Chairman May called the meeting to order at 2:45 p.m.

MEMBERS PRESENT:
Mr. May
Mr. Coulter
Mr. Bergevin
Mr. Brady
Mrs. Cafferata
Mr. Craddock
Mr. Marvel
Mr. Price
Mr. Rusk
Mr. Stewart
Mrs. Westall

AB 665 - Provides credit against certain taxes for exchange of used vehicles on purchase of automobiles.

Mr. May reminded the members that this bill has been heard on several occasions and is being brought back to discuss possible amendments. He asked for testimony on the measure.

Speaking first was Mr. Daryl Cappuro, Executive Director of Nevada Franchised Automobile Dealers Association. He distributed copies of Exhibit I which is a data sheet giving the members an idea of how the revenue figures and the gain and loss on the bill would work out. They have used figures supplied by the DMV and in working with Mr. Jim Lien regarding certain assumptions made in determining the loss on one end and the gain on the other. He went over the exhibit which indicated that there were 260,000 titles issued by the DMV in 1980. Of those, 20,000 were trailers, leaving a balance of 240,000 for motor vehicles, including motorcycles, autos, pick-ups, etc.

At the conclusion of Mr. Cappuro's presentation, considerable discussion followed regarding ways of discerning the casual sale transactions and fees presently being charged by the DMV for various registrations.

There was no further testimony and a motion for a "Do Pass" was made by Mrs. Cafferata, seconded by Mr. Marvel. The motion passed by a vote of 9 to 2. Voting nay were Mr. Rusk and Mrs. Westall.

During discussion prior to the vote, Mr. May pointed out that he felt we should ask the DMV and the Department of Taxation to jointly adopt rules and regulations as proposed in this bill. We could work with the Senate to make this retroactive to the 1st of the month for those people who have purchased a new car under the new sales tax that went into effect the 1st of the month. Also, he had thought when we were discussing the amendments, which were never adopted, that we could have the effective date in September of this year as opposed to July to give those people interested in occasional sales time to prepare for the enactment of it. Those issues can

be accomplished with the Senate or in conference committee.

Mr. Craddock added that he would like to see them look at Lines 14 and 15 to make certain everything is clear on that angle.

AB 608 - Imposes estate tax not greater than credit allowed under federal law.

Inasmuch as this bill has been discussed on numerous occasions, there was no testimony taken at this time. A motion was made by Mrs. Cafferata to Indefinitely Postpone, seconded by Mr. Marvel. Mr. Coulter pointed out that Mr. Lien has suggested it would be a good idea to have this on the books as this would set up the provisions for collecting the estate tax should the voters approve it. He feels we should follow Mr. Lien's suggestion in order that we will have a record of what the legislature would be doing to institute this and enact a program, should the voters approve the resolution, so they could look at it and see what is going to happen statute-wise. He feels this would be a plus and urged that we go over the amendments (attached as Exhibit II, Amendment No. 1412) as suggested by Mr. Lien.

Mr. Craddock stated that although he is very much in favor of the estate tax credit, he does not like this bill (AB 608) as written and does not feel we have the time to work through all of the amendments before us today. He feels that for the future we have a record of the bill and we have a record of the amendments, but as far as getting it out this late in the session, he would be dubious of passing something that would have the impact this would. Mr. Coulter pointed out to Mr. Craddock that we are talking about a bill that would be setting up a good-sized bureaucracy to enact this, but the amendment would take it back down to the point of a half-time clerk handling the information. It would seem to him that we should adopt the amendments reprint and refer back to the committee rather than kill the bill.

Mrs. Westall moved to amend the previous motion to amend and rerefer to the Committee on Taxation, motion seconded by Mr. Coulter and carried by a majority vote.

SB 687 - Provides for distribution of taxes from certain projects for generation of electricity.

Fiscal Analyst Dan Miles prepared the following resume on the bill:

The bill applies to the distribution of taxes collected on power plants on which construction commences after January 1, 1982. During the construction phase, City/County Relief Tax Revenue attributable to the construction activity would be distributed to the county of origin and its cities in proportion to their population with one exception. If the Department

of Taxation finds that construction causes an adverse financial impact on a neighboring county or its local governments, an offsetting distribution may be required. Also, during the construction period, the assessed valuation of the project is subject to the local property tax where the construction takes place.

After the generating plan begins operation, City/County Relief Tax and the Local School Support Tax would be separately accounted for and distributed according to the following formula: 1) 10 percent to the county where the project is located, and 2) the remainder to all counties in the state in proportion to their respective population. The assessed valuation would then be allocated to all counties in proportion to their respective populations for taxation at the applicable local property tax rate.

The present line mile formula for distribution of property tax on power for interstate sale is left in place until July 1, 1983, when the present line mile system will be abandoned. In its place, the assessed valuation of the facilities will be allocated to each local government in the state in proportion to their respective populations for assessment and taxation at the local rate.

