossley, Legislative Counsel Bureau -
Audit
Glenn K. Griffith, Nevada Department of
Fish and Game
James C. Lien, Department of Taxation
Marilyn Paoli, Department of Taxation
Homer Rodriguez, Carson City Assessor
Fred E. Wright, Nevada Department of Fish
and Game

ASSEMBLY JOINT RESOLUTION 12

Mr. Griffith of Fish and Game began by saying that presently titling and registration of motorboats are handled by the Department of Fish and Game in a single function. The change that was supported in this resolution involves the property tax which is presently collected by the counties. He stated that the Department would like this to be established as a privilege tax.

Mr. Wright, also of Fish and Game, then stated in titling and registration, we have to determine that sales tax has been paid and, at the present time, that property tax has been paid. If this resolution would pass, the next step would be to pass legislation for a privilege tax. He felt that this would be an advantage for the public. An individual could handle all matters pertaining to his motorboat at one time and place. Also there would be changes necessary in NRS 488. At the present time, statutes do not require that a boat be registered if it is not put on the water.

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Mr. Mann asked how much loss of tax revenue would this resolution cause to the counties. Mr. Wright answered that what would happen would be that the Department of Fish and Game would collect for the counties and take a percentage administration fee.

Mr. Mann questioned if the present money that is collected goes to the counties or to the Department. Mr. Wright said that the Department does not collect any property tax for the counties. They only say that an individual cannot register his boat unless the tax has been paid.

Mr. Mann then asked why create a bureaucracy to take money presently going to the counties. Mr. Wright said that Washoe County officials had contacted him to let him know of their approval of this resolution. Their feeling was that the Department could handle the boats and take all the money. Mr. Wright stated that in Clark County, the property tax on boats is between \$300,000 and \$400,000. He stated that the County does have direct costs in this. He further stated that in the whole state, 53% of all boats are in Clark County, and 26% are in Washoe County.

Mr. Murphy stated that A.J.R. 12 is a constitutional amendment which will be made very broad. It could be similar to what is currently being done as far as automobile registration in the Department of Motor Vehicles.

Mr. Wright stated that this law, if changed, would require that the Department add to the computer system more information on watercrafts presently registered such as the year of construction and original value. There are some 26,000 to 27,000 boats of record on file. Last year there were some 23,000 boats active on record. He stated that the Department produces a computer bill for registration in the amount of \$5.00. This could be changed to show a privilege tax plus registration fees.

Mr. Wright said that this resolution would help his Department because now they are forced to spend time between individual boat owners and the counties. A person coming in to register his boat shows a receipt that his taxes are paid. If he does not have this record, or the Department shows that taxes have not been paid, contact must be made with the county assessors to confirm that the tax has or has not been paid.

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Chairman May questioned if the term "motorboat" is clear enough and if it included sailboats. Mr. Wright said that "motorboat" did not include a sailboat that did not have an auxiliary motor, but if a citizen wished to register his sailboat, the Department would do this.

Chairman May read a letter from the representative of several boat dealers in the Las Vegas area who support A.J.R. 12. The letter is attached to the minutes. (Exhibit A)

Mr. Griffith explained that "motorboat" refers to any boat that is propelled mechanically. Mr. Wright stated that NRS 488 does leave a void. It only defines motorboats and water vessels. The statute itself is entitled "Regulation of Watercraft."

Mr. Rodriguez, Carson City assessor and also chairman for the legislative committee representing the assessors statewide, said that he had not been contacted by any assessors concerning this resolution. He stated that this group had a meeting scheduled for February 8, at which time he could hear what their feelings were. Chairman May then rescheduled A.J.R. 12, along with a similar bill, A.B. 104, for hearing on Tuesday, February 8.

ASSEMBLY BILL 99

A.B. 99 seeks to delete the requirement that the Multistate Tax Compact advisory committee meet annually. Mr. Lien of the Department of Taxation stated that it has not been necessary to have annual meetings of this committee. Correspondence alone has taken care of the business of the committee.

