

PRESENT: Chairman Norman Glaser
Vice-Chairman Floyd Lamb
Senator William Raggio
Senator Don Ashworth
Senator James Kosinski
Senator Carl Dodge
Senator Michael Sloan

Mr. Ed Shorr, Fiscal Analyst

GUESTS: Mr. Sherman Simmons, Legislative Legal Counsel,
Governor's Office
Mr. Joe Midmore, W.W. Vending Company, L.V.,
Representative
Mr. Richard Wagner, District Attorney,
Pershing County
Mr. Robert Hadfield, Manager, Douglas County
Mr. Larry Bettis, District Attorney, Mineral County
Mr. Sam Mamet, Clark County Representative
Mr. John Crossley, Legislative Auditor,
Legislative Counsel Bureau
Mr. Roy Nickson, Nevada State Tax Commission

The meeting was called to order at 2:10 p.m. on Tuesday, February 13, 1979, in Room 213, with Senator Norman Glaser in the Chair.

S.B. 32 -- Exhibit "A"

Senator Raggio commented as sponsor of S.B. 32. Senator Raggio said that taxes on food "hits" the middle and lower classes of people especially hard. Senator Raggio stated that approximately 22 states have removed sales tax from food items. Senator Raggio said that the portion of S.B. 32 that deals specifically with the removal of sales tax is now listed verbatim in Senate Bill 204. The Senator felt that the administrative provisions of any bill dealing with the removal of sales tax on food, should be repealed from the "referendum umbrella" in order that any future changes could be handled statutorily. Senator Raggio said that this was recommended by the Legislative Counsel Bureau in that it would allow the legislature in future years to repeal some of the procedures for practical reasons in the collective tax. He stated that this would not remove from the referendum procedure the actual 2% tax or any exemptions for that tax.

Senator Raggio introduced Mr. Sherman Simmons, Legislative Legal Counsel for the Governor's Office. Mr. Simmons said that the Governor has decided to support S.B. 32 because it contains all of the provisions that the Governor's sales tax package contained.

S.B. 32 (Cont.)

Mr. Joe Midmore, representing W.W. Vending Company of Las Vegas, asked how the exemptions from the benefit of S.B. 32 were decided upon? Mr. Midmore questioned Lines 31 through 33 of Page Two which specifies that "(b) Food or beverages intended for immediate consumption sold from a vending machine or by a vendor from a vehicle or other mobile facility", would be exempt from the sales tax on food revocation. After some discussion, Senator Sloan stated that in Lines 21 through 25, it appears that "Prepared food intended for immediate consumption" (Line 18), is equitably taxed in grocery stores as well as from vending machines. Mr. Midmore contended that "potatoe chips, packaged cookies and bisquits... identical to what is sold in a super market, will be handled by the super market cashier as food, and they are not taxable, but by virtue of the wording in this (S.B. 32) anything that is sold in a vending machine is taxable, even if it is the same product."

Senator Dodge questioned in regards to the incorporation of the language of S.B. 32 into S.B. 204 if there was a problem with the wording on Page 33 of S.B. 204. The Senator inquired if it would be legal to include the removal of the sales tax on food if S.B. 204 has a "self-destruct" clause in the event that Proposition 6 is passed by the general public?

Chairman Glaser said that during the "open" session to be held on the following Thursday, February 15, 1979, the Committee would ask Mr. Frank Daykin to comment on the legality of this incorporation.

S.B. 70

"Eliminates contribution of counties for State aid to medically indigent."

Mr. Richard Wagner, District Attorney for Pershing County, said that his county is currently in a law suit with Washoe County because of the way that the medically indigent situation is being interpreted. Mr. Wagner stated that S.B. 70 will assist the county in paying for the medical indigents, who have accidents while passing through Pershing, as well as the actual patients from Pershing.

S.B. 70 (Cont.)

Mr. Larry Bettis, District Attorney for Mineral County, said that this will mean an approximate \$24,000 revenue to Mineral County based upon their \$22 million assessed value. Mr. Bettis said that much of Mineral County's property is federal for military bases, and therefore their tax base is lower, and this results in a strain on the budget in regards to medical indigents.

Mr. Robert Hadfield, Manager for Douglas County, said that the way that he reads the bill, the .11¢ is being repealed from the law, and the way that previous testimonies have sounded, it appears that the .11¢ is being given to the counties. Chairman Glaser said on Page 4, Line 11, the wording that is bracketed out, "and moneys received from the counties pursuant to NRS 428.370 shall", removes the counties from this area. Senator Kosinski said that this bill does give the counties the .11¢, by simply repealing them from the law, but does not specify what the .11¢ is to be used for. Senator Kosinski said that in S.B. 204, the .11¢ is otherwise accounted for, and the counties would not receive it. Mr. Hadfield said that his county would like to be eliminated from the obligation of the medical indigents.

