

MINUTES OF THE
MEETING OF THE SENATE COMMITTEE
ON TAXATION

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
June 1, 1981

The Senate Committee on Taxation was called to order by Chairman Keith Ashworth, at 12:30 p.m., Monday June 1, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. There was no Agenda and no Attendance Roster.

COMMITTEE MEMBERS PRESENT

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

COMMITTEE MEMBERS ABSENT:

Senator Norman D. Glaser, Vice Chairman
Senator Floyd R. Lamb

GUEST LEGISLATOR:

Assemblyman Robert E. Price

STAFF MEMBERS PRESENT:

Ed Shorr, Deputy Fiscal Analyst
Nancy C. Hayslip, Committee Secretary

Chairman Keith Ashworth opened the meeting by asking for testimony on Assembly Bill No. 338. (Exhibit A.)

Jerry Hall, Director of the Transportation Commission in Reno spoke as an advocate on the approval of Assembly Bill No. 338. He stated the bill was requested by a number of Clark County Legislators. The bill would allow the board of county commissioners to levy a sales tax of not more than 1/4 percent for the establishment and maintenance of a public transportation system with an approving vote of the electorate. In addition, the bill would provide transportation funds to the senior citizen and handicapped. Any funds derived from this source would have to be included in a Regional Transportation Plan

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and adopted by the Regional Transportation Commission. The mechanism through which the rate would actually be set would be controlled by county ordinance after approval by the voters. The Washoe County Regional Transportation Commission Transit Plan calls for local contributions which would require from 1/8 percent to 1/4 percent sales tax during the next three years. The bill would allow establishing the tax at a lower rate. Clark County has indicated that the 1/4 percent rate would be acceptable. This would generate enough funds for maintenance and purchase of a service contract with Las Vegas Transit and to provide funding to the special service provider, the EEOB Board.

Assemblyman Price stated that this bill would be a reasonable method of helping the transit system in the south. The bill is statewide in concept. Adding 1/4 of 1 percent to the sales tax by the vote of the people would generate the funds for the south.

Jerry Hall stated that from state-wide hearings in the past, there was a significant need for public transportation. In 1979 the legislature responded to the interim study and the report that was submitted by the committee provided specific legislation which allowed the Regional Transportation Commission and the counties to establish and operate public transportation. Further hearings in 1980 in Clark county wanted public transportation funded. The funding used in operation is funded from both local and federal share. Fifty percent of the share is federal and the other 50 percent is local contributions. On the capital side of the program, 80 percent is received from federal share for all capitol acquisition which includes rolling stock, maintenance facility and support equipment. The operating assistance program will be phased out totally by fiscal 1984, or July 1, 1983.

Senator Raggio questioned Mr. Hall as to how much 1/8th of 1 percent would generate.

Mr. Hall stated that this year it would generate slightly over \$2 million dollars. Funds from this source can only be expended on programs included in the Regional Transportation Plan adopted by the Region Transportation Commission. There are two items which have created a conflict. The Transportation Commission is prohibited by both Chapter 373 of the Nevada Revised Statutes and the Nevada State Constitution

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from using proceeds from the gasoline tax for transit, and also is prohibited by bonding ordinances.

Chairman Ashworth stated that mass transit both in the north and south has no funds unless the people pass this by a vote. There is no support for either a Regional Transportation Commission or a mass transit in the State of Nevada.

Mr. Hall stated that Assembly Bill No. 338 has been written in much the same fashion as the City-County Relief Tax, however, it does make reference to the Local School Support Tax which is included in Chapter 344 of the Nevada Revised Statutes. In this bill the statement which is used to bring about the levy of the tax, "a provision imposing a tax upon retailers at the rate of not more than $\frac{1}{4}$ of 1 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in a county", it reads the same in the City-County Relief Tax except, "a City-County Relief Tax in a county". This language makes the City-County Relief Tax a sales and use tax and makes Assembly Bill No. 338 a sales tax. He further stated that there was a proposed amendment (Exhibit B) which conforms to the City-County Relief Tax.

Senator Kosinski asked about the language in the bill relating to the services for the elderly. He stated to be more specific, how would the Regional Transportation Commission allocate funding to the elderly and handicapped.

Mr. Hall stated that plans had already been drawn up on a five-year plan to include the elderly and handicapped. A determination would have to be made as to how much line-hall service and how much specialized service there would be. The total operating deficit for Elderport Services is \$375,000. They receive no revenues. City Fare's total operating deficit was approximately \$871,000. Elderport provides door to door service. The bus would provide service on street corners or bus depots. However, Mr. Hall stated Elderport would receive its fair share of funding.