Presenting an explanation of the bill was Mr. Dave Henry, a member of the Task Force Committee, who stated this measure deals with taxation for power-generating facilities in Nevada. The history of this bill, as it was represented and explained in the Senate, went into the legislative history, explaining that a bill would be brought to this session of the legislature to deal with the distribution of ad valorem taxes on the super generating plants that would come in as the result of, for example, the White Pine Project or the $2 billion type plants that would be coming in in the future. The Chairman of the Senate Taxation Committee indicated that there had been a commitment to discuss this and bring it up at this session. SB 687 was looked at by the Technical Committee early on in the session as a part of the tax package. The reason it was not considered earlier was because the distribution of sales tax and handling of ad valorem had to be resolved first. After that had been enacted, the matter of SB 687 was then presented to Senate Taxation and it was modified at the discussion stage to fit and dovetail into the tax package made up of the other bills that have been approved to date.

This bill is intended to recognize the impact of the county that has a super generating plant located in its borders and to deal with that county's impact after the construction and the heavy impact in no longer present. The objective of this bill is to, number one and above all, provide for equal taxation for in-state and out-of-state electric utilities by eliminating the line-mile concept and replacing it with a population concept. The result of this concept would be to double or even triple tax dollars that could be available

from these types of facilities in the State of Nevada and it assures an equal taxation of these utilities. It recognizes as a second consideration that large generating plants consume water that, in effect, uses and consumes air and takes up open-space of the State of Nevada. These resources belong to all of the people in the state and, therefore, a legal justification can be made that these facilities should be benefiting all of the people in the State of Nevada. Going to the other extreme, if you use a pure situs method for allocating ad valorem value, you would have a very serious effect upon the tax package that has been presented and would have the effect of throwing it out of balance. The in-lieu-of tax payment provisions of the White Pine project would, also, be thrown out of balance if it were to remain pure situs. By way of explanation, he indicated that the more situs payment of taxes you have, the less the out-of-state utility will pay. The recommendation for a 90-10 split is intended to take care, after the power generating plant is in operation, of the impact and the 100% situs is intended to take care of the impact during the course of construction.

Throughout the bill, there is a 90-10 split on everything except the ad valorem. It was the intent to represent and present to the committee a 90-10 split in the ad valorem after the plant is in operation. That was inadvertently left out, but it was intended that that be accomplished. It was their representation that any deviation from the 90-10 split would have a very serious impact upon the tax package that has been approved.

Senator Keith Ashworth was present and addressed the committee on this bill stating that their committee did take considerable testimony and he briefed the committee on the history that generated this bill. Two years ago the two Government Affairs Committees processed the White Pine County Project for White Pine County to get started on building a 1500 megawatt plant in their county. Included in that bill they tried to accommodate the tax treatment for a huge generating plant in the State of Nevada. With Sierra Pacific Company building Valmy and with another large one being contemplated in Elko County, and Clark County considering a large project, there would be three or four huge power generating plants in the State of Nevada, primarily owned at least by 50% of absentee or out-of-state ownership. Under the mile-line method of taxation, this would not have been equitable for the amount of resources that the State of Nevada was shipping out to neighboring states without being taxed adequately. The legislature last session determined to eliminate all of the tax consequences from the White Pine County project. That is, eliminating any references to taxes and saying we would address them at this session of the legislature because Valmy #1 would be on and that would have a little impact on Humboldt and Lander Counties in the north, but not of significant magnitude to really do too much adjusting. They asked the entities involved at that time

to study what, in their judgment, would need to be done to adjust the taxes as far as utilities are concerned. The Sierra Pacific Company did have some of their economists work on this project as a conceptual idea. He pointed out that if we went on the basis that we are today in taxing utilities and these power plants were built, he would guess that White Pine and Elko Counties would be able to reduce their ad valorem to zero and give a dividend to all their residents of a sizeable amount of money. What we have done in the tax package in the City-County Relief Tax and the situs of these properties would make a tremendous amount of revenue to those counties of situs and without too much impact or without too much revenue to the other counties, except those that had line-mileages through them.

This is an attempt to try to resolve that situation. The numbers in this bill are estimated and on the Senate side they have directed that White Pine County, Sierra Pacific and Southern Nevada Power Projects come back in two years and, taking this bill, find out what impact it's going to have. This bill will not trigger until you get the $300 million worth of plants going and the technical committee will probably go through the bill and advise what it does. It was never the intent of the committee and was an oversight that the 10% situs go to the county and that the 90% be distributed. White Pine County project is unhappy with the 10% and they want to go for 20%.

He urged passage of this bill and, although there are some technical amendments that could be made, it is a good bill.

Mr. Craddock pointed out that January 1982 is the date of commencement as defined in NRS 704.840 and asked if anyone goes out to a proposed site and coredrills a hole, then they fall under the auspices of this bill. He asked if that was correct. Senator Ashworth responded that "commencement" under this bill means when they start shipping power. It is anticipated that this will not trigger in until some time in 1984 to 1986.

Mr. Marvin Leavitt, a member of the Task Force, then proceeded to discuss the workings of the distribution to the City-County Relief Tax, which relates to the tax plan and how one of these might have an effect on that area. He reminded the members that the distribution of the CCRT is done on a statewide basis, so collections from that tax from the entire state are treated as one sum and then distributed back by a formula that relates to tax rates and assessed valuation. They did it that way because the sales tax collections throughout the state are very uneven and they don't relate very well to individual counties and to former property taxes. We have a situation in some of these large generating plants that have such huge assessed valuations as to where the effect would be. If we bring several of those on line, we would disturb quite radically the current method of the distribution of the supple-

mental CCRT. By bringing one of those on line in a small county, we would be increasing property tax rates in the large counties and since these plants have such huge valuations, we are talking about considerable amounts of money, that is, in the millions of dollars. This bill is a method devised to limit this impact and to spread the assessed valuation around the state on a population basis. The 10% would have the effect of providing additional revenue to the situs area, but the remaining distribution would have the effect of not disturbing the distribution of the supplemental CCRT to the other areas and increasing property tax rates in other areas.