Discussion was made on the necessity of the committee. Mr. Lien stated that it would not hurt his feelings if the committee was abolished. Mr. Jacobsen stated that before the committee might be abolished, he would like to know how much correspondence was done in the last year and how many states are involved in the Multistate Tax Compact. Chairman May stated that this committee has operated at no cost to the State. He felt that if it was costing the State, he could see why it would not be wanted. He stated that he would hate to see the committee abolished.

Mr. Lien reminded the committee members that the proposed legislation does not abolish the advisory committee; simply does away with the requirement for annual meetings. Information was distributed that was previously requested at the January 20, meeting. These items are attached. (Exhibit B)

ASSEMBLY BILL 101

The main item in A.B. 101 is the raising of the bond limits for gasoline dealers. Mr. Lien stated that this bill was the result of a legislative audit which was conducted because it was felt that many dealers were underbonded.

Mr. Jacobsen and Mr. Mann expressed concern that the increase would place more strain on the small businessmen.

Mr. Lien explained that there were other types of bonds besides cash bonds such as a certificate of deposit or the most common, a surety bond with an insurance company.

Mr. Crossley stated that the recommendation of the Audit Division was that the maximum bond be increased. Neither Mr. Crossley nor Mr. Lien knew why the minimum bond had been increased. The \$20,000 maximum on bonds was set after a study of the accounts, according to Mr. Lien.

Chairman May asked what the problem was in the first place to require this legislation. Mr. Lien answered that for the volume of some of the dealers in the State at the present time, the bond is too small.

A.B. 101 will be returned to the Committee on Taxation with the minimum bond remaining at \$1,000.

ASSEMBLY BILL 103

Mr. Lien stated that the change being requested by this bill was already taking place; that is, that state sales and use tax be deposited in the account of the state treasurer. The bill was submitted so that businesses who pay the sales and use tax do not return to the old system as stated in NRS 360.276.

Mr. Jacobsen motioned that the committee give the bill a Do Pass recommendation; Mr. Schofield seconded. The bill was given unanimous approval by the members present, except Mr. Murphy who was not present when this vote was taken.

Chairman May adjourned the meeting at 10:33 a.m.

Respectfully submitted,

Carl R. Ruthstrom Jr.

Carl R. Ruthstrom, Jr.
Secretary

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ATTACHMENTS: Letter from President, Nevada Retail Boat
Dealers Association
Material from Department of Taxation as
requested in January 20, meeting:
Sources of Revenue Collected by Department of
Taxation 1975-1976
Sources of State Revenues
Sources of State Revenues 1975-1976



4444 Boulder Highway • Las Vegas, Nevada 89121 • Phone (702) 451-2666

25th January 1977

Honorable Paul W. May, Assemblyman
Chairman of the Tax Committee
Carson City, NV

Dear Assemblyman May:

The Nevada Retail Boat Dealers Association wish to express our desire to endorse the Nevada Department of Fish and Games's proposal to amend the Nevada Constitution authorizing legislation to impose a privilege tax upon motor boats and water vessels in lieu of the present property tax.

Thank you for your time and consideration.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "R. H. McClintic".

