

PRESENT: Chairman Norman Glaser
Vice-Chairman Floyd Lamb
Senator Carl Dodge
Senator William Raggio
Senator Don Ashworth
Senator Mike Sloan
Senator James Kosinski
Mr. Ed Shorr,
Fiscal Analyst

Assemblyman Robert Price
Assemblyman Robert Craddock
Assemblyman Louis Bergevin
Assemblyman Robert Weise
Assemblyman Joe Dini
Assemblyman Lon Chaney
Assemblyman Lloyd Mann
Assemblyman Darrell Tanner
Assemblyman John Marvel
Assemblyman Robert Rusk
Mr. Dan Miles,
Fiscal Analyst

ABSENT: Assemblyman Steve Coulter - Excused for illness.

GUESTS: Mr. Marvin Leavitt, City of Las Vegas
Mr. Roy Nickson, Department of Taxation

The meeting was called to order on Tuesday, April 17, 1979, at 5:08 p.m. in the Assembly Lounge, with Senator Norman Glaser in the Chair.

Senator Glaser: "...The purpose of the meeting today is to have a report of the Joint subcommittees, in the areas that they have been designated as their responsibility. First, I would like to call on subcommittee number one...Chairman Darrell Tanner, would you report what progress your subcommittee has made?"

Assemblyman Tanner: "...Mike Sloan, Don Ashworth and myself met last night and again today at noon, and now this is a complex form, but if you will start with the Royal Arms Apartments (Exhibit "A")...assuming that there is 150 square feet of living space, and break that down into different sizes of units as 100 one bedrooms; 75 two bedrooms; and 25 three bedrooms. Then, we get the square footage per each unit and apply those to the 150,000 total square footage to arrive at a percentage that each apartment unit represents to the grand total...Now, on this particular apartment unit, the annual tax bill is \$78,000.00. If you apply those percentages of each unit to the \$78,000.00, you come out with the annual tax on that unit, or a monthly tax for that unit...Now, using those figures we create a new rent with tax proration so that the one bedroom, for example, with rent at \$222.25 would now have a total rent factor of \$241.67...Common areas will automatically be allocated each unit by using a living-space approach...."

Senator Lamb: "What group of people, if any, would be left out of this rebate?"

Assemblyman Tanner: "This could basically cover everyone."

Senator Lamb: "In other words, we are not splitting up homes... if we have three or four people living in one home with the purpose of renting out to somebody else...."

Assemblyman Tanner: "We have discussed this two or three times with Frank Daykin, and Frank will have the language about 10:00 a.m. tomorrow so that we can have the chance to review that and see how the thing will fit."

Senator Glaser: "Did your committee discuss whether the landlord would apply for the tax or would the renter apply?"

Assemblyman Tanner: "The landlord would receive the tax bill and pay the tax bill, and all he would do then is bill the tenant for rent."

Senator Glaser: "He would reduce rent and then he would apply for the tax...."

Assemblyman Tanner: "No. He doesn't have to apply...mechanically, it is automatic. His tax bill will come out with reduced tax and all he does then is take that new tax bill and apply the percentage of proration that has already been established. This kind of situation would be simple for the landlord or if he is not sophisticated enough his accountant would do this in thirty or forty-five minutes, with no problem at all."

Senator Lamb: "How does the landlord get this rebate?"

Assemblyman Tanner: "He automatically gets the tax rebate in his tax bill. He doesn't have to do anything except just figure the proration of living space."

Senator Raggio: "Does our bill contemplate something mechanical to be done insofar as the tax return? In other words, is the tenant going to get a notice that his rent is reduced?"

Assemblyman Tanner: "What is suggested by Frank and what I think we will have to come out with is the landlord submits the actual bill and the proration calculation, so that there isn't any question in either one of their minds what the facts are. I think that you will have to require that."

Senator Raggio: "You are going to require that the landlord notify the tenant that there is a rental reduction due to this?"

Assemblyman Tanner: "I think you will have to."

