

MEMBERS PRESENT:

CHAIRMAN PRICE	ASSEMBLYMAN MARVEL
VICE CHAIRMAN CRADDOCK	ASSEMBLYMAN RUSK
ASSEMBLYMAN CHANEY	ASSEMBLYMAN TANNER
ASSEMBLYMAN COULTER	ASSEMBLYMAN WEISE
ASSEMBLYMAN DINI	

MEMBERS ABSENT:

ASSEMBLYMAN BERGEVIN (excused)
ASSEMBLYMAN MANN (excused)

GUESTS PRESENT:

BOB WARREN, NEVADA MINING ASSOCIATION
TERRAL M. YOUNG, N.L. BAROID
JOYCE HALL, MINERAL RESOURCES
BOB WATTS, NEVADA MINING ASSOCIATION - TAXATION COMMITTEE
BILL ANDREW, DEPARTMENT OF TAXATION
BART JACKA, DEPARTMENT OF MOTOR VEHICLES
JOHN CIARDELLA, DEPARTMENT OF MOTOR VEHICLES
MARK TULLY MASSAGLI, NEVADA STATE AFL-CIO

A quorum being present, Chairman Price called the meeting to order at 1:39. The purpose of the meeting was to hear testimony on AB 112, AB 222 and AB 454.

AB 112

Assemblyman Marvel, sponsor of the bill, spoke on behalf of the bill. He stated that this was an attempt to annualize the reporting of Net Proceeds of Mines, which at the present time is in two 6-month periods. As a consequence, there is no normalization of the actual year around expense or income for mining operations. The industry has been seeking this for some time. He added that he would also ask that this bill be held over of another hearing so that some amendments which will be necessary can be drafted.

Bob Warren, Executive Secretary of the Nevada Mining Association, came forward with Bob Watts, Secretary-Treasurer to the Placer Amex Corporation which has properties at McDermitt and Cortez, and Terral Young, representing the Baroid Company. Mr. Warren stated that the two gentlemen with him were also members of Mining Association's Taxation Committee which has reviewed and worked with this proposal. They have attempted to polish it to the point that it is what is best for the industry as well as protects the counties involved. Mr. Warren stated that they had requested an amendment which would protect the interests of the counties but the amendment did not come out as they requested.

Mr. Watts stated that the reason for the change requesting that they have calendar year assessment and imposition of tax was that many mine operations are seasonal and they have fluctuations in

income. Hence in one part of the year they have substantial income and pay a corresponding high tax bill and then the next six months they have a loss and don't pay any taxes. If you were to put both periods together they are paying a much higher rate of tax than if things were on a normal calendar year. A normal calendar year is normally used as a reporting cycle by business operations because it more closely fits the business cycle. A Proceeds of Mines tax assessment that matched this cycle would allow both more accurate reporting and would be administratively easier both for the mining company and the Tax Department to audit and determine if the tax is proper.

Mr. Watts stated that there is one problem with the bill which was set up to change everything to a once a year assessment and payment which would be paid in about October. They realize that some counties depend heavily on this revenue and so they would suggest that they have the once per year assessment and have each mine calculate and estimate the tax half way through the year and pay 50% of the total year's tax so that the counties would not be out of those funds by having to wait for this per year payment.

Mr. Watts also stated that it appears that dates should be changed. The basic idea had been that about mid-March each year they would file the annual return with the Tax Department, they would then provide the certificate within two months and the companies would make payment at that time. In about August they would take the first half of the year actual results and estimate the last half of the year results and then pay 1/2 of the tax on these two figures at that time. At the end of the year when they calculate the bill and file the return they would deduct the pre-payment of tax that they had already made.

Mr. Watts stated that there was one other amendment that they thought was very worthwhile. This would provide that the state shall have a lien on the operators assets instead of the present law which states that the lien shall be on the mine and the mining claim. This has not worked in the past and the proposed way would provide better protection for the State to collect back taxes.