Chairman Ashworth asked if there was any further testimony on Assembly Bill No. 338. Being that there was none, the hearing on Assembly Bill No. 338 was closed.

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Senator Don Ashworth moved to amend and do pass

Assembly Bill No. 338.

Senator Kosinski seconded the motion.

The motion carried.

Chairman Ashworth opened the hearing on Assembly Bill No. 665.
(Exhibit C.)

Darryl Capurro, representing the Nevada Franchised Auto Dealers Association stated basically what Assembly Bill No. 665 does in general terms was to allow an offset of the trade-in value of a motor vehicle against the Local School Support Tax and the City-County Relief Tax. He further stated that this bill applies a tax to casual sales. The exemption would no longer apply to private sales of three or less per year. The tax would be collected by the Department of Motor Vehicles at the time of registration. He then read from prepared text. (Exhibit D.)

Jim Lien stated that this was a positive tax and there would be just over a \$2 million gain, \$900,000 to Local School Support Tax and \$1 million to supplemental City-County Relief Tax and \$300,000 to basic City-County Relief Tax.

Mr. Capurro stated that tax on the casual sale would only be 3.75 percent. If the same vehicle was purchased through a dealer, the tax would be 5.75 percent.

Senator Raggio discussed with Jim Lien and Darryl Capurro why car sales should be treated differently than any other casual sale, i.e., a refrigerator.

Mr. Capurro stated that the only casual sale that is registered is a motor vehicle which uses the public highway.

Mr. Lien stated that brokers are making a business out of casual sales.

Senator Raggio asked if mobile homes would be involved in this taxation.

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Mr. Capurro stated that they would not. This would also not apply to farm tractors, as they are not registered vehicles. He further stated that auto dealers have had a down-trend in sales since the new sales tax. Brokers have been making casual sales and by doing this there has been no sales tax collected.

This bill provides a credit against the Local School Support Tax (1.5%) and the City-County Relief Tax (2.25%) for a trade-in, and subjects casual sales of motor vehicles to these taxes to off-set the revenue loss. The 2% State Sales and Use Tax would not be effected by this bill.

Senator Raggio stated that it would be another tax increase to the people of the state.

Jim Lien stated that at present there is a brokerage that puts two parties together for a sale, there is no sales tax paid, and the broker is making money over numerous casual sales not just the three allowed by present law. Basically the broker's name never appears on any document, therefore there is no way of collecting taxes from him. The broker is acting as a dealer, but is cheating the state out of revenue.

Senator Kosinski directed his comments to Jim Lien. He wanted to know if there had been any other exemptions in the Local School Support Tax and the City-County Relief Tax.

Jim Lien stated that this would be the first major tax shift. The increased revenue would be to the state.

Senator Raggio stated that something had to be done to stimulate sales in this area. He agreed with the problem of the brokers.

Fred Davis, representing the greater Reno/Sparks Chamber of Commerce stated that he supported the bill.

Chairman Ashworth adjourned the meeting at 1:35 p.m. to reconvene upon adjournment of the Senate.

The Senate Taxation Committee Meeting was called to order at 3:30 p.m. with all members in attendance except Senator Floyd R. Lamb.

Chairman Keith Ashworth called the meeting to order and

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stated that testimony had been heard on Assembly Bill No. 665
and asked for a motion.

Senator Glaser moved that Assembly Bill No. 665 be
approved.

Senator Getto seconded the motion.

The motion carried unanimously.

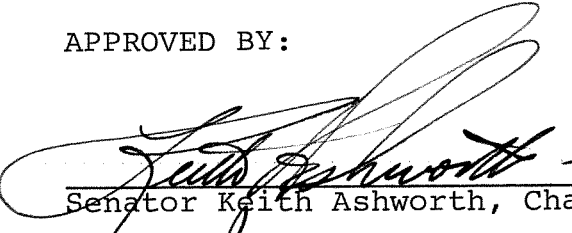
There being no further business, the meeting adjourned at
3:35 p.m.