Senator Raggio: "Oh yes, or otherwise he won't get it. The percentage that we might give to the landlord to try and compensate as much as you do in the Use and Sales Tax...there

(Committee Minutes)

Senator Raggio (Cont.): "would be some kind of incentive for the landlord to make his tenants aware of this."

Senator Lamb: "Darrell, don't you think you will have to put something in there whereas the landlord isn't the only one that benefits by it?"

Assemblyman Tanner: "Yes, I think that we will have to."

Senator Don Ashworth: "We also talked about, Senator, the possibility of some type of penalty."

Senator Raggio: "That is my next question. What if he doesn't pass the relief on?"

Assemblyman Tanner: "Well, that's the thing that Frank is going to come back here with. I don't know what the answer to that is or what penalty we can put in there."

Senator Raggio: "I think this is a very basic point. We're agreed that the landlord passes this on. The tenant is notified the reason for the rental reduction. Then you're going to need to allow the landlord a percentage for handling it...The decision to make at this point is to what the penalty will be... is it a criminal penalty? Is it a civil penalty?"

Senator Dodge: "The tenants would police the deal, by filing an action in a justice court."

Senator Lamb: "Darrell; Mr. Chairman, this is a real concern to all of us. I am fearful that this might be just a windfall for the landlord. And, I think that you are going to have to protect the renter if you're going to do it this way."

Assemblyman Mann: "I think, Floyd, that it goes back to the same question that we argued before. I think that there is a mechanism as a civil and usuary concept to deal with this, but it still boils down to the fact that under the old rebate system, you don't have the guarantee that he won't raise the rent...."

Assemblyman Tanner: "I think that first of all you have to require in the billing a submission of the tax bill, and then the proration ties into the tax bill. This is a standard procedure commercially. As a tenant, I'm submitted the tax bill and I'm submitted the proration where I'm, say three tenants, in a commercial situation. There has to be something in the law that will make sure that the landlord does it. I think that there will have to be some possibility of the renter coming back to the Tax Commission to request an audit or something so we have a safeguard there, so he can feel that the proration is correct. There has to be some way that he can come back and have an audit."

Senator Glaser: "Thank you Darrell, your committee did a super job. I would like to call on the next committee to look at

Senator Glaser (Cont.): the total tax package relief cost in relation to the general fund balance."

Senator Lamb: "We have had several meetings with both money committees and then among ourselves. I asked Bob to present it to you."

Assemblyman Weise: "The consensus in meeting with the Governor's representatives as well as the fiscal analysts, and the representatives from the Budget Department; we should use a \$34 million bottom-line figure as a reserve. The basis for that is that we feel that the projections for this year are less conservative than they have been traditionally; that the gaming revenue projections are higher than before; we have grave concerns about the oil shortage affecting the tourist industry; and, the United Airlines strike affecting this area, which is 50% of our air traffic into Reno."

Senator Kosinski: "Is this approximate 10%, General Fund?"

Senator Lamb: "That is the approximate, yes. I don't think you can stick to a percentage. What if this revenue dropped off? Then this 10% could get you into trouble, so what we would like to hold for is the thirty-four million, and if it drops down, then we will just have to curtail some of the expenditures somewhere else. So, until this thing straightens out, and we see what is going to happen in the next three or four years, I think this is a pretty good figure. And, as you recall, I think that is the figure that the Governor used in his message...also, the Finance Committee agreed unanimously with that figure, and I talked to the Chairman of Ways and Means and he agreed that was a good figure."

Assemblyman Price: "Would it be anticipated that the \$34 million is the figure that we would try and keep in there and would be right by a combination of the tax package and our spending. I mean is that what we are saying?"

Senator Lamb: "It would reflect on the income, yes. We may have to move our tax package up or down to fit."

Assemblyman Price: "And, or the programs we have...."

Assemblyman Weise: "You have to do both. If you went to the pure budget or either of the pure tax programs, it could be defined very clearly. But, when you have some major changes in budget planning, we are going to have to pick and choose between there, the Real Estate Transfer Tax, or the Gaming Tax. These are all things that we are going to have to weigh back and forth. If we can get over the philosophical differences, then we can work backwards on both of those."