Mr. Tanner inquired whether they presently were allowed to deduct the loss of one 6 month period from the gain of the next. Mr. Watts stated that they werenot; each 6 month period stands on its own.

Mr. Young stated that they felt that Net Proceeds Tax was basically a good tax and has worked well for a number of years. However, there is problem with the smaller mining companies that exist on a seasonal basis. He cited the situation with his company that during one 6 month period they have high production and have production costs which offset this high production. They must mine enough during this period to last them through the full year. Due to this excess mining for the following year they end up with a net loss condition. In the other six month period they are still processing and marketing their products and generating a gross

proceeds but because of the winter conditions they get very little production. Therefore they generate very little cost which can be deducted. They end up with a very large net proceeds and a very substantial Net Proceeds tax.

Mr. Tanner inquired what the definition of net proceeds was for the committee's information. Mr. Watts stated that net proceeds are normally gross income to the mine less listed and allowed costs. Those costs are the normal mine operating costs, costs incurred inside Nevada for administrative costs and depreciation as allowed by the Department of Taxation.

Mr. Young stated that in their particular operation they have a high net proceeds one 6 month period and a net loss the other, if they were combined most operations are still going to show a net proceeds and still have to pay a fair tax. There are other operations that are affected by this such as heat leaching gold and gypsum.

Mr. Young also pointed out that this would reduce the work load of the Tax Department as there would only be one annual report instead of the two that are now required.

Mr. Young stated that in their case, last year approximately 45% of their gross proceeds were generated in the first 6 months and only 20% of their costs. In the last 6 months 55% of their gross and 80% of their costs were incurred.

Mr. Tanner stated that he felt that the bill was well justified but he wondered about the control over small mining operations. He stated that perhaps operator could move out of the state and not be discovered for up to 12 months.

Mr. Marvel stated that this historically had been a problem even with the present law. With the payment half way through the year they felt that there were be as much control as there presently is.

Mr. Dini stated that local government has had problems with this in that Lyon County never knew what the proceeds from Anaconda would be. He added that this makes budgeting problems for counties.

Mr. Warren stated that with the estimated payment that this would require the cash flow of the county would remain as it was. He added that with the estimate it would probably help the county in budgeting to see what kind of estimate the company was making.

Mr. Dini wondered if this would cause them to have a lot of expenses at the end of the year so that they would break even and not have to pay taxes. Mr. Watts stated that the Tax Department would exempt any deduction that was not legitimate and this also would give the Tax Department more time to be checking on this type of thing.

Mr. Warren ended by stating that Russ MacDonald stated that with the proposed amendments this would be acceptable to the counties.

Roy Nickson, Director of Tax Department, stated that basically they have one employee who works of this tax. He stated that with only having the report once a year this would free this person up for other work during some period of the year. He stated that he was concerned about the impact on local government. They have had many complaints from the mining companies in that they are not now able to spread their expenses over the full year and cannot stockpile. The total tax paid on the annualized basis would be less then on the 6 month basis.

Mr. Craddock inquired whether they would have any percentage figure on this. Mr. Nickson stated that did not but that he did not feel that it would be very extensive. Mr. Nickson was asked to try to work up some figures on this for the committee. A major portion of this tax is paid by the large mining companies who would not be effected by this bill as they are not seasonal operations and they presently pay net proceeds tax during both 6 month periods.

Mr. Marvel inquired what Mr. Nickson felt about tightening up the collection procedures which apparently have been a problem. Mr. Nickson stated that it would be advantageous to the state. He added that they were talking earlier about make an estimated payment and perhaps there should be penalty provision somewhere if that estimate was perhaps 40% below what actual turned out to be. He added that he would like to see the lien on the equipment and assets rather then on the mine.

Mr. Rusk inquired whether it would be possible to get a breakdown as to the taxes collected and large companies versus the small companies. Mr. Nickson stated that it would be.

Mr. Price appointed Mr. Dini, Mr. Marvel and Mr. Tanner as a sub-committee to work on this bill and appointed Mr. Dini as the chairman.

