

Date: Tuesday, April 3, 1979

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PRESENT:

Chairman Norman Glaser  
Senator Don Ashworth  
Senator Carl Dodge  
Senator William Raggio  
Senator James Kosinski  
Senator Mike Sloan

Mr. Ed Shorr,  
Fiscal Analyst

ABSENT:

Vice-Chairman Floyd Lamb

GUESTS:

Ms. Jeanne Hannifin, Deputy Director, Department of Taxation  
Mr. William Andrews, Department of Taxation  
Mr. Joe Manos, Assistant Administrator, Department of Energy  
Mr. Sam Mamet, Clark County representative  
Assemblyman Robert Weise, A.B. 107

The meeting was called to order on Tuesday, April 3, 1979,  
at 2:07 p.m. in Room 213, with Senator Norman Glaser in the  
Chair.

Chairman Glaser asked the Committee to consider the following  
BDR's for possible Committee introduction:

BDR 32-1264--"Increases tax on motor vehicle fuel and on  
special fuels and requires a separate detailed  
budget for certain departments." (SB 419)

The Committee concurred to give this draft Committee introduction.

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BDR C-2052-- "Proposes constitutional amendment to permit  
exemption from property tax for conservation  
of energy by using nonfossil resources." (SJR 19)

The Committee concurred to give this draft Committee introduction.

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S.B. 63

Senator Kosinski, referencing a letter for the Department of  
Taxation (Exhibit "A"), said that this bill had been held for  
action in order to see if the Tax Commission would change  
their current mandates on bonding by regulation. Senator  
Kosinski said that in their recent meeting, the Tax Commission  
chose to maintain their present regulation.

Ms. Jeanne Hannifin, Deputy Director of the Department of Taxation, stated that she had pulled a random sampling of sales tax accounts, in the low, middle and high ranges. Ms. Hannifin said that out of the low range, 50% were delinquent; out of the mid-range, 75% delinquency; and in the high range, 50% were delinquent. Ms. Hannifin said that out of the 22 businesses she pulled, 2 in the low range, none in the middle, and 1 in the high range would qualify for the removal of the bonding provision if it were required for no longer than 1 or 3 years.

Senator Dodge asked if there was any rationale offered by the Commission about retaining their 100% security requirements? Ms. Hannifin said that the Commission stated that once a retailer is delinquent, it can take up to two or three months to get the revocation and have the business closed, and by that time, the retailer may be at the maximum of his bond.

Senator Raggio asked about the statement in Exhibit "A", which said that \$3 million in delinquent sales tax is "uncollectable". Ms. Hannifin said that most of this delinquency is picked up on audit, and is over and above the maximum bonding of \$20,000. She said that delinquency proceedings begin with "seal and padlock" on the business, and then attempt to obtain the bonding.

Senator Raggio asked Ms. Hannifin to outline for him the exact procedures followed to follow up on the accounts entitled "uncollectable". Ms. Hannifin said that she would obtain this information and send it to the Senator.

Mr. William Andrews of the Taxation Department also commented at length on the collection procedure. He said that the offense for this delinquency is a gross misdemeanor.

Senator Kosinski moved to indefinitely postpone Senate Bill No. 63. (Exhibit "B")

Senator Dodge seconded the motion.

The motion carried. (Senator Lamb - Absent)

A.B. 144

Mr. Joe Manos, Assistant Administrator of the Department of Energy, testified in support of Assembly Bill No. 144.

Senator Dodge asked how this exemption is established? Mr. Bill Andrews of the Department of Taxation, said that there is an amount of money that can be paid to individuals who are using geothermal or solar resources for other than heating water. Mr. Andrews said that in the past two years, the Department has rebated to the Washoe County Assessor for amounts he has allowed, approximately \$12,200; Churchill county, \$250 to \$300. Mr. Andrews said

A.B. 144 would allow geothermal leases to remain off of the tax roll until they become productive. Mr. Ed Shorr, Fiscal Analyst, said that this section of the law deals with public lands exemptions.

Senator Dodge asked what was the origin of the bill? Mr. Shorr said the bill came out of a study by a subcommittee on geothermal resources.

Senator Kosinski said that perhaps this bill could be constitutional by falling under the scientific exemptions. Senator Dodge read from Article 10 of the Constitution which stated exemptions for, "municipal, educational, literary, scientific or other charitable purposes."

Senator Kosinski said that he would like to hold this bill until the Thursday meeting in order to contact Mr. Frank Daykin of the Legislative Counsel Bureau and ask him to give his opinion on the constitutionality of this exemption.

The Committee concurred with this decision.

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S.B. 160

Senator Dodge felt that there was a problem with "equity" in a bill that involves percentage taxation in an area where there are compound problems for utility users.