Assemblyman Mann: "I can share Floyd's concern, I think the \$34 million is a good figure...but, I think there is another figure that we have to look at, very strongly. I don't think we can afford to drop much below the 27% figure in terms of

Assemblyman Mann (Cont.): actual tax relief back to people...I would like to make sure that the intent is that we would sacrifice spending programs before we would sacrifice that 27% relief back to the people."

Senator Lamb: "Mr. Chairman, I don't want to get into any argument, but I think you ought to look at Proposition #6, because there is a clause in there concerning the debt of the State of Nevada, which is 1/3 of a million dollars. So, when you take that into consideration, Proposition #6 is talking about \$70 million. That is what it is worth to the public. So, there is a lot of difference between Proposition #6 and either one of the legislative bills. We are talking about \$117 million against \$70 million."

Assemblyman Mann: "As long as we have something to compare, and we are on top, that is all that I care about."

Senator Lamb: "What I am saying is that any bill that we take will be a windfall to the public over and above Proposition #6 and still give us \$34 million."

Senator Glaser: "The next subcommittee probably ties in with this, as we are talking about the differences between the sales tax on food refund, and in addition to this to look at the county gaming tax and the real estate transfer tax as an offset to the food tax."

Assemblyman Craddock: (Distributes handout - Exhibit "B") "We put together this handout that has the two bills in relation to food tax, side by side...The Committee liked the philosophy of the Assembly's proposal better, so we unanimously recommended that we go with the Assembly's proposal. (Mr. Craddock also distributed a handout [Exhibit "C"], on the county gaming tax distribution and the real estate transfer tax distribution.) The real property transfer and gaming taxes equate basically with the loss of revenue from the sales tax on food for the local governments...as a vehicle, we recommend the use of Assembly Bill No. 268. The amendment which is currently in draft provides for a city in the county to share 50/50; where there is more than one city, or an incorporated town, within the county, the county would take 25%, and then the remainder would be distributed on a pro-rata share using the figures of the population within the incorporated areas vs. the unincorporated portion of the county."

Senator Raggio: "Is that 1/4 to the county, off the top?"

Assemblyman Craddock: "Twenty-five percent goes to the counties off the top, provided that there is more than one incorporated city within the county. Basically this is the same formula used to distribute the alcohol, cigarette and gas taxes."

Senator Glaser: "...The total bottom line loss then would come to within \$89,768.00, with all the entities throughout the entire State."

Senator Glaser: "A.B. 268, when passed will impact the general fund balance to the tune of \$6 million more, so if we are trying to maintain a \$34 million balance, here again is another drain on it... (he comments to Assemblyman Dini), the \$6 million is per year."

Senator Glaser: "Alright, let's have reports from the coordination committee that considered the trigger and the caps."

Senator Kosinski: "Two problems we are facing on the cap. One has to do with metro, and the other had to do with the formula for the local distributive county cap. As far as metro is concerned, we agreed to recommend that we go with the cap on the city and county and their expenditures, keeping public safety funds into the whole budget, and that way it will be up to the cities and counties to allocate their 50%."

Assemblyman Weise: "The cities and counties could generate more money than they could spend under their own cap, per se, but they could put more money into metro and then it wouldn't come under the cap?"

Senator Kosinski: "This will be the exact opposite of that. We agreed to recommend the procedure where that could not happen. If they want to give metro more money, and they are against the top of their cap, they will have to find it somewhere else...As far as the issue of the cap generally,...the committee agreed not to agree, and return to their respective committees to look at the various alternatives...We did seem to all agree that one of the bottom lines should be a consideration for the viability of a local governments, and their continuation of providing programs that are necessary."

Senator Dodge: "Bill Raggio raised the question regarding the rationale for putting the cap on the budget, rather than a spending cap, and I was just wondering if you addressed that at all?"

Senator Kosinski: "We discussed the issue at some length, and the general agreement on the Committee was that the general fund definition used in the Senate cap was a better way to go, and was more comprehensive. So, we then penciled out a set of figures using the rest of the Assembly's formula, but trying to use the Senate definition of the general fund."

