

The meeting of the Assembly Committee on Taxation was called to order by Chairman May at 3:00 p.m. with the following members present:

PRESENT: Chairman May
Vice Chairman Coulter
Mr. Bergevin
Mr. Brady
Mrs. Cafferata
Mr. Craddock
Mr. Marvel
Mr. Stewart

Present by arriving late were:

Mr. Price
Mr. Rusk
Mrs. Westall

Please see attached guest register for guests present.

Agenda items were as follows:

A.B. 159 - Increases exemption from property tax for widows, orphans, and certain veterans.

Dr. Robinson, Assembly District #8, Clark County, as prime introducer of this measure, testified, stating that the purpose of this bill was an attempt to re-establish the value of what they felt a veterans service or widows benefit for tax exemption should be. He called attention to line 16 of the bill where it specifies \$2,750 which is an old amount. What he had asked for was an amount that would make the exemption worth about \$100. The old exemption was on a \$1,000 exemption which gave the person a \$50 exemption to apply to their personal or real property. When we passed S.B. 204 of the last session, they reduced the value of that from \$50 to \$36.40. With inflation and loss of value of money, it takes about \$100 now to equal what \$50 was worth at the time the bills were passed giving them the \$50. What we are trying to do here is increase the exemption to the extent that we would be giving them about \$100.

Mr. Marvel asked if Dr. Robinson had any figures on how many people this helps and was told that, although he didn't have the figures, he was certain the assessors could tell us in each category how many are claiming it under the widows and how many under the veterans.

It was pointed out that the fiscal impact on this bill was \$1,757,000 using an estimate of 27,600 veterans, widows and orphans which would be in addition to what they are getting now. Mr. Bergevin stated his concern about this kind of fiscal note and what we are proposing on the property tax relief program is that he feels that is a considerable amount of revenue loss. He added, however, that if we are going to do this, we should include the Chapter 371 provisions as we did in A.B. 177 to include the exemption on motor vehicle privilege tax as well which would, of course, increase the fiscal note.

Mr. Miles, Fiscal Analyst for the committee, advised that this fiscal note does not apply to the vehicle privilege tax but if the bill goes through with that addition, a great many people will undoubtedly shift their exemption to the privilege tax.

Testifying next was Mr. Patrick Pine for Clark County stating that they are still trying to get firm estimates on the number of people that would be involved, the last number that they had was roughly one-half of the statewide count -- somewhere in the neighborhood of 13 or 14,000. Presumably the dollar impact on the county would be somewhere in the neighborhood of half of the state -- or \$800,000 to 1 million dollars. Those are very preliminary figures because it is hard to tell how people are going to file for exemptions and under which category some people might fall.

Mr. Hale Bennett, Chief of Registration with the Department of Motor Vehicles, addressed the committee on the feelings of his department.

He stated his agency was neutral on this bill but he wanted to point out what Mr. Bergevin just did -- that the privilege tax is also effected by the same set of exemptions but this bill only addresses the exemptions on property tax. For the edification of the committee, last year there were only 3,500 veterans in Clark County that took their exemption on their vehicles; a 1,000 in Washoe and about 500 in the rest of the state. The average privilege tax exemption is about \$30 per vehicle. He suggested that if we process this bill, we should consider making it applicable to Chapter 371 - privilege tax, as well.

Speaking next was Senator Jean Ford, Senate District #3, Clark County, who stated that she had requested a bill that would amend Section 1 of this bill as she was not aware that this bill had been requested. When she saw that this bill had been introduced, she contacted several of the Assemblymen involved and told them she would like to make a couple of comments and perhaps could eliminate the bill she had requested. She explained that her interest in this measure relating to the widows tax exemption is that it is one of the very few pieces of legislation on our books that is discriminatory based on sex; in this bill, it discriminates against men. She had requested a bill that would do away with the discrimination in the following manner -- not to repeal the law, but there are some other options such as extending the opportunity to apply for the exemption to all surviving spouses (male or female). In both instances, there are people who really do not need this kind of exemption. She suggested amending Section 1 to read: "the property of surviving spouses and orphaned children," and that we grandfather-in those who have been eligible before but from the point that this bill becomes effective. Additionally, either men or women could apply but only if their income is under a certain limit; that way, you are addressing those who really need this kind of help. In her bill request, she placed the ceiling of \$12,000 for the surviving spouse's income. She arrived at the \$12,000 ceiling from one of our bills that placed that amount on the senior citizens income. She got the information that there were 2,870 married persons who died in January through November of