AB 222

John Ciardella, Department of Motor Vehicles, stated that there were some problems with the bill and presented the committee with copies of an amendment to correct. A copy of this is attached to these minutes as Exhibit A. He stated the bill as presently written without the amendments says the the vehicles are exempts from the privilege tax and then turns around and says that they can put undercover license plates on them.

Mr. Dini inquired how many volunteers fire departments there were. Mr. Ciardella stated that they would be talking about Pleasant Valley, Fernley, Stagecoach, Brown's Fire Department, Verdi. This would apply only to the vehicles owned by the volunteer fire department and not by the individual volunteers.

Mr. Price inquired whether this would any additional responsibilities to the county or city. Mr. Ciardella stated that they are only addressing the exempt vehicle portion.

Mr. Craddock inquired whether all the general improvement districts have the same status under the definition of political subdivision. Mr. Ciardella stated that most sewer and water districts are considered as part of a political subdivision. This has come out in a attorney general opinion to them.

Mr. Ciardella stated that there was some new language in the amendment which would expand the unlisted license plate requirements. At the present time there is a laundry list of them and there has been a need to expand this. However, some day this is going to be so long that they would like this language added to that section of the statute. He cited several examples of where uncover license plates are presently needed such as Emission Control. They are technically illegal if they allow them to use undercover plates if they are not on the "laundry list".

Mr. Weise stated that he was in favor of this concept but would rather see it put into another bill so that the original bill would not be hampered by it should the Senate not like the idea.

Mr. Dini stated that he did not feel that it would cause any problems if allowed to remain in this bill.

Bart Jacka, Department of Motor Vehicles, stated that one of his concerns is that a semi-law enforcement unit such as there is in Las Vegas in the form of their license and revenue section, has to go out and do their job but is precluded from accomplishing it because they do not have this capability. The present laundry list is not being enforced and it would be his intention should this be passed to regulate the law much more.

Mr. Weise stated that his concern was for a volunteer ambulance service in his district which has not be able to get exempt plates and that he wanted to be sure that they were covered. Mr. Ciardella stated that perhaps some language should be included to allow for ambulance services also.

Mr. Jacka also stated that he had a proposed amendment to AB 56 which would address the problems that had been brought up in the hearing for that bill. He added that this amendment could also be included in this bill and thus answer the senior citizen exempt plate problems. This amendment is attached to these minutes as Exhibit B.

Mr. Jacka further added some examples of where undercover plates are needed but at the present time would not be allowed. Some of these are they cannot put a highway patrol into a undercover vehicle for the purpose of transporting the Governor and NIC often has need for a short term undercover vehicle.

Ron Jack, Las Vegas, stated they were in support of this bill and the amendment. At the present time they are often in need of a undercover vehicle for the purpose of investigation of such things as business licenses, pilferage, etc. He added that they would have no problems with Department of Motor Vehicles issuing rules and regulations.

Mr. Jack finished by stating that they presently are being hampered and that Clark County is in the same position as they do not have much latitude in this matter.

Mr. Weise moved to amend the bill to include both of the amendments submitted. Mr. Dini seconded the motion. The motion passed unanimously with Mr. Coulter, Mr. Mann and Mr. Bergevin absent.

Mr. Weise moved for a "do pass as amended" recommendation and Mr. Tanner seconded the motion. The motion passed unanimously with Mr. Coulter, Mr. Mann and Mr. Bergevin absent.

AB 561

Mr. Price stated that although this bill had not been scheduled for hearing at this time, Mr. Massagli of AFL-CIO Musicians Union, was present and would like to speak to the committee regarding the bill. The bill had been originally requested by the Musicians Union and Mr. Massagli was present to give the committee a brief background regarding it.

Mr. Massagli stated that there is no other law where the labors of human beings are taxed such as this law. Most of the time you pay tax on parts but not on labor. This tax presently brings in about \$14,000,000 to \$17,000,000 a year. They have no idea where this revenue goes. He stated that there ought to be a way to bring to the children and the senior citizens of this state some kind of musical activity on a free basis. This could be to convalescent homes, senior citizen centers, schools etc. This could be provided for by that very tax that generated that money.

