

Vivian

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

ABSENT: Vice-Chairman Floyd Lamb

GUESTS: Mr. Joe Manos, Assistant Administrator, Department
of Energy
Mr. Gene Phelps, Business Manager, Department of Highways
Mr. Bob Guinn, Nevada Auto Franchised Dealer's Association
Mr. Joe Midmore, A.B. 211

The meeting was called to order at 2:40 p.m. on Thursday, May 10, 1979, with Senator Norman Glaser in the Chair.

Chairman Glaser stated that the meeting would open by hearing Senate Bill No. 566.

Mr. Joe Manos: Assistant Administrator, Department of Energy.
"I'm here to testify on S.B. 566, in favor of it. There has been a lot of publicity on gasohol, which is a mixture of unleaded fuel and ethanol. Ethanol is normally a drinking alcohol that is produced from any organic product...In 1949, there was a bill before Congress to further the production of what was called ethanol. That bill was defeated by the oil companies, because motor gasoline was cheap and abundant at that time...Finally, last year the Federal Government took off the taxes on gasohol mixtures, which would then make gasohol competitive with regular motor gasoline. This bill is basically a 'Nevadized' version of the Federal bill, which takes off the state taxes on that mixture...The benefit of ethanol in production, is that it takes an organic crop, produces ethanol, and you still have the feed value of that crop left...Out of 23,130 bushels of corn, you get a 193 tons of carbon dioxide as a by-product that could be sold; you get 60,000 gallons of ethyl alcohol, which then could be mixed with gasoline; and you get 215 tons of high protein cattle feed...."

Chairman Glaser: "The Federal Government has already taken off the Federal tax of 4¢/gallon, and if the State tax is removed, this would mean another 4.5¢/gallon."

Senator Dodge: "Is this mixed in the same ratio as they do in Nebraska, on a 9 to 1 basis?"

Mr. Manos: "We would recommend that on anything that would be mixed here. The reason that 90/10 works is that you make no carburetor adjustments at all...."

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Senator Ashworth: "Are they going to have plants in Nevada to manufacture ethanol?"

Mr. Manos: "Yes, sir."

Senator Dodge: "At \$20 million gallons of fuel, are you saying that would all be tax exempt? The point is that it is 90% gasoline, and if that ratio is going to be used in Nevada, the problems at the Highway Department would be disasterous."

Mr. Manos: "Yes, sir. That is one of the problems."

Chairman Glaser: "The fiscal note says 'no impact' at this time."

Mr. Manos: "There probably wouldn't be an impact for three or four years, as this is how long it would take to get the crop and build the plant...the way we see the bill, is it would foster someone coming in and building the plant, and then if it caught on, the taxes would go back on...."

Mr. Gene Phelps: Business Manager, Highway Department.
"The wear and tear on the highways, caused by vehicles caused by whatever fuel they are powered by is the same. And we have the same objection to this bill that we did on taking the fuel tax off of compressed natural gas the last session. Since the bill redefines what motor fuel is, it has the effect of 8¢/gallon on fuel, not 4.5¢, because it affects not only the state's share, but the local share also."

Mr. Bob Guinn: Nevada Franchised Auto Dealer's Association.
"I'm in the same boat as Gene...There is variable evidence in respect to the actual saving of gasoline. We had a representative of General Motors appear before the Assembly Committee on Transportation talking about emissions, who said that tests on an average show that it is about a break-even basis. While you save on gasoline, you lost miles per gallon...." *****

Chairman Glaser concluded the testimony on S.B. 566. He then asked if there was anyone who wanted to testify on A.B. 111:

Mr. Ed Shorr: Fiscal Analyst, Legislative Counsel Bureau.
"The idea behind the bill was to take the savings to the Senior Citizen's Program, due to an overall cut in the property tax rate, and distribute that by providing a higher allowance." Mr. Shorr distributed a handout showing the penciled in figures which this bill represents if the proposed tax relief as contained in S.B. 204, becomes effective, (Exhibit "A", and Exhibit "B").

Senator Dodge: "I think the reason that we made the judgement not to go ahead with this program, was because we still want to offer a basic relief which is benefited by general tax relief

Senator Dodge (Cont.): "to everybody in the tax package."

Senator Sloan: "When we had disproportionate relief to the homeowners, it made sense to knock this off, but I figure there is some justification for giving them a little better break now."

Senator Dodge: "What's happening is we keep whittling away at these ranges...I don't have any strong feelings one way or the other, except it is one of those areas which begins to deplete. But, the total dollars indicate that there probably aren't that many people at those property levels... This is a rebate and the counties involved are reimbursed by the State of Nevada, so the cost of the program is borne by the State."

Senator Raggio: "(Addressing Senator Kosinski) When we were talking about your bill (S.B. 48), your concept was in raising the amount in order to accommodate people who are only on Social Security, and that gives them a full 90%. With this in mind, Senate Bill No. 48 makes more sense to me than A.B. 111, for that reason."

Senator Sloan moved to reconsider Senate Bill No. 48, in order to take possible further action.

Senator Raggio seconded the motion.

The motion carried. (Senators Lamb & Kosinski - Absent)

Chairman Glaser asked Mr. Shorr to prepare a comparison of Senate Bill No. 48, and Assembly Bill No. 111, for Tuesday's (5/15/79) meeting.