Mr. May then asked if it is the recommendation of the Technical Committee that we keep this bill pretty much as it is and as further technical amendments develop, we give it further thought, but we would have it part of the record. Mr. Leavitt responded that, as indicated by Senator Ashworth, it is almost an impossible situation to come up with accurate data on distribution amounts, etc., as we are dealing with events that we know are going to happen, but are several years in the future. When you try to project what distributions are going to be in the future on some of these taxes, you are dealing with so many unknowns that the figures would have very little validity.

Mr. Frank Daykin, Legislative Bill Drafter, was present and testified as follows: "Section 1 deals with the tax and then, by reference later on, it deals with payments made in-lieu-of taxes. Under the Sales and Use Tax Act and the CCRT law, it apportions those during the period of construction to the county in which the plant is being constructed, and then that county distributes them to the city and the unincorporated area in proportion to their respective population. This refers only to plants whose construction has begun on or after January 1, 1982, so it does not affect pending construction or construction that has begun in the rest of this year. After such a plant becomes operational, 10% is distributed to the county where it is located and the remainder is distrubuted among the remainder of all the counties of the state in proportion to their respective population. You will recognize that those are two of the taxes on retail sales and not the LLST, which is addressed later on. Mr. Bergevin asked if that means that you will apportion to the counties the 2% that they collect on the basic Sales and Use Tax and was advised in the affirmative. Mr. Daykin added that because the basic Sales and Use Tax simply comes into the general fund and the amendment by the people in 1979 of the basic Sales and Use Tax Act, took that part out of the referred measure so there is no limitation on the legislature's power to appropriate or allocate that revenue. Mr. Bergevin interjected that he understands then that you are going to allocate to the county of situs during construction all of the Sales and Use Tax and the CCRT to that county of the proceeds of that tangible property that goes into that construction project. Mr. Daykin assured him that was correct, that is what the bill does. All the proceeds from the Sales and Use Tax and CCRT on

tangible personal property used in one of these construction projects and, also, any payments made in lieu of taxes where it's being built by a county go to the county where it is being built during construction only.

Mr. Bergevin pointed out that in further reading of the bill, after operation then any Sales and Use Tax on the basic 2% goes back to the state and the only distribution that is made state-wide is the CCRT; he asked if that was correct. Mr. Daykin replied in the negative adding that the whole thing after operation is distributed, both the 2% and the CCRT, that is, 10% to the county and 90%. But the state as a general fund loses that. the LSST comes along a little later and that stays in the county. The State of Nevada is going to lose 2% on the situs properties.

Mr. Daykin then moved onto the next feature of the bill, which is Sections 2 and 2.5 dealing with the property tax. Under Section 2, which would remain in effect until July 1, 1983, only the property tax or payments in-lieu-of property tax, which result from construction of these plants begun after January 1, 1982, is confined to the county where the plant is being built and apportioned among the school district, the county for the unincorporated area and the city or cities of the county. Then, on July 1, 1983, our present mile-unit formula would be replaced by a provision whereby, with respect to these, their value is distributed among the counties according to population and then distributed within each county to the school districts, etc. Mr. Bergevin requested information on the so-called .50¢ ad valorem school tax that we presently have under SB 369. If that is still in effect when this takes place, and the county would levy that .50¢ on that situs, they would have to give up every part of that except what is allocated to them on the basis of population and asked if that was correct. Mr. Daykin stated we are talking about this situation after the plant has become operational, so the answer to the question is "yes". Mr. Bergevin, carrying it further, stated that upon the plant being operational, we have a $7 million plant and .50¢ of the tax which would yield $350,000, but the situs county would only get the percentage of that $350,000 that the population alluded to for schools. He asked if there was any provision in the property tax for keeping 10% of it on a situs basis and was advised that there was.

Section 3, as explained by Mr. Daykin, provides that for the operational revenue from these plants (not saying anything about the construction revenue, because that automatically remains in the county where it is collected) but after the plant becomes operational, then that operational revenue from the LSST also is distributed 10% to the county where the plant is located, 90% among all the counties in proportion to population; that is the School Support Tax.

Section 4 of the act is simply the technical correction to AB 369 to take in account passing out to each county the amount collected under NRS 377.050 and any extra amounts distributed under this act. The same thing is true with Section 5; it makes reference to those distributions.

Section 6 amends the county economic revenue bond law to provide specifically that these payments in-lieu-of taxes be distributed in the same manner that the taxes would be if they were collected.

This concluded Mr. Daykin's testimony on the bill. Mr. May asked for a review again on Section 2 and 2.5 on the property tax. Mr. Daykin explained that the first section preserves the present line-mile formula until July 1, 1983 and all it does is segregate from that formula the construction revenue and puts it into the county where the construction is going on. Then 2.5 picks up on July 1, 1983 and replaces the present situs plants such as Southern-Cal Edison, Tracy Power Plant in Reno, Yerrington Power Plant. Will they be picked up on a population basis now in 1982, rather than a line-mile basis? Mr. Daykin replied that the present operational plants on July 1, 1983 will go to a population basis. That is the situs plan. With reference to the allocation of the pole-line plan, all of the tax for each utility goes into the pot and is distributed according to population.