1980; so that many spouses would be eligible. Many more men than women died. The law also states that if you remarry, you are no longer eligible so the fiscal impact would not be great.

Mr. Bergevin asked if she would suggest extending that ceiling to include veterans and was advised that she had not included them nor had she given it much thought. She has been primarily interested in the widows, widowers exemption, but has no problem with extending that to the veterans as well.

At the conclusion of the testimony, Mr. May explained that no action would be taken on this bill until the disposition of the total tax package.

A.B. 162 - Removes requirement for oath in declaration of personal property for purposes of assessment of property tax.

Dr. Robert Robinson, Assembly District #8, Clark County, testified as prime sponsor of this bill, stating that this bill came about because of complaints from about three businessmen who, during the period of about a week, had received from the County Assessor their declaration of personal property which included all of their office equipment, etc. Their complaint was that they had to go scout down a notary public to have their statement notarized that their statement was a true statement, yet right on the form they were signing said that "making a false statement was either a misdemeanor or some other crime." They felt that their signature on the form should be sufficient. He concurred with their request to have this provision deleted. When you figure how many thousands of people receive those, you can determine how much of a nuisance factor it becomes.

After brief discussion, a motion was introduced by Mr. Bergevin, seconded by Mr. Marvel to recommend "do pass" on A.B. 162; motion carried unanimously.

A.B. 194 - Increases maximum allowance against property taxes for certain homeowners.

Dr. Robert Robinson, Assembly District #8, Clark County, as prime sponsor of the bill, testified on the background of the measure. He advised the committee that this is an attempt to keep pace with the eroding effects of inflation on the value of what these exemptions are worth for the senior citizens. He stated he had seen other bills that had to do with changing the amount of allowable income and he feels this would be something that would be beneficial to that group of citizens. He understands now, however, that this will have to be included in the deliberations of the committee on the total tax package. This simply increases the total amount that they can have; it has been 8 years since they passed the first senior citizens property tax refund and in that 8 years, inflation has just about cut the value in half.

Testifying next was Mr. Patrick Pine, Clark County, who stated that according to their Assessor, there are 28 seniors who are currently at the \$500 maximum; one of those 28, under the current system would jump to the \$1,000 maximum, the 27 others would receive a break somewhere between \$500 and \$999. They did make the comment that, depending on what the result of the overall legislation on the property tax area might be, it might be that most of those 28 people would, again, fall below the \$500 maximum. He is certain that the County does not have any major objections to the proposal and the impact on them would be somewhere in the neighborhood of \$10,000 or more depending upon where some of those people happen to fall.

There being no further testimony to be heard on the bill, Chairman May explained that it will be held as part of the comprehensive tax package and sent to the sub-committee reviewing that aspect of the plan.

A.J.R. 21 - Proposes to amend Nevada Constitution to prohibit state income tax.

Testifying as prime sponsor was Dr. Robert Robinson, Assembly District #8, Clark County. Assemblyman Robinson advised the committee that this resolution is an attempt to run past the Legislature one more time a constitutional amendment to prohibit a tax on income of any citizen in the State of Nevada. He reminded the committee that this committee passed the bill out last session. It passed in the Assembly 38 to 2 and in the Senate was indefinitely postponed. Their reasoning was that if we put it to the vote of the people, the people would pass it and then it would take 6 years to get an income tax put on, if we ever decided we wanted to put one on. Mr. Stewart then pointed out that this prohibits income taxes but a lot of license taxes are based on income. He asked if this would be a constitutional prohibition that would have an effect on license tax as they are also taxes. Dr. Robinson explained that in that case, the income is the criteria for the tax and is not a tax on the income itself.