Respectfully submitted by:



Nancy C. Hayslip, Secretary

APPROVED BY:



Senator Keith Ashworth, Chairman

DATE: June 2, 1981

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 338

ASSEMBLY BILL NO. 338—ASSEMBLYMEN PRICE, SCHOFIELD, CHANEY, CRADDOCK, FOLEY, STEWART, THOMPSON, HICKEY, BREMNER AND KOVACS

MARCH 12, 1981

Referred to Concurrent Committees on Transportation and Taxation

SUMMARY—Authorizes counties to impose tax for support of public transportation. (BDR 32-1483)

FISCAL NOTE: Effect on Local Government: No. Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to taxation; authorizing counties to impose a tax for the establishment and maintenance of a public transit system; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. Title 32 of NRS is hereby amended by adding thereto
- 2 a new chapter to consist of the provisions set forth as sections 2 to 14,
- 3 inclusive, of this act.
- 4 SEC. 2. As used in this chapter, unless the context otherwise
- 5 requires:
- 6 1. "Board" means the board of county commissioners.
- 7 2. "Public transit system" means a system employing motor buses,
- 8 rails or any other means of conveyance, by whatever type of power,
- 9 operated for public use in the conveyance of persons, providing local
- 10 transportation within a county.
- 11 SEC. 3. 1. The board of county commissioners of any county may
- 12 enact an ordinance imposing a tax for public mass transportation pursu-
- 13 ant to section 4 of this act.
- 14 2. An ordinance enacted pursuant to this chapter becomes effective
- 15 when it is approved by a majority of the registered voters of the county
- 16 voting upon a question which the board may submit to the voters at any
- 17 election.
- 18 3. Any ordinance enacted pursuant to this section must provide that
- 19 the tax be imposed on the first day of the second calendar month follow-
- 20 ing the approval of the ordinance by the voters.
- 21 SEC. 4. Except as provided in section 12 of this act, any ordinance

1 enacted under this chapter must include provisions in substance as fol-
2 lows:

3 1. A provision imposing a tax upon retailers at the rate of not more
4 than one-quarter of 1 percent of the gross receipts of any retailer from the
5 sale of all tangible personal property sold at retail in a county.

6 2. Provisions substantially identical to those contained in chapter 374
7 of NRS, insofar as applicable.

8 3. A provision that all amendments to chapter 374 of NRS after the
9 date of enactment of the ordinance, not inconsistent with this chapter,
10 automatically become a part of the ordinance imposing the tax for public
11 mass transportation in the county.

12 4. A provision that the county shall contract before the effective date
13 of the ordinance with the department to perform all functions incident to
14 the administration or operation of the tax in the county.

15 SEC. 5. Any ordinance amending the taxing ordinance must include a
16 provision in substance that the county shall amend the contract made
17 under subsection 4 of section 4 of this act by a contract made between the
18 county and the state acting by and through the department before the
19 effective date of the amendatory ordinance, unless the county determines
20 with the written concurrence of the regional transportation commission
21 that no such amendment of the contract is necessary or desirable.

22 SEC. 6. 1. All fees, taxes, interest and penalties imposed and all
23 amounts of tax required to be paid to the counties under this chapter must
24 be paid to the department in the form of remittances payable to the
25 department.

26 2. The department shall deposit the payments with the state treasurer
27 for credit to the fund for public mass transportation which is hereby
28 created as a special revenue fund.

29 3. The state controller, acting upon the collection data furnished by
30 the department, shall monthly:

31 (a) Transfer from the fund for public mass transportation 1 percent of
32 all fees, taxes, interest and penalties collected in each county during the
33 preceding month to the state general fund as compensation to the state
34 for the cost of collecting the tax.

35 (b) Determine for each county an amount of money equal to any fees,
36 taxes, interest and penalties collected in that county pursuant to this chap-
37 ter during the preceding month, less the amount transferred to the state
38 general fund pursuant to paragraph (a).

39 (c) Remit the amount determined for each county to the county treas-
40 urer.

41 SEC. 7. The department may redistribute any fee, tax, penalty and
42 interest to the county entitled thereto, but no such redistribution may be
43 made as to amounts originally distributed more than 6 months before the
44 date on which the department obtains knowledge of the improper distri-
45 bution.

46 SEC. 8. 1. The county treasurer shall deposit the money received
47 from the state controller pursuant to section 6 of this act in the county
48 treasury for credit to a fund to be known as the public transit fund.

49 2. The money in the public transit fund may not be diverted to the
50 regional street and highway fund of the county.

1 3. The public transit fund must be accounted for as a separate fund
2 and not as a part of any other fund.