Assemblyman Bergevin: "I would like to make one observation, Carl. We based our base year on budgets, but our budget that we are allowing is based upon expenditures. All we needed was a budget for a base year...Clark County brought up that your bill would hurt them to the tune of \$11 million, where ours would hurt them at \$7 million."

Senator Dodge: "Well, I am not talking about are we that far apart on that, but are we both tracking the same in putting the cap on the expenditures?"

Assemblyman Bergevin: "Yes."

Assemblyman Mann: "Where we are at right now, is that we recognize in terms of the short run (4 years, approximately), that the Assembly version will have less penalty to local governments than the Senate version. Once you get over that period of time, then you have opposite effect. Our contingent was that we are not worrying about setting up something that will last the next twenty years because there will have to be some adjustments. Jim (Kosinski), has a philosophical difference, because he feels that whatever is developed, should last forever...We think the final project in A.B. 616, regarding the spending cap, is more equitable to local governments than S.B. 204, and most of them have indicated this same thing to us. In either version you are going to have some counties that are going to get hurt. We are not talking about a real big difference in total differences."

Assemblyman Weise: "I gather that it is basically an expenditure cap, but you are just negotiating what the rates are going to be?"

Assemblyman Mann: "Well, if you want to make a decision on which is most restrictive to local governments, and that was the only criteria for your decision, you would go with S.B. 204. The one that most local governments would like to have is A.B. 616...the basic difference between the two is the base year...if you do go to the base year of 1977-78, you are going to have to go 100% C.P.I., and that is basically the difference right there."

Senator Dodge: "In that regard, did you discuss a relief mechanism for an agency that was seriously dislocated by whatever formula you used?"

Assemblyman Mann: "No."

Senator Kosinski: "We hit on the edge of it and then went on to something else."

Senator Dodge: "You need to make a determination if a local government is cut by 10% or 15% from last year's budget, that they can appeal on whatever the merits are...I think that you need to address, aside from the dollars, some guideline by which they may appeal."

Assemblyman Dini: "I would like to ask the subcommittee if they have considered a graduated C.P.I., as that would have the least serious detrimental effect on the least number of governments...small local governments either have an appeal process or they go under."

Senator Kosinski: "The whole thing is a roll of the dice."

Senator Lamb: "Well, you could go back to last year's."

Assemblyman Bergevin: "Do you mean if we just keep everybody at a certain percentage?"

Senator Lamb: "Yes, 6%, 7%, 8%...."

Assemblyman Bergevin: "What it boils down to is about 7% across the board."

(Committee Minutes)

Senator Dodge: "...the problem is further complicated by the fact that the 7% increase could be all important. Everyone else could be suffering a decrease and you would have to end up with a formula that treats them all differently in some arbitrary manner."

Assemblyman Bergevin: "I don't think you are going to make anything to fit everybody. What I think you have to have is some kind of relief mechanism in there for the people that it doesn't cater to."

Assemblyman Mann: "I think the key to what Senator Dodge is asking will work well in special districts. I don't think we can provide a mechanism that would handle the cities and counties. I don't think that if there is a problem, that is where it will be. So, I think we should understand that we are dealing with special districts and not cities and counties because I don't think you could ever satisfy any kind of cut if you allow them to lose viability. I don't think that our bill really did the kind of job that we probably could have done if we had had a couple of months in looking at special districts, and that is why we developed the idea of a special fund...so, anything that you can give us as input to look at establishing that criteria for going after those funds will be helpful."

Senator Glaser: "And this special fund is for \$1.5 million?"

Assemblyman Craddock: "Well, we just pulled that kind of out of the air. We didn't have very good criteria to go by."

Senator Glaser: "That's another drain on the general fund that we have to take into consideration on the \$34 million balance."