Mr. Stewart emphasized that he wanted to make certain that that isn't the case. It is called a tax and is based on income.

Dr. Robinson felt an opinion on that question should be requested from the Counsel Bureau and Mr. May requested that Mr. Stewart draft the question to be submitted to them. Mr. Marvel suggested they include the net proceeds of mines in the opinion.

There was no action taken on the resolution.

S.J.R. 6 of the 60th Session - Proposes to amend Nevada Constitution to allow imposition of estate tax not greater than credit allowable under federal law.

Mr. May announced that the time of 3:30 had been set for a vote on this resolution and the time now having arrived, there would be no testimony heard but a motion was in order. Mr. Rusk then moved that S.J.R. 6 of the 60th Session be given no further

consideration; motion seconded by Mrs. Westall and carried by a vote of 8 to 3. Voting "aye" were Assemblymen Bergevin, Brady, Price, Rusk, Coulter and May, and Assemblywomen Cafferata and Westall. Voting "nay" were Assemblymen Craddock, Marvel and Stewart. Motion carried.

A.B. 59 - Establishes standards of determining whether alcohol is used and taxed as beverage or as fuel.

Mr. May reminded the committee that this bill has been heard previously and was given a "do pass" but was then re-referred back to the committee for further consideration. He explained that his concern was the provision in the bill for adopting the federal regulations by reference. He asked Research to give us some information on the adoption by reference and Mr. Andy Grose advises there are presently several NRS's to meet federal standards and laws which we have adopted by reference. For instance, the Disabled Veterans, etc., adopts that definition by reference and a number of other examples. Mr. Daykin doesn't like to draft bills like this but does make a distinction if the reference is to a law or regulation and is simply to establish a fact, it is an acceptable practice. What would not be acceptable from the State's point of view would be to delegate, indirectly, the State's power to the Federal Government. This one as it is written, does adopt the federal regulation. He explained that if this bill passes, it would be adopting the Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms regulations.

Mr. Richard Garrod, speaking as a farmer from California that is involved in alcohol production, advised the committee that the problem is that when prohibition was repealed, the Federal Government pre-empted the licensing of all stills or manufacturers of alcohol. They have established more lenient rules for production of alcohol to be used as an automotive fuel and all this bill says is that it recognizes that the Federal Government is the first as far as issuing licenses -- you cannot operate without a federal license. This bill is trying to see that there is only one set of regulations to watch by saying that the State of Nevada will use the same regulations that the Federal Government does. You have to go by the federal regulations or you will be stopped by them.

A motion was then introduced by Mr. Marvel, seconded by Mr. Price to recommend "do pass"; the motion unanimously carried.

S.B. 16 - Allows credit for personal property tax paid in another state on certain property.

Mr. Patrick Pine, Clark County, addressed the committee stating that the county is neutral on this measure, however, there is some concern that is not spoken to in the bill as to the process of verification for someone wanting to take this credit. They would have to use some receipt mechanism and the concern was that the Assessor did not have to go out physically and try to do the verification on these claims. They feel if the person wants the claim, they should provide the documentation themselves. The Assessor suggests we should make it clear whose responsibility it is to provide that documentation.

Their other concern is that the fiscal impact remains, under Section 2, probably less than \$10,000 and that is due to the relationship of campers. For some period of time campers do escape taxation under the present system. They are not opposed to the bill but they do believe it could become an administrative nightmare if it is not specified who documents so they pay tax somewhere else.

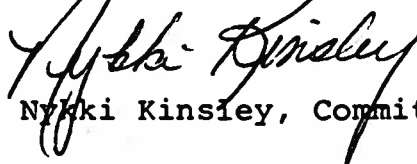
Mr. Bergevin called attention to Section 1, paragraph 1, where it says he must establish to the satisfaction of the Assessor, and asked Mr. Pine if that wouldn't be sufficient. Mr. Pine replied that it might be but their Assessor raised the concern that he is worried about the first time someone comes in and he says, "Where's your proof," and they don't have it.