Chairman Glaser then opened the Administrative Hearing on A.B. 211:

Mr. Joe Midmore: "You are supposed to have an amendment on that in order to make it conform to the language in the Usuary bill, (S.B. 26)."

Senator Dodge: "If that's the case, we could just take action on it right here, and pass it on to the floor when the amendment comes."

Senator Don Ashworth moved to amend and Do Pass on Assembly Bill No. 211, to conform with the language in S.B. 26.

Senator Sloan seconded the motion.

The motion carried. (Senator Lamb - Absent)

Chairman Glaser said that he had placed S.B. 46 on the agenda to remind the Committee that action should be taken with either this bill or the Assembly's version (A.B. 268).

Senator Raggio: "I talked with Chairman Mello several days ago, and he indicated to me that he saw no problem in getting it (A.B. 268) processed."

Chairman Glaser then opened the Administrative Hearing on S.B. 525:

Senator Sloan: "Mr. Chairman, when this bill was written by the bill drafter, they left out something the Department of Energy had requested; and that was to make it applicable not only to the heating and cooling, but also to the heating of water."

Senator Sloan moved to amend S.B. 525, by adding appropriate language on 'heating of water' wherever heating and cooling is referenced.

Senator Don Ashworth seconded the motion.

The motion carried. (Senators Lamb & Kosinski - Absent)

There being no further business, the meeting was adjourned at 3:20 p.m.

Sheba L. Frost
Respectfully Submitted By:
Sheba L. Frost, Secretary

Norman Glaser
Approved By: Senator Norman Glaser,
Chairman

STATE OF NEVADA
LEGISLATIVE COUSEL BUREAU

EXHIBIT "A"

LEGISLATIVE COMMISSION (702) 885-5627

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A.B. 111
May 3, 1979

MEMORANDUM

TO: ASSEMBLY TAXATION COMMITTEE

FROM: Fiscal Analysis Division

SUBJECT: A.B. 111--Increases certain allowances in the senior citizen's property tax program.

A.B. 111 increases the allowances in the two lowest income categories of the current Senior Citizens' Property Tax Allowance Program. The Senior Citizens' Property Tax Program currently provides relief from property taxes for eligible senior citizens. The program covers homeowners, mobile homeowners, mobile home renters and renters who are at least 62 years of age and earn less than \$11,000 annually. The program allows a certain percentage credit on the Senior Citizens' Tax Bill dependent upon income. Currently, the following income categories and rebates are in effect:

Income	\$0-1,999	\$2,000-3,999	\$4,000-6,999	\$7,000-9,999	\$10,000-11,000
Rebate	90%	75%	50%	25%	10%

This bill proposes to increase the applicable rebates in the lowest two income categories to 100% for the \$0-1,999 incomes and 80% for the \$2,000-3,999 incomes. These increases will provide additional tax assistance to those eligible seniors who most need it.

Under the Senior Citizens' program the state reimburses the local governments for their loss of tax revenue due to the allowances. The increases recommended in this bill can be accommodated without any increase in the recommended appropriations since major tax relief granted by this Legislature will reduce the actual outlays under the current program.

DAM:ca

Revised *
CURRENT

SENIOR CITIZENS PROGRAM
1979-80

INCOME RANGE	0-1,999	2-3,999	4-6,999	7-9,999	10-11,000	TOTAL COST CURRENT
Rebate Percentage	100% 90%	80% 75%	50%	25%	10%	
Number of Claims	116	1,166	2,075	1,711	338	5,406
Average HO Tax	307 225	290 212	356 260	415 303	449 328	
Average HO Rebate	229 225	202 170	172 130	103 76	45 33	
1979-80 HO Rebates	26,807 26,100	235,160 98,220	356,742 249,150	177,109 130,036	15,104 11,154	\$ 810,922 635,260
MHO Number of Claims	9	133	284	290	54	770
Average MHO Tax	168 123	145 106	185 135	219 160	223 163	
Average MHO Rebate	145 123	108 85	92 68	54 40	22 16	
1979-80 MHO Rebates	1,305 1,107	14,387 11,306	26,188 19,812	15,783 11,600	1,187 864	\$ 58,850 44,188
MHR Number of Claims	30	706	947	645	132	2,460
Average MHR Tax	186	171	208	246	281	
Average MHR Rebate	164 186	127 137	103	61	27	
1979-80 MHR Rebates	4,925 5580	89,516 96,722	97,859	39,197	3,626	\$ 235,123 242,984
Renters Number of Claims	54	1,760	1,057	455	70	3,396
Average Renters Tax	210	178	281	351	436	
Average Renters Rebate	170 210	133 142	140	87	43	
1979-80 Renters Rebates	9,175 11,340	233,379 249,920	148,153	39,760	3,019	\$ 433,486 452,192
TOTAL CLAIMS	209	3,765	4,363	3,101	594	12,032
TOTAL REBATES	\$ 42,212	\$ 572,442	\$ 628,942	\$ 271,849	\$ 22,936	\$ 1,538,381
County Administration Fees	44,127	566,167	535,074	220,593	18,663	1,374,624
TOTAL COST 1979-80						\$ 1,600,381 1,436,624

(^a 300 rebate limit)

* Estimated Cost after major tax relief and increase in benefits for the two lower income categories.

Reduction

163,757