The Committee then discussed the Joint Hearing of the Assembly and Senate Taxation meeting to be held in Las Vegas on February 24, 1979 (Saturday). It was decided that the meeting would be held at 11:00 a.m., and the northern Senators would fly down Saturday morning at 9:00 a.m. and return around 5:00 p.m.

S.B. 134

"Reduces assessment ratio for property taxation, provides financial assistance to local governments and makes certain appropriations."

Senator Kosinski, sponsor of S.B. 134, stated that he requested the drafting of this bill primarily to give the Committee the opportunity to review possible procedures for easing Question 6. The Senator said that in view of the fact that the Committee has indicated a desire to support S.B. 204, this bill is probably not necessary.

Chairman Glaser stated that this concluded the hearing

(Committee Minutes)

on S.B. 134 as the sponsor had withdrawn the bill.

Senator Ashworth asked for clarification of S.B. 70. Mr. Ed Shorr, Fiscal Analyst, said that the counties in the State of Nevada are responsible for the care of indigent persons. Mr. Shorr said that S.B. 70 would remove the requirement that the counties provide the .11¢ ad valorem tax to the State, and the bill is "silent" on what should happen to that money.

Mr. Sam Mamet, representing Clark County, said that the Title 19 program, is the State Medicaid program consisting of very narrow criteria, and this is covered by the .11¢ that the counties currently turn over to the State. Mr. Mamet said that there is another category of individuals who are not covered by Medicaid, and fall under the general assistance category titled, "medically needy". He said that in Nevada, each county has established on its own through local administration, its own criteria for the administration of these "medically needy" program costs. Mr. Mamet said that this results in seventeen counties doing seventeen different types of administration in this area. Mr. Mamet said to Senator Ashworth that if an individual is qualified for the Medicaid program, he/she will not be receiving additional assistance from the county other than the .11¢. Mr. Howard Barrett, Budget Director of the Department of Administration, commented from the audience that he concurred with the statements by Mr. Mamet on Title 19. Mr. Mamet said that if the State became involved in the program for the "medically needy", there would be an automatic 50% federal match; and two years ago the cost to the State was estimated at \$3.5 to \$4 million.

S.B. 63 (Administrative Hearing)-- Exhibit "B"

Mr. Roy Nickson, Nevada State Tax Commission, said that due to the bankruptcy of the Gray Reid's Department Store and the recommendation of a legislative audit, a mandatory bond requirement with an annual update was initiated. The computer, Mr. Nickson said, reviews the annual sales of each retailer in the State on an annual basis, and new bond demands are required based on the retailer's sales. Mr. Nickson said that the maximum under the current statute is \$10,000 under the Sales and Use tax of 2%; and \$5,000 each under the Local School Support and County/City Relief tax.

S.B. 63 (Cont.)

The Committee after some discussion, decided to ask Mr. John Crossley, Legislative Auditor, Legislative Counsel Bureau, to appear and speak on why the legislative audit Mr. Nickson referred to earlier, requested a mandatory bond requirement.

Chairman Glaser recessed the meeting for approximately fifteen minutes in order that Mr. Crossley could be contacted for questioning.

Mr. Crossley said that in 1969 and 1970 the Counsel Bureau issued two reports. He said the first report identified where the waivers had not been required in the Liquor and Cigarette tax; and in the Sales and Use tax and the Local School Tax, and the City/County Relief, the audit disclosed that many taxpayers had not posted bonds, or had posted insufficient bonds as security for payment of taxes. Mr. Crossley said that this situation had resulted in considerable loss of revenue to the State. Mr. Crossley said that in regards to the Cigarette tax, the Tax Commission did not fully comply with all the requirements established by NRS 370, in obtaining dealer's bonds and granting waivers. The Tax Commission, Mr. Crossley stated, established in 1970 the requirement for mandatory bonding.

Senator Raggio asked Mr. Crossley if he saw any problem in changing the number of years of experience stated in S.B. 63 before the law stopped requiring the bond? Mr. Crossley said that in order to be consistent, it might be wise to extend the bill's requirement of one year to five years as stated in the cigarette and liquor statutes.

Senator Dodge commented that since S.B. 63 is not the Tax Commission's request, and no one has made a strong advocacy for it, he felt no responsibility to process it.

After further discussion, Senator Raggio made the following motion:

Senator Raggio moved that S.B. 63 be amended on Page Two, Line 41 to read "required under this section 5 (1) years (year) after requiring it, or 5 (1) years (year) after...."; and shall be submitted for consideration by the voters in the next general election.