Mr. Jim Lien, Metro Police Department, stated that he agrees with Mr. Pine in that there should be attached to this that the individual must provide some type of tax receipt. He suggested that one of the reasons he suggests this is because you must require in paragraph 1, that it be established to the satisfaction of the Assessor's office, but you leave that completely open, and in the second paragraph, it is another event entirely -- there are two separate situations occurring. You should add a phrase such as, "upon presentation of appropriate tax receipt," to paragraph 2. On line 16, "the tax" should be changed to "a tax" at that particular time because we are talking about two different taxes.

A motion was then introduced by Mr. Bergevin to incorporate Mr. Lien's suggested amendment and to "amend and do pass" Senate Bill 16, seconded by Mr. Marvel and carried unanimously.

There being no further business, the meeting was adjourned.

Respectfully submitted,



Nykkie Kinsley, Committee Secretary

ASSEMBLY

AGENDA FOR COMMITTEE ON Taxation

Date Mon., Mar. 2, 1981 Time 3:00 pm Room 240

Bills or Resolutions
to be considered

Subject

Counsel
requested*

ALL MEETINGS OF THE ASSEMBLY TAXATION COMMITTEE WILL BEGIN PROMPTLY AT 3:00 PM. PLEASE ARRANGE YOUR SCHEDULES ACCORDINGLY.

- A.B. 59 - Establishes standards for determining whether alcohol is used and taxed as beverage or as fuel.
- A.B. 159 - Increases exemption from property tax for widows, orphans and certain veterans.
- A.B. 162 - Removes requirement for oath in declaration of personal property for purposes of assessment of property tax.
- A.B. 194 - Increases maximum allowance against property taxes for certain homeowners.
- A.J.R. 21- Proposes to amend Nevada Constitution to prohibit state income tax.
- S.B. 16 - Allows credit for personal property tax paid in another state on certain property.
- S.J.R. 6 of the 60th Session - Proposes to amend Nevada Constitution to allow imposition of estate tax not greater than credit allowable under federal law.

N O T I C E

At 3:30 pm a vote will be taken on SJR 6 of the 60th Session. No additional testimony will be taken at this meeting on that measure.

*Please do not ask for counsel unless necessary.

Date: March 2, 1981

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK		
		FOR	AGAINST	BILL NO.
ELAINE HARDY	P.T.A.			
TERI BOUITCK	P.T.A.			
Dick Leonard	General Truck	59		
J.F. Schmidt	Self			
Homer Rodriguez	Carson City Assessor			
Nale B Bennett	DMV			
Jerry Higgins	Garage Deal Assoc.			

FISCAL NOTE

BDR 32-677

A.B. 194

S.B.

STATE AGENCY ESTIMATES

Date Prepared 2-24-81

Agency Submitting Department of Taxation

Revenue and/or Expense Items	Fiscal Year 1980-81	+10% Fiscal Year 1981-82	+10% Fiscal Year 1982-83	-10% Continuing
Increase in Refunds	-0-	\$9,650	\$10,615	\$11,677
Total		\$9,650	\$10,615	\$11,677

Explanation (Use Continuation Sheets If Required)

Actual maximum refunds in FY 80-81 was \$36,000 for 72 claimants. These claimants would have received \$44,773 in tax refunds if the maximum limit were \$1000. Estimates are based on a projected 10% increase in refunds each year.

Local Government Impact YES NO

(Attach Explanation)

Signature

[Handwritten Signature]

Title

Executive Director

DEPARTMENT OF ADMINISTRATION COMMENTS

Date

RECEIVED

FEB 25 1981

LEGISLATIVE COUNSEL BUREAU
FISCAL ANALYSIS DIVISION

Signature

Title

LOCAL GOVERNMENT FISCAL IMPACT
(Legislative Counsel Bureau Use Only)

Date