Senator Kosinski: "We also discussed the 'trigger' issue. There are several considerations involved and one was that we want to make sure the 'trigger' goes high enough so that we don't end up with an embarrassing surplus in two years. On the other hand, we agreed that there should be a 'de-trigger'. I know we all feel the chances of having to go into a 'de-trigger' are not very strong, but we still wanted to include that provision. The problem we're having right now is we don't know what our total amount of dollars is, and we don't know which basic philosophy we are going to follow in our bill. So, until we know that, we are not able to come up with the final formula...."

Senator Glaser: "Any questions on that?...O.K., next committee, Bob Rusk, Chairman."

Assemblyman Rusk: "Mr. Chairman, I'm not quite sure how to thank you for appointing me to this Committee. I found out that myself and my two fellow patriots were missing from your meeting last night, and perhaps, that was our mistake. I started getting calls this morning from the school oriented people and I didn't know how I had gotten on their list and then I got a notice from you and it said, 'Please note that we have scheduled the subcommittee reports. The preliminary reports will be given Wednesday night.' It was

Assemblyman Rusk (Cont.): 11:30 a.m. when I got this little message and I put two and two together and came up with six again. So, we had a meeting, a fast meeting, and I was able to get this group together for thirty-eight minutes and we accomplished quite a bit...We decided that the Senate cap for schools...was the one we that we wanted to consider for the sake of flexibility, and for the sake of the ability to continue the Nevada Plan formula, which I would like the 'Nevada Plan Formula' to speak to--Senator Dodge. We were interested in being able to tie to the assessed valuation on the three year average, and I think we are familiar with those years, 1975-76 to 1977-78, as well as the enrollment average thereby providing some flexibility that we felt was necessary between the various counties that are very diverse in population and in cost of providing education per pupil. We had a chart that Senator Dodge came up with that was interesting and I think that most of us are familiar with these facts and figures. It pointed out the cap under the Senate and Assembly bills have an average increase between the two formulas that for the Assembly is 6.2% and for the Senate 6.8%, (see Exhibit "D").

Senator Dodge: "Bob, thanks. And, I also want to thank you for being appointed to this committee. I'm a little suspect about the strategy. I thought that maybe the Assembly might have had a little appetite with this and decided that they might 'cave in' on it, so they could neutralize me on other parts of the bill. In any event, the other day when I expressed my basic thoughts about the desirability of using this approach, rather than a flat percentage increase which I think is going to get into some distortions pretty fast in the next few years, I wanted to emphasize that I really feel that this would be more helpful to the small counties where there is more chance for some changing...either more rapid growth or in some cases, like Ely, you get some effects the other direction.

I was interested in the figures when we got these developed, that under your spending cap approach, the increase per student, that is, the total dollars available per student is only \$10.00 less than the approach we took. So, I think that one of the reasons why we were able to reach agreement fairly soon on this is that we didn't have any strong disparities in the total dollars that were going to be available for students either way we went...if the Legislature is wise enough to keep it's own spending caps on the General Fund in the State of Nevada, and the appropriations, I think they would be crazy to depart from it once it was established... As long as those caps are on there, I'm not too concerned about the money that's allocated under the formula and the Distributive School Fund getting very seriously out of line...."

Senator Kosinski: "Carl, do these figures assume no increase in the Distributive School Fund?"

Senator Dodge: "...If your question is whether these spending caps in any way require adjustment in the Distributive School Fund allocations, the answer is 'no' they do not. That is, they would on the Assembly cap, but not on the Senate cap, because the cap is on the 80¢ optional which is outside of the Distributive

Senator Dodge (Cont.): School Fund...."

Assemblyman Bergevin: "Our change would be reflected in the property tax."

Senator Dodge: "In the property tax, but not in the Distributive School Fund."

Assemblyman Bergevin: "The only difference between ours and yours is that ours does put an absolute cap on spending, whereas yours leaves one end of the funding open for the Finance Committee. I think what we need to do is have Senator Dodge give a dissertation on legislative intent once we come to a conclusion here and read it into the record. And, Carl, I would like to ask you one further question. If we adopted our package to accommodate \$1.36, could we reduce this cap down to 50¢ rather than the 80¢?"

