

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.

* (S.B. 116)

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BDR 31-358: 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.

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BDR 32-41: An act conforming the dates for performing certain duties respecting property tax allowances to the date for setting the tax rates.

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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.

o (S.B. 117) ^ (S.B. 114) † (S.B. 115)

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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 proportionate amount to the ad valorem funds raised in each county.

The fiscal note detailing the impact BDR 32-585 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 BDR 32-585 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.

• LOCAL GOVERNMENT FISCAL IMPACT
(Legislative Counsel Bureau Use Only)

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	\$ 350,386
Churchill	154,686
Clark	3,938,280
Douglas	343,538
Elko	309,604
Esmeralda	21,200
Eureka	28,080
Humboldt	153,756
Lander	68,337
Lincoln	53,729
Lyon	155,484
Mineral	52,106
Nye	121,726
Pershing	69,450
Storey	8,378
Washoe	1,889,002
White Pine	<u>111,239</u>
Total	\$7,828,981