Senator Sloan seconded the motion.

S.B. 63 (Cont.)

Senator Kosinski stated that Senator Raggio's motion would mandate the waiving of the bond requirement after a business had been established for five years. Senator Kosinski also said that this aspect of the Sales and Use tax would then differ from the laws regarding the Cigarette and Liquor tax, because after five years, the Department of Taxation has the option of a "permissive" clause for waiving or continuing the bonding.

The motion carried. Senator Kosinski voted "No".
(Senator Lamb - absent.)

Chairman Glaser asked if the Committee desired to have an additional bill drafted to request that the Cigarette and Liquor tax conform to the mandatory waiving of the bond requirement in accord with the approved amendment for S.B. 63?

Senator Dodge moved to ask for a Committee request to draft a bill which required the Cigarette and Liquor tax laws to conform to the same statutory mandates as those amended in Senate Bill 63.

Senator Don Ashworth seconded the motion.

The motion carried. Senator Kosinski voted "No".
(Senator Lamb - absent.)

S.B. 77 -- Exhibit "C"

Chairman Glaser asked for a motion on Senate Bill 77, as testimony had already been heard in a February 6, 1979, hearing. Senator Kosinski said that he hesitated to vote on any of these bills until the money committees had made some commitment as to the bottom line of the projected budget. Senator Dodge said that the Committee did not actually have any choice on this legislation, as it was the bill to enforce Question 4 which had been passed by the voters in November, 1978.

Senator Don Ashworth moved "Do Pass" on
S.B. 77.

Senator Sloan seconded the motion.

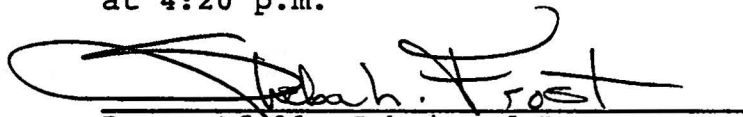
The motion carried. (Senator Lamb - absent.)

Chairman Glaser read a letter from the Senate Finance Committee (See Exhibit "D") which is an approximate guideline for the availability of revenue for tax relief.

Senator Dodge asked if the tax "package" needs to include the real property transfer tax, which amounts to approximately \$5 million for the biennium, and the county gaming tax which is about the same amount? Mr. Ed Shorr said that this would add about \$11 million to the total figures for the biennium.

Chairman Glaser announced that the next three meeting dates would be "workshop" sessions in which all of the various impacts could be discussed and decided upon.

There being no further business, the meeting adjourned at 4:20 p.m.



Respectfully Submitted By:
Sheba L. Frost, Secretary



Approved By: Senator Norman Glaser,
Chairman



SENATE BILL #32**S. B. 32**

SENATE BILL NO. 32—SENATORS RAGGIO, DODGE, YOUNG, JACOBSEN, McCORKLE, KOSINSKI, HERNSTADT, FORD, NEAL, D. ASHWORTH, CLOSE, SLOAN, FAISS, BLAKE-MORE, ECHOLS AND WILSON.

JANUARY 17, 1979

Referred to Committee on Taxation

SUMMARY—Provides for submission at a special election of amendments to Sales and Use Tax Law. (BDR 32-435)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to taxation; providing for the submission to the registered voters at a special election of the question whether the Sales and Use Tax of 1955 should be amended to create a certain exemption and repeal administrative provisions; contingently creating a similar exemption from certain analogous taxes and reenacting necessary administrative provisions; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. At a special election on June 5, 1979, a proposal shall
2 be submitted to the registered voters of this state to amend the Sales and
3 Use Tax Act, which was enacted by the 47th session of the Nevada
4 legislature, approved by the governor in 1955, and subsequently approved
5 by the people of this state at the general election held on November 6,
6 1956.
- 7 SEC. 2. As long in advance of the special election as is practicable, the
8 secretary of state shall issue a proclamation giving notice of the special
9 election. The proclamation must be in substantially the following form:
- 10
11 PROCLAMATION OF A SPECIAL ELECTION
- 12 Notice is hereby given that on Tuesday, June 5, 1979, a special election
13 will be held for the adoption or rejection by the registered voters of the
14 state of the following proposed act:
- 15 AN ACT to amend an act entitled "An Act to provide revenue
16 for the State of Nevada; providing for sales and use taxes; providing
17 for the manner of collection; defining certain terms; providing