Senator Dodge: "That doesn't impair the formula at all. In other words, you're saying that in the second year whenever you use that reduction of the mandatory 70¢ down to 50¢, the formula can still operate within that concept."

Assemblyman Bergevin: "The reason we brought it up is because our bill calls for a 50¢ optional rather than 80¢, and as you can well guess, it would be to the benefit of the school districts, because the less dollars you cap, the greater amount of money to the districts."

Senator Glaser: "I think the next step is to report back to our Committees. All of the members of each committee should hold separate meetings tomorrow at noon."

Assemblyman Price: "I want to mention just a couple of things and I think everybody is aware of most of them. They are mechanical problems that we have been keeping track of, so far, with respect to the election on the removal of sales tax on food. We have received a number of letters from very strong voters and so forth, and the Secretary of State, explaining the problems which all boil down to the faster we can get done, the better off they are...."

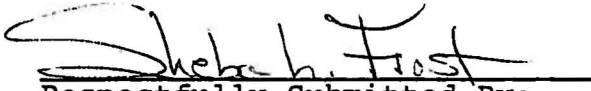
Assemblyman Weise: "Also, we had talked in our Committee and you have it in S.B. 204 with the personal property tax; we need to make sure that it becomes effective beginning July 1, 1979. And, somewhere along the line, we will have to talk about how the cap entity that is not yet in existence will fit in the formula."

Assemblyman Bergevin: "I just received a copy on the inflation of the general improvement districts, from Mr. Roy Nickson (Department of Taxation)."

Assemblyman Weise: "I was just asking if there was a consensus on that cap committee or not."

Assemblyman Bergevin: "I think that we can arrive at a consensus. I think they will show the equity of our proposal."

There being no further business, Senator Glaser dismissed the meeting, and announced that the final reports of the subcommittees would be heard the following evening (April 18, 1979) at 5:00 p.m.


Respectfully Submitted By:
Sheba L. Frost, Senate
Taxation Committee Secretary

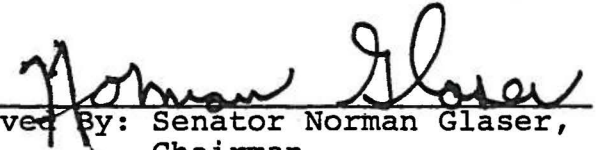

Approved By: Senator Norman Glaser,
Chairman

EXHIBIT "A"

ROYAL ARMS APARTMENTS

<u>Total Units</u>	200	<u>Total Living Space</u>	150,000 Sq. Ft.
1 Bedroom Units	100	640 sq. ft. each unit	
2 Bedroom Units	75	820 sq. ft. each unit	
3 Bedroom Units	25	980 sq. ft. each unit	

Percentage of Unit Square Footage to 150,000 sq. ft. total

1 Bedroom Unit	640 sq. ft. ÷ 150,000	= .4267%
2 Bedroom Unit	820 sq. ft. ÷ 150,000	= .5467%
3 Bedroom Unit	980 sq. ft. ÷ 150,000	= .6533%

Annual Tax Bill \$78,000

		<u>Annual Tax</u>	<u>Monthly Tax</u>
1 Bedroom Unit	.4267% x 78,000 =	\$333	\$27.75
2 Bedroom Unit	.5467% x 78,000 =	426	35.50
3 Bedroom Unit	.6533% x 78,000 =	510	42.50

Rent - Tax Prorated

	<u>Total Rent</u>	<u>New Rent</u>	<u>Tax</u>
1 Bedroom Unit	\$250	\$222.25	\$27.75
2 Bedroom Unit	325	289.50	35.50
3 Bedroom Unit	400	357.50	42.50

Major Tax Reform Assuming 30% Reduction \$54,600

<u>Revised Tax Per Unit</u>		<u>Annual Tax</u>	<u>Monthly Tax</u>
1 Bedroom Unit	.4267% x 54,600 =	\$233	\$19.42
2 Bedroom Unit	.5467% x 54,600 =	298	24.83
3 Bedroom Unit	.6533% x 54,600 =	357	29.75

New Rent - Tax Prorated

	<u>Total Rent</u>	<u>New Rent</u>	<u>Tax</u>
1 Bedroom Unit	\$241.67	\$222.25	\$19.42
2 Bedroom Unit	314.33	289.50	24.83
3 Bedroom Unit	387.25	357.50	29.75

Common areas would automatically be allocated to each unit by using the living space approach.