Mr. May reminded the members present that Senator Ashworth testified that it was not the intent to not have the ad valorem go 10-90% and asked if that will require some technical amendment. Mr. Daykin stated that it would require an amendment and they would simply conform that to the same thing we had with respect to the LSST and other taxes.

Mr. Bergevin asked if we could discuss the 2% sales tax as that bothers him with it not coming to the state of Nevada. He asked if there were some definite reasons for that.

He feels the 2% should come back to the state; but according to this bill, it is being allocated to the counties. He doesn't feel that is our intent, and he then made a motion to get an amendment that removes the provision where that basic 2% is allocated to the counties. He stated that is a state revenue and should come back to the state. The motion was seconded by Mr. Marvel. Mr. Bergevin stated he is talking about the original 2% state sales tax that should be a general fund revenue and he feels we will be facing some vicious circumstances if we don't take action to get that back.

Voting aye on the motion were Messrs. Bergevin, Marvel, May, Craddock, Rusk and Mrs. Cafferata. Mrs. Westall was recorded as not voting; the remaining members were absent/not voting.

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Mr. Bergevin then made a further motion that 10% of the property/ad valorem tax stays with the situs county; motion seconded by Mr. Marvel and carried by a majority vote of 6 members.

Testifying next was Mr. Bill MacDonald, District Attorney of Humboldt County, who stated that Humboldt County had expressed no interest in this bill, as they had not realized that the basic 2% sales tax was included in here. They have no objection to Mr. Bergevin's amendment. The second amendment they just processed is one he feels is very important and answers a lot of questions they had. The law, as it now stands, would have permitted Humboldt County to receive 38% of the value of Valmy Power Plant. The bill, in second reprint, would reduce that 38% to 1.2% by the action they just took. The reduction won't be quite as drastic, so they will end up with 11.2% instead of 38%. He wanted the committee to be aware that they are losing better than two-thirds of the money that they had expected to receive from that plant on the ad valorem. As far as the sales tax is concerned, they are losing 90% of that as they are going from 100% down to 10%. He stated he does recognize the need on the part of the legislature to attempt to spread the wealth around the state, but he does want them to recognize what they are doing to an already on-going project. They supported Sierra Pacific when they wanted to build the plant in Valmy as they recognized the need for electricity and they desperately need power plants in this country. Additionally, they supported the plant being in their county for the economic benefit that would come to that county by having a power plant in their county.

Mr. Henry continued on with his previous testimony, reminding the committee that the effective date of 1983 was for the purpose of establishing a legal triggering date. They were going to propose a date that a big plant came on and brought with it enough value to literally make sure that when this kind of method population goes into effect, that no county or entity in the State of Nevada would lose by virtue of switching from line-mile. For example, a county that is currently on line-mile and has a revenue level from that line-mile to date of implimentation was intended to be the date that there is enough valuation added to one of these large super plants going on line so that when it is put on line, it will make sure that no one loses what they have now and what they expect. He confessed to having problems in phrasing that language and defining a certain date, therefore, they arbitrarily picked 1983, but that might become 1985 or 1986. But the thing is to get the state policy in place so that any super plants that may be built, they could look at the state policy and have something in place to look at.

Testifying next was Assemblyman John Polish, District 35, White Pine and Lincoln County. He stated that this tax package was started by a special technical committee and the people involved with the White Pine Power Project are very concerned with this, but have never been consulted. Now we have

a package coming out, and they are concerned with some of the areas mentioned here today. They feel that the tax package is a good package in its present form as it is hitting all the areas. They are not arguing for the taxes that will go out throughout the state instead of the line-mile according to population, but they do have some concerns and for that reason, he has asked the White Pine Power Project Counsel to appear today to discuss them.

Mr. Bernie Michaels, Vice-President of Public Finance of Sutro and Company Investment Bankers, stated that they represent the county as legislative counsel for this project. He explained the reason for the county's opposition to this in its original form on the Senate side was that it was being presented not by the county, but by another entity. They felt they were getting carried along on what effect it would have on the White Pine Power Project.

He explained his comments would focus only on what would happen to their county. In the 1979 legislative session they came before the committee to amend NRS 244, which is the County Economic Development Bond Law to permit tax-exempt bonds to be issued to finance the construction of the plant and as the bill came out in White Pine County. The bond counsel to the county and investment bankers to the county, who would eventually buy the bonds and sell them to their customers, elected to go forward under the County Economic Development Bond Law instead of what is done usually in other states, which is a joint power agency composed of many entities within that state. When you passed SB 253 in the last session, you provided that no other plant can be financed under the County Economic Development Bond Law, i.e., with the use of tax exempt funds, unless the proposed participants came back before the legislature and they rule on that plant specifically. The law also provided that they could not increase the size, which at that time was a 1500 megawatt plant, without coming back before the legislature. He pointed out that under federal law, no more than 25% of the power generated by a plant financed with tax exempt funds can go to invester-owned utilities, i.e., Sierra Pacific, Nevada Power. Therefore, no more than 25% of the White Pine plant or any plant financed under the Economic Development Bond Law can go to investor-owned utilities; they must go back to municipalities. They have sold $15 million worth of bond anticipation notes in November of 1980 and that $15 million is being expended between now and the next four years as they go through the licensing and regulatory procedures. The participants in this project have elected the Department of Water and Power to be the project manager between now and the construction phase and to be the construction manager between the construction phase and operation phase, after which Nevada Power will actually operate the plant. That was by agreement with the participants.