R. H. McClintic
President-Nevada Retail Boat Dealers Association

cc: Nevada Department of Fish and Game

Ashley's Boat Shop

Austin Marine

Auto and Marine Electric

Blake's Holiday Marine

Bradley's Marine Services

Boulder City Marine Center

Bob Martin's Las Vegas Boat Center

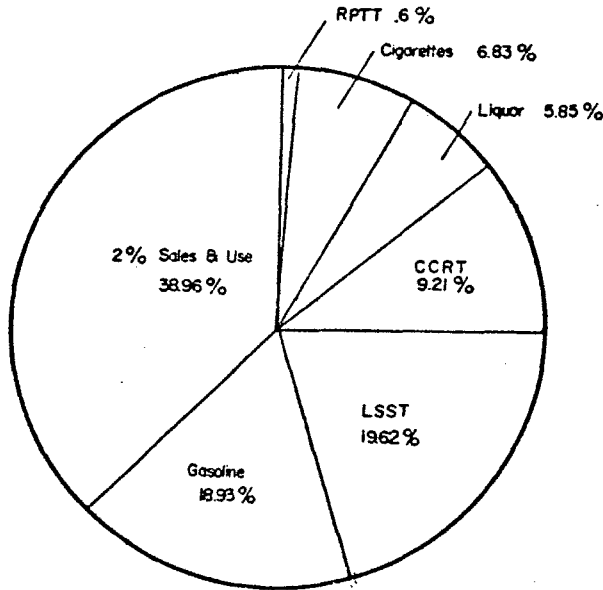
Las Vegas Boat Harbor

Captain's Locker of Nevada

Emile's Sporting Goods

Toddle Sailboats

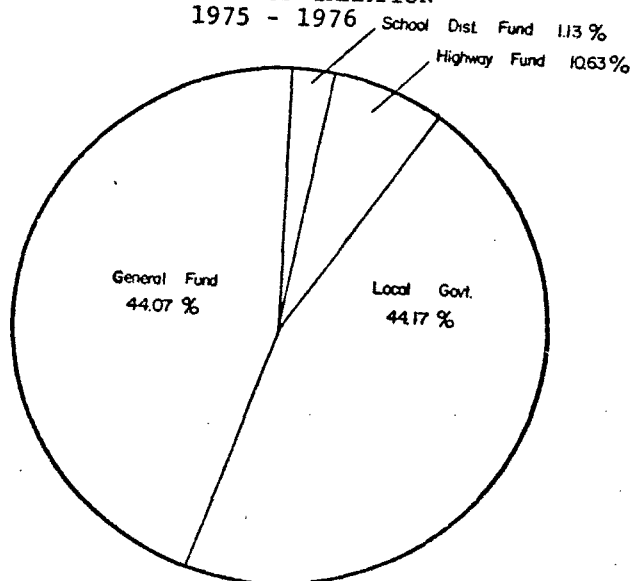
SOURCES OF REVENUE COLLECTED BY
DEPARTMENT OF TAXATION
1975 - 1976



2 percent sales
Local school support tax
County/city relief tax
Gasoline
Liquor
Cigarettes
Real property transfer tax

\$ 64,922,178
32,691,778
15,350,857
31,540,338
9,743,132
11,372,025
1,000,084
\$16,620,392

DISTRIBUTION OF REVENUES COLLECTED BY
DEPARTMENT OF TAXATION
1975 - 1976



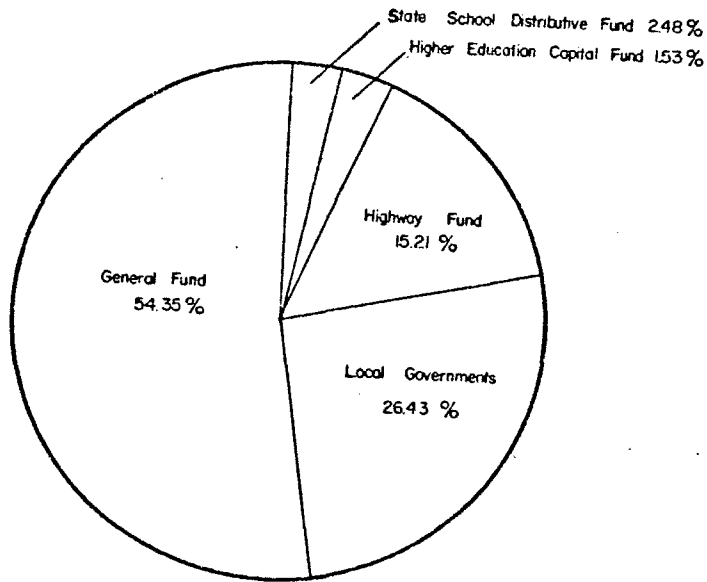
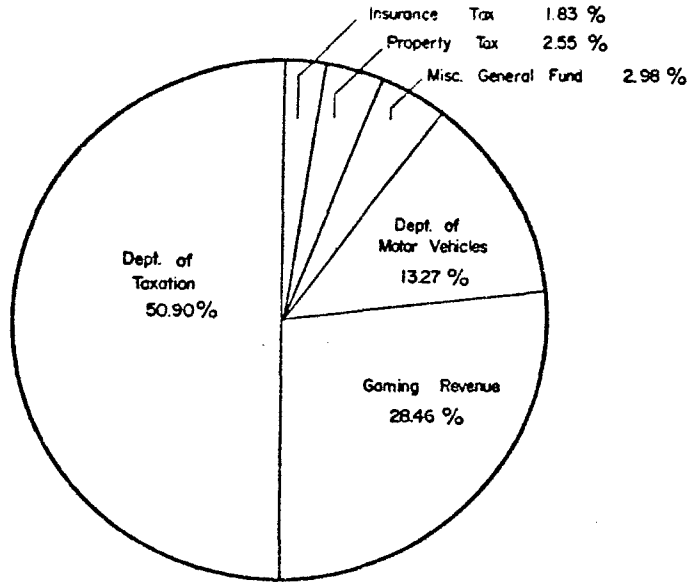
DISTRIBUTION TO LOCAL GOVERNMENT