FOOD TAX RELIEF

	<u>1979-80</u>	<u>1980-81</u>
Food Tax - State 2¢	\$13,600,000	\$16,000,000
Food Tax - Schools 1¢	<u>6,900,000</u>	<u>8,000,000</u>
State Cost	<u>\$20,500,000</u>	<u>\$24,000,000</u>
Food Tax - City/County 1/2¢	<u>3,400,000</u>	<u>4,000,000</u>
Total Tax Relief	<u>\$23,900,000</u>	<u>\$28,000,000</u>

Unresolved Question: Final date for registration on the election.
Regular registration ends 5th Saturday before June 5th. Food
Tax registration ends 3rd Saturday before June 5th.

ASSEMBLY VERSION

19 Section 56.2. 1. There are exempted from the taxes imposed
20 by this act the gross receipts from sales and the storage, use or
21 other consumption of food for human consumption.
22 2. "Food for human consumption" does not include:
23 (a) Alcoholic beverages.
24 (b) Pet foods.
25 (c) Tonics and vitamins.
26 (d) Prepared food intended for immediate consumption.

19 SEC. 156. 1. The section numbers and leadlines contained in the
20 respective sections added to chapter 372 of NRS by sections 43 to 154,
21 inclusive, of this act are for convenient reference only and are not part
22 of the law.
23 2. It is the intent of the legislature that the exemption of food for
24 human consumption from the sales and use tax and local school support
25 tax, if it becomes effective, be strictly construed and be applied only to
26 those foods and beverages commonly purchased for preparation and
27 consumption at home. As of the effective date of this section, such foods
28 and beverages are those eligible for purchase with food coupons issued
29 by the Department of Agriculture and sold in food stores or departments
30 where sales of eligible foods and beverages constitute more than half of
31 total sales. The exemption is not intended to include sales by or from
32 catering services or vending machines.

SENATE VERSION

45 Section 56.2. 1. There are exempted from the taxes
46 imposed by this act the gross receipts from sales and the
47 storage, use or other consumption of food for human con-
48 sumption.

1 2. "Food for human consumption" does not include:
2 (a) Alcoholic beverages.
3 (b) Pet foods.
4 (c) Tonics and vitamins.
5 (d) Prepared food intended for immediate consumption.
6 3. As used in subsection 2, "prepared food intended for
7 immediate consumption" means:
8 (a) Food or beverages furnished, prepared or served by an
9 eating establishment or grocery store for immediate consump-
10 tion at or near its premises or sold in the regular course of its
11 business on a "take out," "to go" or catered basis for immediate
12 consumption either on or off its premises. For purposes of this
13 paragraph, "eating establishment" includes a catering business,
14 restaurant, cafe, cafeteria, lunch counter, snack bar, soda foun-
15 tain, drive-in, dining car, tavern, place serving sandwiches,
16 hamburgers, fish and chips, fried chicken or pizza, refreshment
17 stand, food and drink concession and other similar facilities.
18 (b) Food or beverages intended for immediate consumption
19 sold from a vending machine or by a vendor from a vehicle or
20 other mobile facility.

COUNTY GAMING TAX DISTRIBUTIONEXISTING LAWAB 268RECOMMENDATIONIn County - Not Within
Incorporated City or
Unincorporated Town

County	75%	100%	100%
State	<u>25%</u>	<u>-0-</u>	<u>-0-</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

In County - Within Boundaries
of Incorporated City or Un-
incorporated Town

County	25%	50%	25%
City (or Town)	50%	50%	75%
State	<u>25%</u>	<u>-0-</u>	<u>-0-</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Real Estate Transfer Distribution

County	25%	100%	25% + Pop.*
City	-0-	-0-	pop.*
State	<u>75%</u>	<u>-0-</u>	<u>-0-</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

* Distributed according to population between county and city or cities.