Mr. Massagli stated that he felt that it was unfortunate that this state does not have the musical culture that should be available to the citizens of this state. This state is the entertainment capital of the world but yet cannot support a symphony or a ballet or bring opera companies here. He added that the Young Audience Program is just about to go under as they cannot get state funding.

Mr. Price ended the meeting by stating that the bill covering the tax package would probably be out by the weekend and that it had been brought out that perhaps the convention authorities would conceivably be included under the bill. He stated that they would have to work on that.

As there was no further business to discuss, Chairman Price adjourned the meeting.

Respectfully submitted,

Sandra Gagnier

Sandra Gagnier
Assembly Attache

60TH NEVADA LEGISLATURE

ASSEMBLY TAXATION COMMITTEE
LEGISLATIVE ACTION

Date: March 22, 1979

SUBJECT: AB 222, Exempts all emergency vehicles operated by volunteer
fir departments from registration fees.

MOTION:

Do Pass XX as Amend XX Indefinitely Postpone _____ Reconsider _____

Moved By: Mr. Weise Seconded by: Mr. Tanner

AMENDMENT: See Exhibits A and B attached to these minutes

Moved by: _____ Seconded by: _____

AMENDMENT: _____

Moved by: _____ Seconded by: _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Price	<u>X</u>	_____	_____	_____	_____	_____
Bergevin	<u>ABSENT</u>	_____	_____	_____	_____	_____
Chaney	<u>X</u>	_____	_____	_____	_____	_____
Coulter	<u>ABSENT</u>	_____	_____	_____	_____	_____
Craddock	<u>X</u>	_____	_____	_____	_____	_____
Dini	<u>X</u>	_____	_____	_____	_____	_____
Mann	<u>ABSENT</u>	_____	_____	_____	_____	_____
Marvel	<u>X</u>	_____	_____	_____	_____	_____
Rusk	<u>X</u>	_____	_____	_____	_____	_____
Tanner	<u>X</u>	_____	_____	_____	_____	_____
Weise	<u>X</u>	_____	_____	_____	_____	_____
TALLY:	8					

ORIGINAL MOTION: Passed XX Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes March 22, 1979

SECTION 1. NRS 371.100 is hereby amended to read as follows:

371.100 1. The privilege tax imposed by this chapter does not apply to vehicles owned by the United States, the State of Nevada, any political subdivision of the State of Nevada, or any county, municipal corporation, city, unincorporated town or school district in the State of Nevada [.] , or to the emergency vehicles [operated] owned by any volunteer fire department based in this state.

SECTION 2. (NRS 482.368)

(c) [All emergency vehicles operated by any volunteer fire department based in the state.]

(c) Municipal, county and state agency vehicles authorized by the Director for the purposes of law enforcement related work or such other needs as approved upon proper application and justification.

4. For the purposes of this section, "exempt vehicle" means a vehicle owned by the State of Nevada or any of its political subdivisions. Volunteer Fire Departments of the State of Nevada shall be considered a part of the political subdivision in which the Department is domiciled.

5. The Department shall promulgate rules and regulations governing the use of license plates inumerated in section 2 of this act. Upon a finding by the Department of misuse of said license plates, the Director may revoke the privilege of said registration.

Amendment To AB 56

It is suggested we delete the entire language on page 1, lines 1 through 23 and page 2, lines 1 through 5 and provide the following language exemption:

We would amend Chapter 482.368, subsection 4 as follows:

4. For the purposes of this section, "exempt vehicle" means a vehicle owned by the State of Nevada or any of its political subdivisions^[.], which may include vehicles which are federally or state funded and operated for the purposes of transporting or providing services to the elderly and handicapped persons. In the event that such vehicle or vehicles are no longer utilized for this purpose, the exempt license plates shall be forfeited.