Their schedule for the next four years is to go through the various licensing, regulatory and actual assessment of the miscellaneous possible sites within the county. They intend to get a permit to construct on October 1 of 1984 and they would construct in three phases of 500 megawatt units each, with the first phase coming on line in 1989, the second in 1990 and the third in 1991. They were advised in the 1979 session that it was too soon to assess the tax aspects of this plant, and they should just go forward and get the authorization, which they did in SB 253. SB 254 was dropped by agreement. They agreed with all the participants and the members of the legislature that they would wait until the next session until you had resolved your tax package before they came forward with any kind of recommendations as to how White Pine County should be treated under this power plant. They were then faced by a bill a few weeks ago which was not put forth by the county that would basically put them in a defensive posture. From that point to this they have worked closely with members of the Senate Committee and now have worked out one amendment they would ask for and then support the bill. (See Exhibit III attached).

The whole problem (and he went through the timetable very specifically) is to show the committee that on July 1, 1983 there will be no sales tax revenue from the White Pine County plant because they will not have turned their first spade of earth. There will also be no property tax coming from there because they will not have started construction. Their request before the Senate Committee was that this matter be sent to an interim study. He understands that both houses have agreed that this issue will be studied in conjunction with several other studies that are to be performed. Under existing line-mile formula, one of the elements that the project manager has assessed is if we put the plant in what point of the county, what tax effect it would have on the county. Of the eight possible sites they are considering, they are talking about 72 different possible perimeters because the lines could run from the site to intermountain to site, which is in Utah due east or site south, so there are actually 72 possible different perimeters, depending on where the plant is located. Under any scenario the minimum that the county would received under line-mile basis is 14%, and the maximum they would receive is 47%. As they presented to the Senate Committee they were starting off worse than the worst possible scenario in 1989 if they are on schedule. The Senate Committee said, "we want to make sure you get to the table", and they had assured them they will be there over the next few years. They had only asked, as a starting point, that they take a better number; 10% was arbitrary. They had started with 100% and worked backwards and got all the way down to 20%, which is where they are today. This bill will not directly affect their project, which is why they had wanted this whole issue put off. They are now asking that we amend the 10% to 20%, for that portion that stays in the county of situs. Mr. May pointed out that with the

effective date of this bill as it is written, it will still have virtually no effect, but is simply an instrument to study from and to prepare documentation at the next session.

Mr. Michaels concurred and added that they basically disagree with the statement made by Mr. Henry today that if this change came about, they would double or triple the taxes generated from out-of-state utilities. It is so speculative, they know that's now true in the case of White Pine County, although they could not comment on what effect it will have elsewhere. The out-of-state participants have taken the position that the distribution of taxation is an internal matter for the State of Nevada, but they are not trying to pay less taxes under any particular formula than under another one.

Mr. May asked if he could project how many dollars 10% would generate to White Pine or how many 20% would be.

Mr. Craddock asked who would be making the final determination on the site. As has been indicated, there are now eight under study. Mr. Michaels explained that the county has negotiated a pretty good position in that they have veto power over any site. What the county really wants is to put the plant as close to population centers to help those population centers and not put it away from everything.

Testifying next was Mr. Nick Colonna, Chairman of the Consumer Advisory Panel for the power company, which was formed about eight months ago to represent the consumers on matters concerning the power company. Basically, they try to get a better line of communication going from us to them and, at the same time, we are investigating different aspects and different ways of doing things. In their last meeting they came up with a study on the cost of service that they use. On May 19 the panel voted to have the power eliminate the cost of service rates for the following reasons:

1) The highest rate payer is the small commercial businessman, i.e., shoe stores, supermarkets, etc., and other performers of service to the consumer. He is, of course, passing it on to the consumer and we are paying high prices in our everyday life.

2) The second highest rate payer is the residential consumer; that is, you and I. The large commercial user really doesn't have as much incentive to conserve as the lower rate payers do. For instance, the residential rate is 7.01 cents per kilowatt hour, small commercial is 7.63, large commercial is 5.80, irrigation is 5.99, and large industrial is 5.06.

3) There can be effective conservation by the large commercial if they would use the more innovative systems available in construction. With the present sytem, because of the lower rates there is no incentive for anybody to save. A large industrial user enjoys the lowest rate of all. They have

cost produce items of material used nationally or internationally. Their increased costs, if we could get the cost of service eliminated, would be spread out widely and the effect on the State of Nevada would be minimal. Under the current structure, the small consumers of the State of Nevada are subsidizing their rate structure; 7.01¢ to 5.06¢ is a tremendous subsidization. The power company indicates that the large mines are creating an increased demand on the system, causing the company to build more generating plants, which are added into the rate base which we pay. They feel we should all pay for what we use. He proposed an amendment whereby the power company could go before the rate makers and ask for the elimination of cost of service. Under the present system, governed by PURPA, they can't do it. But PURPA does specifically say, "if there is a state law in effect, then PURPA can be eliminated and they can eliminate the cost of service."