Cities
Counties
Local school

\$25,707,689
17,387,783
30,508,268

34.93 %
23.62 %
41.45 %

SOURCES OF STATE REVENUES



DISTRIBUTION OF STATE REVENUES

General fund	\$177,938,838
Highway fund	49,782,619
State school distributive fund	8,128,764
Higher education capital construction	5,000,000
Local governments	<u>86,520,713</u>
	\$327,370,934

SOURCES OF STATE REVENUES
1975 - 1976

Insurance Tax	\$ 6,001,728
Gaming Revenues	78,387,104*
Licenses	1,537,452
Federal tax credit	11,253,417
Fees collected by counties	<u>1,988,740</u>
Total Gaming Revenues	\$ 93,166,713
Miscellaneous General Fund Revenues	
Licenses	\$ 2,285,776
Fees and fines	507,915
Charges for services	676,924
Use of money and property	5,659,207
All other receipts	<u>638,409</u>
Total Miscellaneous Revenues	\$ 9,768,231
Department of Motor Vehicles	\$ 43,454,637
Property Tax	\$ 8,359,233
Department of Taxation	
Sales and use tax	\$ 64,922,178
Local school support tax	32,691,778
County/city relief tax	15,350,857
Liquor tax	9,743,132
Cigarette tax	11,372,025
Gasoline tax	31,540,338
Real property transfer tax	<u>1,000,084</u>
Total Department of Taxation	<u>\$166,620,392</u>
TOTAL STATE RECEIPTS	\$327,370,934 (1)

* Includes Casino Entertainment Tax

(1) Any differences from the Budget Document are the result of different methods of accounting.

ASSEMBLY COMMITTEE ON TAXATION
FIFTY-NINTH SESSION, 1977

MEETING ROLL CALL

MEETING DATE: THURSDAY, JANUARY 27, 1977

	PRESENT	ABSENT	LATE	EXCUSED
Chairman May	✓			
Mr. Schofield	✓			
Mr. Craddock	✓			
Mr. Dreyer	✓			
Mr. Harmon				✓
Mr. Horn	✓			
Mr. Jacobsen	✓			
Mr. Mann	✓			
Mr. Murphy	✓			

As of January 27, 1977

<u>Bill or Resolution Number</u>	<u>Date Referred To Committee</u>	<u>Introducer's Name</u>	<u>Summary</u>	<u>Date Scheduled Hearing</u>	<u>Committee Action</u>	<u>Assembly Action</u>	<u>Senate Action</u>	<u>Governor's Signature</u>
A.B. 99	1/20/77	Committee on Taxation	Deletes requirement for Multistate Tax Compact advisory committee to hold annual meetings.	1/27/77				
A.B. 101	1/20/77	Committee on Taxation	Creates Department of Taxation Bond Trust Fund and raises bond limits for motor vehicle fuel dealers.	1/27/77				
A.B. 103	1/20/77	Committee on Taxation	Requires sales and use tax collections to be deposited to account of State Treasurer.	1/27/77	Do Pass			
A.J.R. 12	1/20/77	Committee on Taxation	Proposes to amend Nevada Constitution by authorizing Legislature to impose tax upon motorboats in lieu of property tax.	1/27/77				