3 SEC. 9. 1. In any county in which a tax for public mass transporta-
4 tion has been imposed, the board shall by ordinance create a regional
5 transportation commission pursuant to chapter 373 of NRS if one has not
6 already been created under that chapter. Where a regional transportation
7 commission has already been created under that chapter, that commission
8 shall also perform the duties specified in subsection 2.

9 2. The regional transportation commission shall:

10 (a) Appropriate money in the public transit fund accumulated by a
11 county to provide a public transit system for that county if the system is
12 included in a regional transportation plan adopted by the regional trans-
13 portation commission;

14 (b) Appropriate money to support agencies which are providing trans-
15 portation for the elderly and the handicapped if the services provided by
16 the agencies are part of the regional transportation plan; and

17 (c) Provide for or perform all functions incident to the administration
18 and operation of the public transit system.

19 3. The commission may draw money out of the public transit fund
20 only for the purposes of establishing and maintaining a public transit
21 system for the county and supporting other services required by the
22 regional transportation plan.

23 SEC. 10. 1. Money for the payment of the cost of establishing and
24 maintaining a public transit system may be obtained by the issuance
25 of revenue bonds and other revenue securities as provided in subsection
26 2 of this section, or, subject to any pledges, liens and other contractual
27 limitations made under this chapter, may be obtained by direct distri-
28 bution from the public transit fund, or may be obtained both by the
29 issuance of such securities and by such direct distribution as the board
30 may determine.

31 2. The board may, after the enactment of an ordinance as author-
32 ized by section 3 of this act, from time to time issue revenue bonds and
33 other securities, which are not general obligations of the county or a
34 charge on any real estate therein, but which may be secured as to
35 principal and interest by a pledge authorized by this chapter of the
36 receipts from the tax for public mass transportation.

37 3. The ordinance authorizing the issuance of any bond or other rev-
38 enue security must describe the purpose for which it is issued.

39 SEC. 11. Each ordinance providing for the issuance of any bond or
40 security issued under this chapter payable from the receipts of the tax for
41 public mass transportation may, in addition to covenants and other provi-
42 sions authorized in the Local Government Securities Law, contain a cov-
43 enant or other provision to pledge and create a lien upon the receipts of
44 the tax or upon the proceeds of any bond or security pending their appli-
45 cation to defray the cost of establishing or operating a public transit sys-
46 tem, or both tax proceeds and security proceeds, to secure the payment
47 of any revenue bond or security issued under this chapter.

48 SEC. 12. 1. Subject to the provisions of subsection 2, the board shall
49 gradually reduce the amount of tax imposed pursuant to this chapter as
50 revenue from the operation of the public transit system permits.

1 2. No taxing ordinance may be repealed or amended or otherwise
2 directly or indirectly modified in such a manner as to impair any out-
3 standing bonds issued under this chapter, or other obligations incurred
4 under this chapter, until all obligations, for which revenues from the ordi-
5 nance have been pledged or otherwise made payable from such revenues
6 pursuant to this chapter, have been discharged in full, but the board may
7 at any time dissolve the regional transportation commission and provide
8 that no further obligations be incurred thereafter.

9 SEC. 13. In any proceeding under any ordinance enacted pursuant to
10 this chapter, the department may act for and on behalf of the county
11 which has enacted that ordinance.

12 SEC. 14. A public transit system may, in addition to providing local
13 transportation within a county, provide:

- 14 1. Services to assist commuters in communicating with others to
15 share rides;
- 16 2. Transportation for elderly persons and the handicapped;
- 17 3. Parking for the convenience of passengers on the system; and
- 18 4. Stations and other necessary facilities to ensure the comfort and
19 safety of passengers.

EXHIBIT B

PROPOSED AMENDMENT
A.B. 338

Line 14-17 by deleting line 14-17.

Amend section 4, page 2, line ⁶ by deleting "retail in a county." and inserting: "retail, or stored, used or otherwise consumed, in a county."

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 665

ASSEMBLY BILL NO. 665—COMMITTEE ON TAXATION

MAY 13, 1981

Referred to Committee on Taxation

SUMMARY—Provides credit against certain taxes for exchange of used vehicle on purchase of automobile. (BDR 32-2087)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to taxation; imposing the local school support tax and city-county relief tax on occasional sales of motor vehicles; providing a credit for the exchange of a used vehicle in a purchase of an automobile; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

1 SECTION 1. Chapter 374 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 and 3 of this act.

3 SEC. 2. 1. *Any sale of a motor vehicle as defined in NRS 482.075*
4 *by a person other than a licensed dealer is subject to the tax imposed by*
5 *this chapter.*