He understands now we are too late to get an amendment on the bill. Mr. Price raised a question as to how this ties in with this bill. Mrs. Westall explained that the committee contacted her a few days ago. She advised them it was too late to request a bill, but she tried to find a bill that could be amended in the same section of law. She added that she contacted Frank Daykin. She pointed out that she had obtained a copy of PURPA regulations to become familiar with the information involved on the cost of service concept. She found it is mandated, but it says, "pursuant to state law", so the state has a law allowing them to do otherwise.

Mr. Rusk suggested that we should weigh the fact that we have a bill here that is important to the committee and which is being suggested in the amendment and is very controversial and not easily dealt with. Even though the basic idea appears to be good, we would certainly need a lot more information, and we would need to hold full-blown hearings and at this late date in the process, he doubts whether we are wise at this time to consider this amendment.

Mrs. Westall emphasized that this is the only bill that she could have used for this amendment.

Mr. May reminded the members that Mrs. Westall worked very long and hard to have passed the consumer advocacy bill, which has been done this session. He believes that language is broad enough, although perhaps not explicit in this area, that they can force the Public Service Commission to look in this direction.

Mr. Westall produced a copy of the regulations, which are part of the PURPA that mandates they have to do it on the costs of the service. The Public Service Commission has said that they don't have the right or the ability to do anything other than on the cost of service. But if you go back in the regulations it shows where the state may give them the authority to do so. If there is a state law that

says they may do other than a cost of service, then they can do it either way. They can make a decision.

Mr. May pointed out that nothing in this title prohibits any state regulatoryauthority, PSC or consumer advocate or non-regulated public utility company, from adopting pursuant to state law, the Administrative Procedures Act, any standard or rule affecting public utilities, which is different from existing rules. Mrs. Westall stated that we don't have a law that says they may do otherwise.

Mr. May explained that he understood what she is trying to do, but to try to tack that amendment onto this bill, which is not effective for two years, is not going to accomplish a great deal. He asked why she didn't get permission from the committee to request a new bill and we will try to process it. He preferred the committee not try to add that into this particular bill as this is a much different context than most utility bills are and deals only with one particular subject. If the committee desires, they can give Mrs. Westall permission to request a new bill. We are going to be here two more days, which is still time to get a bill out and pass it, which will accomplish what she would like. He stated he would accept the motion and asked if she would like to make a motion to that effect.

Mrs. Westall requested the following testimony be included verbatim:

Mrs. Westall: While we have people here, why don't we hear about it? I perceive closed minds immediately without hearing what the thing is.

Mr. May: It is not really a closedmind; I think it is a question of lateness of the hour. We haven't had lunch and we have to go back on the floor at 2 o'clock. We all have other things to do. If you would like to get a new bill, Peggy, I would certainly entertain a motion, if you would put that in the form of a motion.

Mrs. Westall: And we will hear it next Wednesday at 1 o'clock?

Mr. May: No, we will hear it at the desk and get it out as soon as you get it back. We will call a meeting at the desk and probably give it a "Do Pass". That is all it does, is what this little paragraph says right here. There is nothing wrong with that.

Mr. Price: Now, wait a minute! I am not sure this is a bad idea, but I want to tell you, you know as you heard me talk on the floor. Richard Bryan, Lloyd Mann and myself formed an organization the same as yours to represent the people. You are talking about a major concept here. This is not just a kick-out type thing. It is the type of thing you need, to

be honest on both sides. You need full-blown hearings on both sides. When you go to unit rates or from decreasing rate per hour used to everybody paying the same, you are talking about a major (maybe not too bad of a deal either, by the way) but it is the kind of thing that is entitled to a hearing on both sides; if it's a major departure.

Mr. Colonna: All we are asking for here is, we are not asking you to say that they eliminate cost of service. All we are asking for is a law enabling the PSC to hear a change in that law, and that is all that really says.

Mr. Price: Oh, wait a minute. Maybe I misread what you are saying. You have here, "examine and implement".

Mr. Colonna: What we want is permission for the PSC to hear that. On the PURPA, as it is right now, they can't even hear that. We want something that says they can go down and have a hearing and then everybody can hear both sides and then they'll make the determination.

Mr. Price: Giving the Public Service Commission the authority to hold hearings and make decisions is one thing, but that isn't what your amendment says. It says, "the Public Service Commission must examine and implement." When you say, "implement", you are giving them a direct authority.

Mr. Colonna: I understand your point and I stand corrected.

Mr. Bergevin: You also would want to say the lower unit charge must now be allowed by the commission as mandated. I think if we are going to mandate what the Public Service Commission does...

Mr. Price: If there is a problem with them being able to do it, I think that would be reason enough where you give them implementation authority.

Mrs. Westall: Is there any appetite to ask Frank to come up with some of the wording that it is discretionary, because that's really all we want.

Mr. Price: I don't have any problem with that.

Mr. May: Not if it goes on this bill. If you want to get a separate bill out to support that, certainly, but not on this one.

Mr. Price: I would prefer kicking out a bill at the desk as long as we are strictly giving the Public Service Commission the authority.

Mr. Bergevin: But again, they are entitled to a full-blown hearing on the bill; the power companies, the big users, etc. They are entitled to a hearing on a bill.

Mr. Price: Yes, you are right.