SENATE BILL #63**S. B. 63****SENATE BILL NO. 63—COMMITTEE ON TAXATION**

JANUARY 19, 1979

Referred to Committee on Taxation

SUMMARY—Provides for submission at next general election of question proposing certain changes in Sales and Use Tax Law. (BDR 32-102)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to taxation; providing for the submission to the registered voters at the general election of 1980 of the question of whether the Sales and Use Tax Act of 1955 should be amended to require return of certain bonds to taxpayers; contingently creating similar requirements for certain analogous taxes; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 **SECTION 1.** At the general election on November 4, 1980, a pro-
2 posal shall be submitted to the registered voters of this state to amend
3 the Sales and Use Tax Act, which was enacted by the 47th session of the
4 legislature of the State of Nevada and approved by the governor in 1955,
5 and subsequently approved by the people of this state in the general elec-
6 tion held on November 6, 1956.
- 7 **SEC. 2.** At the time and in the manner provided by law, the secretary
8 of state shall transmit the proposed act to the several county clerks, and
9 the county clerks shall cause it to be published and posted as provided by
10 law.
- 11 **SEC. 3.** The proclamation and notice to the voters given by the
12 county clerks pursuant to law shall be in substantially the following form:
13 Notice is hereby given that at the general election on November
14 4, 1980, a question will appear on the ballot for the adoption or
15 rejection by the registered voters of the state of the following pro-
16 posed act:
17 AN ACT to amend an act entitled "An Act to provide revenue
18 for the State of Nevada; providing for sales and use taxes; providing
19 for the manner of collection; defining certain terms; providing
20 penalties for violation, and other matters properly relating thereto,"
21 approved March 29, 1955, as amended.

SENATE BILL #77**S. B. 77**

SENATE BILL NO. 77—SENATORS GLASER, D. ASHWORTH, K. ASHWORTH, BLAKEMORE, CLOSE, DODGE, ECHOLS, FAISS, FORD, GIBSON, HERNSTADT, JACOBSEN, KOSINSKI, McCORKLE, NEAL, RAGGIO, SLOAN, WILSON AND YOUNG

JANUARY 23, 1979

Referred to Committee on Taxation

SUMMARY—Gradually eliminates property tax on certain personal property. (BDR 32-1205)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to the property tax; eliminating the tax on certain personal property through annual reductions; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. Chapter 361 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 and 3 of this act.
3 SEC. 2. 1. *This section applies to:*
4 (a) *Personal property held for sale by a merchant;*
5 (b) *Personal property held for sale by a manufacturer;*
6 (c) *Raw materials and components held by a manufacturer for manu-*
7 *facture into products, and supplies to be consumed in the process of*
8 *manufacture; and*
9 (d) *Livestock held for business purposes.*
10 2. *The personal property described in subsection 1 must be assessed*
11 *as follows:*
12 (a) *In the fiscal year 1979-80, at 28 percent of its full cash value;*
13 (b) *In the fiscal year 1980-81, at 21 percent of its full cash value;*
14 (c) *In the fiscal year 1981-82, at 14 percent of its full cash value; and*
15 (d) *In the fiscal year 1982-83, at 7 percent of its full cash value.*
16 SEC. 3. *The following personal property is exempt from taxation:*
17 1. *Personal property held for sale by a merchant;*
18 2. *Personal property held for sale by a manufacturer;*

Original bill is 6 pages long.
Contact the Research Library for
a copy of the complete bill.



Nevada Legislature

SIXTIETH SESSION

February 13, 1979

MEMORANDUM

TO: Senate Taxation Committee
FROM: Senate Finance Committee
SUBJECT: Revenue Estimates

The Senate Finance Committee has reviewed approximately 37% of the total 340 separate budgets contained in the Executive Budget. We are not in a position at this time to provide a firm estimate of how much revenue might be available for tax reform.

However, making some assumptions, we can provide the committee with a very rough guideline on the availability of revenue for tax relief. Assuming that the money committees approve an operating budget in the neighborhood of that level recommended by the Governor, after adjusting for appropriations for his tax relief program, and using the revenue projections of the Legislative Counsel Bureau's Fiscal Division, the following estimate can be made:

	<u>1979-80</u>	<u>1980-81</u>
Fiscal Division Estimated General Fund Collections	\$339,317,516	\$387,884,522
General Fund Operating Appropriations Recommended by the Governor (includes estimate of \$3 million in reversions each year).	\$296,228,423	\$340,093,248
<u>Less:</u> Adjustments for Tax Relief		
Distributive School Fund	(\$ 46,926,332)	(\$ 72,859,591)
Title XIX	(6,184,156)	(7,075,200)
Child Welfare	(260,180)	(303,960)
Total Adjusted General Fund Appropriations	\$242,857,755	\$259,854,497
Estimated Amount Available for Tax Relief	<u>\$ 96,459,761</u>	<u>\$128,030,025</u>