MINUTES OF THE MEETING OF THE SENATE COMMITTEE ON TAXATION

SIXTY-FIRST SESSION NEVADA STATE LEGISLATURE January 27, 1981

The Senate Committee on Taxation was called to order by Chairman Keith Ashworth at 2:01 p.m., Tuesday, January 27, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Keith Ashworth, Chairman
Senator Norman D. Glaser, Vice Chairman
Senator Don Ashworth
Senator Virgil M. Getto
Senator James N. Kosinski
Senator William J. Raggio

COMMITTEE MEMBER ABSENT:

Senator Floyd R. Lamb

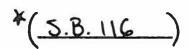
STAFF MEMBERS PRESENT:

Ed Shorr, Deputy Fiscal Analyst Colleen Crum, Committee Secretary

The chairman said he would read Bill Draft Requests for possible committee introduction. If there were no objections the bills would be introduced.

There were no objections to the introduction of the following bills:

BDR 31-820: Relating to governmental finance; limiting the amount and uses of money held by local governments in certain funds and accounts; and providing other matters properly relating thereto.



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BDR 31-358:

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An act relating to governmental finance; removing statutory limits on certain expenditures proposed in the state budget for the state distributive school fund; redefining the base from which permissible expenditures by local governments are calculated and permitting certain adjustments of that base; making certain revisions to the method of calculating the permissible level of expenditures by local government and of revenues from certain tax levies; altering the procedure for obtaining approval of certain expenditures which exceed the statutory limits; reallocating a portion of the county gaming license fees; and providing other matters properly relating thereto.

BDR 32-41:

An act conforming the dates for performing certain duties respecting property tax allowances to the date for setting the tax rates.

T BDR 32-585:

Relating to the vehicle privilege tax; eliminating the distribution of the vehicle privilege tax to school districts; and providing other matters properly relating thereto.

The only discussion was on BDR 32-585.

The chairman stated that the intent of this bill was to allow the Highway Department to utilize the funds generated by the privilege tax. The schools presently receive the funds from this tax and the distributive school fund would have to be increased to maintain the present level of funding for the schools.

The history of the privilege tax was discussed. The chairman explained the privilege tax was originally a property tax on the purchase of new cars. The tax was assessed according to the ad valorem rate in the county where the automobiles were purchased, and the money went to the county school funds.

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People were purchasing cars in counties where the ad valorem tax rate was less rather than in the counties where they lived. To rectify this situation, the tax was changed to a franchise tax and a \$4.00 per hundred rate for the entire state of Nevada was instituted. The money generated from the franchise tax was designated to go to the schools in a proportinate amount to the ad valorem funds raised in each county.

The fiscal note detailing the impact <u>BDR 32-585</u> would have on local governments was discussed. (See Exhibit C.)

The chairman stated that the philosophy had to be considered. Should a tax on automobiles be used to fund schools? However, it must be remembered that the tax was originally a property tax going to the schools before being changed to a franchise tax.

Senator Getto objected to <u>BDR 32-585</u> because he felt it would hurt the rural counties, but after further discussion withdrew his objection.

Mr. Ed Shorr, Deputy Fiscal Analyst, stated the privilege tax is part of the total resources of the school district but it is not within the formula where it would be directly offset by General Fund appropriations.

Senator Raggio stated the unpopular term for the tax was a "windfall" because it is over and above the ad valorem moneys which go to the schools.

The chairman reiterated he felt money could be raised for the highway fund through this bill, provided the same level of funding for school districts could be achieved through the ad valorem tax. It is not the intent of BDR 32-585 to hurt the school districts in any county.

There being no further business, the meeting adjourned at 2:20 p.m.

Respectfully submitted by:

APPROVED BY:	Colleen Crum, Secretary				
Senator Keith Ashworth,	Chairman				
DATE:					

SENATE AGENDA

COMMITTEE MEETINGS

EXHIBIT A

Committee	on	TAXATION			Room	213
Day _	Tuesday .	, Date	January	27 ,	Time	2 p.m.

Discuss bills for introduction.

Business from the committee.

ATTENDANCE ROSTER FORM

SENATE COMMITTEE ON TAXATION EXHIBIT B

DATE: January 27, 1981

PLEASE PRINT	PLEASE PRINT PLEASE PRINT	PLEASE PRINT
NAME	ORGANIZATION & ADDRESS	TELEPHONE
Pennis Belcourt	Intern, 3430 Norman Reno	329-305,7
John Barrell	Intern 1030 ranua et a nota	177 - 2276
MACIE FEELEN	CLARK COUNTY ASSESSION - LAS VECAS	356-4113
Levise 1 Tacksin	TILDE 7850 PLUMAS MAIZ	925 3034
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FISCAL NOTE

BDR	32-585
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Date January 26, 1981

EXHIBIT C

Presently, the motor vehicle privilege tax revenue is distributed to local governments including the school districts based on their ratio of ad valorem tax receipts. Under this bill school districts would no longer receive a share of the motor vehicle privilege tax beginning FY 1981-82.

School district budgets anticipate the following amounts of motor vehicle privilege tax receipts for FY 1980-81:

School District

					*	
Carson City Churchill		* ×		\$	350,386 154,686	
				2	,938,280	
Clark	-			, د	343,538	
Douglas					•	
Elko			1 11		309,604	
Esmeralda					21,200	
Eureka					28,080	
Humboldt					153,756	
Lander					68,337	
Lincoln	214 217				53,729	
Lyon		29	90		155,484	
Mineral					52,106	
Nye					121,726	
Pershing					69,450	
Storey					8,378	
Washoe				1-	,889,002	
					•	
White Pine					111,239	
Total				\$7	,828,981	