Mrs. Westall: May I make a motion that we order a bill giving discretionary powers to the Public Service Commission on the cost of service rates per PRPA regulations.

Mr. Price seconded the motion. The motion lost on a vote of 3 voting aye (Mrs. Westall, Mr. Craddock and Mr. Price) and 5 voting nay.

Mrs. Westall: I love the closed minds here when to comes to the people. They don't even want to hear about it.

Mr. May: We will accept a motion on SB 687.

A motion was made by Mr. Marvel to "Amend and Do Pass" including the two amendments discussed by Mr. Daykin; seconded by Mrs. Cafferata. The motion passed on a vote of 7 voting aye, Mrs. Westall voting nay and 3 absent.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Nykki Kinsley

Nykki Kinsley, Committee Secretary

AB 665

1980 Titles issued by DMV

260,000 - Total
- 20,000 - Trailers
240,000 - Motor Vehicles

Dealers	Private
169,000 - Total	91,000 - Total
- 13,000 - Trailers	- 7,000 - Trailers
156,000 - Motor Vehicles	84,000 - Motor Vehicles All Used
- 59,000 - New Sales ★	
106,000 - Used Sales ★	
★ 60% of New + Used Sales Involve Trade-In	

Assumptions: Average New Motor Vehicle Sales Price
$ 8,000

Average Used Motor Vehicle Sales Price
$ 2,000

Average Trade-In Value
$ 1,500

Recaptured Sales - Annual Revenue Gain
3.75% x $2,000 x 84,000 = $6,300,00

Exhibit I 1108

Impact of Trade-in Provision

New Sales

50,000 - Total
X .60 (Annual Trade-in)
30,000 - Total

Used Sales

106,000 - Total
X .60 (Annual Trade-in)
63,600 - Total

New

$8,000 - new sale price
− 1,500 - Trade-in
$6,500 - Net Price

$8,000
X .0575
$460.00 - S.T.

$8,000
X .02
$160.00
+
$6,500.00
X .0375
$243.75
=
$403.75 - S.T.

Used

$4,000 - used sale price
− 1,000 - Trade-in
$3,000 - net price

$4,000
X .0575
$230.00 - S.T.

$4,000
X .02
$80.00
+
$3,000.00
X .0375
$112.50
=
$192.50 - S.T.

Difference (Loss) = $56.25
X 30,000
$1,687,500

$37.50
X 63,600
$2,385,000

$4072.500 — Annual Revenue Loss

1981 REGULAR SESSION (61st)

ASSEMBLY ACTION		SENATE ACTION		Assembly AMENDMENT BLANK
Adopted Lost Date: Initial:	☐ ☐	Adopted Lost Date: Initial:	☐ ☐	AMENDMENTS to Assembly Bill No. 608 ~~Joint Resolution No.~~ BDR 32-2071 Proposed by Committee on Taxation
Concurred in Not concurred in Date: Initial:	☐ ☐	Concurred in Not concurred in Date: Initial:	☐ ☐	

Amendment Nº 1412

Amend section 1, page 1, line 2, by deleting "2 to 12," and inserting:

"2 to 9,".

Amend sec. 2, page 1, line 6 by deleting "an authorized copy" and inserting:

"a copy of page 1".

Amend sec. 3, page 1, line 11 after "estate" by inserting:

", or if neither has been appointed the person who is in possession of the property of the estate,".

Amend sec. 3, page 1, by deleting lines 15 through 17 and inserting: "filed after the federal filing date, a copy of the written approval received from the".

Amend sec. 3, page 1, line 18, by deleting the period and inserting: "must be attached.".

Amend sec. 3, page 1, by deleting lines 19 and 20 and inserting:

"2. Except as otherwise provided in subsection 3, the executor, administrator or person who is in possession shall".

Amend sec. 3, page 1, line 23, by deleting the period and inserting: ", upon filing the duplicate return.".

Amend sec. 3, page 2, line 4, after the period by inserting: "If that amount exceeds the credit due to this state, the liability to pay the tax to this state is extinguished.".

To: E & E
LCB File
Journal ✓
Engrossment
Bill

Drafted by DGS:ss Date 5-28-81

Exhibit II 1110

Amend the bill as a whole by deleting sec. 4 and renumbering sections 5 and 6 as sections 4 and 5.

Amend sec. 5, page 2, line 10, by deleting "and interest due thereon," and inserting a comma after "tax".

Amend sec. 5, page 2, by deleting lines 12 through 22 and inserting: "amount indicated on the original return, the executor, administrator or person who is in possession shall pay any additional tax due within 30 days after receiving the federal tax closing letter for the estate.".

Amend sec. 5, page 2, line 23, by deleting "3." and inserting "2."

Amend sec. 5, page 2, line 24, by deleting "made plus" and inserting: "made.".

Amend sec. 5, page 2, by deleting lines 25 and 26.

Amend sec. 6, page 2, line 27, by deleting "executor or administrator" and inserting:

"executor, administrator or person who is in possession".

Amend sec. 6, page 2, line 32 and 33 by deleting ", including any interest thereon,".

Amend the bill as a whole by deleting sections 7 and 8 and by renumbering section 9 as section 6.

Amend sec. 9, page 3, line 9, by deleting "executor or administrator" and inserting:

"executor, administrator or person who is in possession".

Amend the bill as a whole by deleting sec. 10 and by renumbering sections 11 through 14 as sections 7 through 10.