Senator Don Ashworth moved for Indefinite Postponement of Senate Bill No. 160.

Senator Sloan seconded the motion.

Disc.

Senator Kosinski noted that this franchise tax now brings \$12,000,000 to the City of Las Vegas.

The motion did not carry. Senators Dodge, Kosinski and Glaser voted "No". (Senators Lamb and Raggio - Absent).

Senator Dodge felt this bill should be held until Thursday's meeting for further consideration.

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A.B. 107

Chairman Glaser noted that this bill had been recalled to Committee because of confusion on the Senate floor with the 1st Reprint, and having language bracketed out in one section and not the other.

A.B. 107 (Cont.)

Senator Dodge noted the section was Lines 46 - 48 of Page Two of A.B. 107, which is bracketed out; and on Page Three, Line 16 - 18, are left in the bill.

Senator Kosinski commented that Senator Jean Ford had stated on the floor that she felt the amendments which were related to property which is divided, where the owner does not have to file a new application, may be inequitable because, division of the property may change the character of the land, and an exemption for "open-space" may no longer be applicable.

Mr. Sam Mamet said that in the initial bill, the penalty clauses had been completely removed, and the Clark County Treasurer felt that these should remain in the law; so it appears on the 1st Reprint, that one was brought back in, and one remains removed.

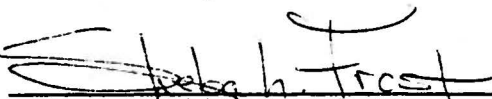
Assemblyman Bob Weise, original sponsor of the bill, said that he felt in regards to Senator Ford's comments that re-filing on alteration of "open-space" would be appropriate, however, he felt that agricultural may not need this requirement. Mr. Weise felt the difference in the way the penalty provisions are drafted was an error by the bill drafter.


Senator Dodge said that Mr. Andrew Grose of the Research Division of the Legislative Counsel Bureau, could obtain information relating the number of other states which have similar "open-space" provisions.

Mr. Weise stated that "open-space" should be used whereby if a development is started, the housing is established in high density in a minimal amount of the acreage, and the remainder is made into forest land or a golf course, and these areas receive the tax benefit. However, Mr. Weise added that if the entire development is taxed at the residential level, the developer will not pay the taxes, the county will be forced to hold a tax sale, and this sale may purge the deed restrictions established by the developer. Also, if this is not allowed, Mr. Weise commented that an individual could pay up the back taxes, and obtain title to the land by "adverse possession". Mr. Weise felt that his bill would deter this from occurring.

The Committee decided to hold this bill until Thursday's meeting in order to hear the information collected by Mr. Grose.

There being no further business, the meeting adjourned.

  
Respectfully Submitted By:  
Sheba L. Frost, Secretary

  
Approved By: Senator Norman Glaser,  
Chairman

(Committee Minutes)

## Department of Taxation

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ROBERT LIST, Governor

ROY E. NICKSON, Executive Director

March 29, 1979

Honorable James N. Kosinski  
Nevada State Senator  
Legislative Building  
Carson City, Nevada 89701

Dear Senator Kosinski:

Subsequent to your appearance, the Nevada Tax Commission reaffirmed their existing policy of requiring all taxpayers to maintain a minimum amount of security with the Commission to ensure compliance with the sales and use, local school support and county/city relief taxes. While recognizing your concern over the burden such security might impose on certain taxpayers, the Commission took the following factors into consideration:

(a) Even with the current policy, the State of Nevada has some \$3,000,000 in uncollectible taxes due from taxpayers that are no longer in business.

(b) The taxpayer, reporting on a quarterly basis, has some four (4) months of interest free use of tax dollars before payment is required. Those reporting on a monthly basis have the use of such funds for a period of two months.

(c) By the time that delinquencies occur that would indicate that a taxpayer might be unable to remit the taxes due, an additional month has normally passed. Thus, by the time a field investigation can be conducted, the State may have up to five (5) months of tax revenue from an individual taxpayer in jeopardy.

(d) The Commission has authorized several types of security to make the burden on the taxpayers as easy as possible. These include:

(1) A lien on any non-owner occupied (residence) real property.

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(2) Any interest bearing account made out jointly to the taxpayer and the Nevada Tax Commission with all interest accruing to the benefit of the taxpayer.

(3) A surety bond.

(4) Cash.

The Commissioners requested that I convey this information to you and to all members of the Senate Taxation Committee. Again, they emphasize that they appreciated your appearance before them and that their decision was made solely to protect the interest of the State of Nevada.

Highest personal regards.

Very respectfully,

  
Roy E. Nickson  
Executive Director

REN:rms

cc: Members of Senate Taxation Committee

SENATE BILL NO. 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.

Original bill is 4 pages long.  
Contact the Research Library for  
a copy of the complete bill.