6 2. *The tax payable on a motor vehicle sold by a person other than a*
7 *dealer must be collected by the department of motor vehicles or its agent*
8 *at the time the vehicle is registered. The department of motor vehicles*
9 *shall remit the money collected to the department at least monthly. The*
10 *department of motor vehicles may retain 2 percent of the tax collected as*
11 *its fee.*

12 3. *The amount of tax collected must be determined from the price*
13 *shown on the bill of sale. If there is no bill of sale, the department of*
14 *motor vehicles shall calculate the tax using a recognized list of prices for*
15 *used automobiles.*

16 SEC. 3. *The amount of taxes imposed by this chapter on the gross*
17 *receipts from the sale of a motor vehicle must be reduced by an amount*
18 *equal to the product of the rate of the taxes multiplied by the amount*
19 *allowed by the seller against the purchase price in exchange for the used*
20 *vehicle of the purchaser, if a used vehicle was so exchanged.*

21 SEC. 4. NRS 374.325 is hereby amended to read as follows:
22 374.325 There are exempted from the taxes imposed by this chapter
23 the gross receipts from occasional sales of tangible personal property *other*

1 *than motor vehicles*, and the storage, use or other consumption in a
2 county of tangible personal property **[.]** *other than a motor vehicle*, the
3 transfer of which to the purchaser is an occasional sale.

4 SEC. 5. NRS 482.260 is hereby amended to read as follows:

5 482.260 1. The department and its agents in registering a vehicle
6 shall:

7 (a) Collect the license plate fees and registration fees as provided for
8 in this chapter.

9 (b) Collect the privilege tax on the vehicle, as agent for the county
10 where the applicant intends to base the vehicle for the registration period,
11 unless the vehicle is deemed to have no base.

12 (c) *Collect any local school support tax and city-county relief tax due*
13 *pursuant to section 2 of this act.*

14 (d) Issue a certificate of registration, together with the regular license
15 plate or plates.

16 2. Upon proof of ownership satisfactory to the director, he shall
17 cause to be issued a certificate of ownership as provided in this chapter.

18 3. Every vehicle referred to in subsection 1 of NRS 482.206 being
19 registered for the first time in Nevada **[shall]** *must* be taxed for privilege
20 tax purposes for a 12-month period. Every vehicle referred to in subsection
21 2 of NRS 482.206 being registered for the first time in Nevada
22 **[shall]** *must* be taxed for privilege tax purposes pro rata on a monthly
23 basis upon the amount of time remaining in the current calendar year.

4B 665

EXHIBIT D

1980 Titles closed by DMV

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

<u>Dealers</u>	<u>Private</u>
169,000 - Total	91,000 - Total
- 13,000 - Trailers	- 7,000 - Trailers
<u>156,000 - Motor Vehicles</u>	<u>84,000 - Motor Vehicle</u> All Used.
- 50,000 - New Sales *	
<u>106,000 - Used Sales *</u>	

* 60% of New + Used Sales
Involve Trade-in

Assumptions: Average New Motor Vehicle Value
\$ 8,000

Average Used Motor Vehicle Value
\$ 2,000

Average Trade-in Value
\$ 1,500

Occasional Sales - Annual Revenue Gain
 $3.75\% \times \$2,000 \times 84,000 = \underline{\underline{\$6,300,00}}$

Impact of Trade-in Provision

New Sales
 50,000 - Total
 X .60 (Trade-in)

 30,000 - Total

Used Sales
 106,000 - Total
 X .60 (Trade-in)

 63,600 - Total

\$ 8,000 - new sales price
 - 1,500 - Trade-in

 \$ 6,500 - Net Price

\$ 4,000 - used sales price
 - 1,000 - Trade-in

 \$ 3,000 - net price

\$ 8,000
 X .0575 ← Now →

 \$ 460.00 - S.T.

\$ 4,000
 X .0575

 \$ 230.00 - S.T.

\$ 8,000
 X .02

 \$ 160.00
 +
 \$ 6,500.00
 X .0375

 \$ 243.75
 =
 \$ 403.75 - S.T.

\$ 4,000
 X .02

 \$ 80.00
 +
 \$ 3,000.00
 X .0375

 \$ 112.50
 =
 \$ 192.50 - S.

Difference (Loss) = \$ 56.25
 X 30,000

 \$ 1,687,500

\$ 37.50
 X 63,600

 \$ 2,385,000

\$ 4,072,500 - Annual Revenue Loss