Amend sec. 11, page 3, by deleting lines 19 through 43 and inserting:

"Sec. 7. 1. If the Secretary of the Treasury grants an extension for the payment of the tax or any part of the tax pursuant to 26 U.S.C. § 6161, that extension applies to the tax due to this state. The extension granted pursuant to this section expires at the same time as that granted by the Secretary of the Treasury.

2. Interest is due to the state for tax paid after an extension at the same rate that interest is charged by the United States Department of the Treasury.".

Amend sec. 12, page 3, line 44, by deleting "tax, interest" and inserting:

"tax".

Amend sec. 12, page 3, line 48 by deleting "permanent" and inserting:

"distributive".

Amend sec. 13, page 4, by deleting lines 1 through 5 and inserting:

"Sec. 9. The department shall enter into a written agreement with the United States Department of the Treasury which must include provisions for:

1. The transmittal by the Department of the Treasury to the department of a copy of each estate tax closing letter and any documentation of proration of estate taxes; and

2. Resolution of any credit to this state which has been disallowed.".

Amend the title of the bill on the fourth line, by deleting "permanent" and inserting:

"distributive".

1112

Amendment:

The Public Service Commission of Nevada must examine and implement rates which encourage conservation. Any rates which allow a pattern of unit charges within a customer class that assesses a lower unit charge as usage increases must not be allowed by the commission.

1113

Ed Fuhrer III

NEWS FROM SIERRA PACIFIC POWER COMPANY'S

CONSUMER ADVISORY PANEL

For Further Information: Diana Mooers

(702) 972-6569

May 19, 1981

FOR IMMEDIATE RELEASE

The Consumer Advisory Panel for Sierra Pacific Power Co. Tuesday voted to ask the Nevada Legislature to mandate that all electric utility customers be charged one rate no matter how much electricity they use.

The panel decision grew out of criticisms that some classes of utility customers are now paying much less per unit of electricity used than other classes of customers. For instance, large industrial customers of Sierra Pacific now pay approximately five cents per kilowatt hour of electricity versus seven cents per kilowatt hour charged to residential customers.

William C. Branch, vice president and controller of Sierra Pacific, said that under current federal law, different classes of customers must be charged different rates based on what it actually costs a utility to provide service to the individual customer groups. Under this mandated concept, Branch said that industrial customers and large commercial customers must be charged less per unit of electricity since it costs less to provide them with large amounts of bulk power.

Despite Branch's concerns, the panel said that it still feels that the "flat rate" system under which all customers would be charged the same cost is the only fair and equitable means of paying for electricity. The panel also said it feels that the current system promotes energy waste by large customers and that a flat rate would force large energy consumers to either conserve or pay for energy waste.

-more-

Add One - One Electric Rate for All Customers

Many of the panel members said they don't agree that it actually costs less to serve large energy users since these same customers consume more and more electricity and force the utility to build expensive electric generating plants which must be paid for by all customers.

Branch said volume discounts for large customers cannot be changed without a change in state law which would supercede the federal law. Until a state law mandating a single rate for all classes of customers is passed, both Sierra Pacific's hands and the hands of the Nevada Public Service Commission are tied.

On a motion by Morris Kanowitz, a representative of the American Civil Liberties Union on the advisory panel, the consumer advisory group voted six to one to ask the Nevada Legislature to change the state law to allow the single rate system.

-30-

ANALYSIS OF AVERAGE RATES PER KWH CONSUMED BY CUSTOMER CLASS - NEVADA *

	Average Actual Cost/kWh	Revenue Shift if Rates Set Uniformly at 6.34c	Percent Increase (Decrease)
Residential	7.01c	($5,718,000)	(10%)
Small Commercial	7.63	(4,879,000)	(17)
Large Commercial	5.80	3,680,000	9
Irrigation	5.99	203,000	6
Large Industrial	5.06	7,330,000	28
Street Lighting	11.78	(804,000)	(46)
Public Authorities	6.72	$ (12,000)	(6%)
Totals	6.34c	-0-	-

* Based on consumption for the year 1980 and at May 1981 rates.

PUBLIC UTILITY REGULATORY POLICIES ACT (PURPA)

Section 111 (a) (1) Cost of Service.--Rates charged by any electric utility for providing service to each class of electric consumers shall be designed to the maximum extent practicable to reflect the costs of providing electric service to such class, determined under section 115(a).

Section 115 (a) Cost of Service.--In undertaking the consideration and making the determination under section 111 with respect to the standard concerning cost of service established by section 111 (d) (1), the costs of providing electric service to each class of electric consumers shall, to the maximum extent practicable, be determined on the basis of methods prescribed by the State regulatory authority (in the case of a State regulated electric utility) or by the electric utility (in the case of a nonregulated utility). Such methods shall to the maximum extent practicable--

(1) permit identification of differences in cost-incurrence for each class of electric consumers, attributable to daily and seasonal time of use of service and

(2) permit identification of differences in cost-incurrence attributable to differences in customer demand, and energy components of cost. In prescribing such methods, such State regulatory authority or nonregulated electric utility shall take into account the extent to which total costs to an electric utility are likely to change if--

(A) additional capacity is added to meet peak demand relative to base demand; and

(B) additional kilowatt-hours of electric energy are delivered to electric consumers.