A.B. 268
Estimated Net Loss After Distributions

<u>Entity</u>	<u>A.B. 268¹ As Written</u>	<u>Proposed² Distributions</u>
Carson City	\$ (100,595)	\$(100,595)
Churchill County	(22,581)	(38,383)
Fallon	(23,531)	(7,730)
Clark County	2,336,249	733,335
Boulder City	(63,407)	(33,033)
Henderson	(202,564)	(83,076)
Las Vegas	(1,602,699)	(408,502)
North Las Vegas	(454,385)	(195,530)
Douglas County	307,325	307,325
Elko County	35,490	(45,495)
Carlin	(16,602)	(2,470)
Elko	(78,991)	(28,977)
Wells	(13,767)	3,072
Esmeralda County	4,346	4,346
Eureka County	(5,053)	(5,053)
Humboldt County	(1,268)	(31,307)
Winnemucca	(41,257)	(11,218)
Lander County	(1,567)	(1,567)
Lincoln County	(6,796)	(9,462)
Caliente	(4,450)	(1,784)
Lyon County	(12,665)	(23,297)
Yerington	(16,336)	(5,704)
Mineral County	(26,758)	(26,758)
Nye County	8,828	3,446
Gabbs	(3,581)	1,801
Pershing County	(545)	(6,887)
Lovelock	(11,201)	(4,859)
Storey County	20,568	20,568
Washoe County	1,062,632	(156,885)
Reno	(857,555)	83,774
Sparks	(286,413)	(8,226)
White Pine County	(1,633)	(12,153)
Ely	(9,006)	1,516
Totals	\$ (89,768)	\$ (89,768)

1. As computed by Nevada League of Cities representatives.
2. Estimated only. County share includes unincorporated towns.

Note: Net loss would be after deducting losses for exempting sales tax on food and property tax on livestock, inventories and household property.

SENATE AND ASSEMBLY CAP PROPOSALS
AND SCHOOL DISTRICTS REQUEST COMPARED TO ACTUAL BUDGET IN 1978-79
(EXPRESSED PER PUPIL)

School District	1978-79 Total Budget Per Student	1979-80 Tenative * Budget Per Student	Percent of Increase	1979-80 Senate CAP With 80¢ Amendment	Percent of Increase	1979-80 Assembly CAP on Total Budget	Percent of Increase
Carson City	\$1,576	\$1,729	9.7%	\$1,680	6.6%	\$1,713	8.7%
Churchill	1,503	1,707	13.6	1,700	13.1	1,673	11.3
Clark	1,606	1,768	10.1	1,733	7.9	1,724	7.3
Douglas	1,822	2,065	13.3	2,021	10.9	1,789	-0-
Elko	2,069	2,140	3.4	2,132	3.0	2,140	3.4
Esmeralda	5,085	4,305	-0-	4,166	-0-	4,305	-0-
Eureka	4,231	4,370	3.3	4,184	-0-	4,370	3.3
Humboldt	2,028	2,108	3.9	2,093	3.2	2,108	3.9
Lander	2,294	2,284	-0-	2,238	-0-	2,215	-0-
Lincoln	2,333	2,616	12.1	2,594	11.2	2,412	3.4
Lyon	1,898	2,053	8.2	2,020	6.4	1,996	5.2
Mineral	2,040	2,056	.8	2,036	-0-	2,056	.8
Nye	2,308	2,588	12.1	2,454	6.3	2,470	7.0
Pershing	2,352	2,367	.6	2,367	.6	2,276	-0-
Storey	2,859	2,838	-0-	2,826	-0-	2,783	-0-
Washoe	1,734	1,915	10.4	1,833	5.7	1,840	6.1
White Pine	1,942	1,851	-0-	1,851	-0-	1,851	-0-
Totals	\$1,693	\$1,853	9.5%	\$1,808	6.8%	\$1,798	6.2%

EXHIBIT "D"

Note: Amounts in this column include Governor's 8% recommendation and ending fund balances.