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Work Session Document
Assembly Taxation Committee
April 10, 2003

AB 348—Establishes procedures for the Nevada Tax Commission to follow before adopting factors that are applied annually to the taxable value of improvements for property that has not been reappraised. The prime sponsor of the bill noted that the factors for improvements that are provided to assessors by the tax commission sometimes cause property to be overvalued. There was some disagreement among the assessors regarding the need for the bill, although no one directly recommended that the bill be killed. Every assessor agreed, however, that the bill should be amended to eliminate the ability of a board of county commissioners to object to the factors in an attempt to have them changed. **The amendment would simply delete all references to “board(s) of county commissioners” in section 1.** The Nevada Taxpayers Association also supported the bill and the proposed amendment.

AB 351—Proposes to the voters an amendment to the Sales and Use Tax Act to exempt medicines and medical devices ordered for senior citizens 62 and over by licensed health care providers. If approved by the voters, the act triggers an identical exemption from all local sales taxes. The prime sponsor of the bill noted that seniors need many medical products for their well-being that are available over the counter, but that the sales taxes on such products make them less affordable. She noted that a senior would have to provide a document from the medical provider to the seller to obtain the exemption. Concerns were raised over the size of the potential fiscal effect of the exemption and how the exemption would be administered. The sponsor indicated she would review the bill and **possibly propose amendments** that may alleviate those concerns.

AB 366—Provides a \$2,000 exemption from the determined value of a vehicle for purposes of the governments services tax for a resident of Nevada who is on active duty in the Armed Forces but is required to live in another state because of that military service. The section also provides for indexing of the \$2,000 for inflation as measured by changes in the Consumer Price Index beginning in FY 2005-06. The prime sponsor of the bill and various supporters of the measure noted that granting an exemption is a fair and right thing to do to show of appreciation to those who serve their country in the military. One supporter of the bill also noted that Federal law exempts non-resident service members from being compelled to pay the taxes of the state where they are stationed. There was no opposition to the AB 366. The Department of Motor Vehicles submitted a fiscal note that estimated a revenue loss of between \$400,000 and \$1.6 million depending upon the number of residents on active duty who apply for the exemption.

An amendment, which is attached, was proposed to exempt any resident from the government services tax who is on active duty in the United State military. The amendment also proposes to expand the veterans’ exemption (\$1,750 for next year) to cover all veterans regardless of the dates they served in the military if they were on active duty for at least 90 consecutive days and were honorably discharged.

AB 387—Reduces the rate of the Government Services Tax (GST) from four percent to two percent and increases certain other taxes and eliminates certain tax exemptions to replace the forgone revenues. The prime sponsor noted that the GST is one of the most disliked taxes in the state, and the tax on vehicles in Nevada is one of the highest in the nation. It would also provide a tax break to Nevada residents at a time other taxes are likely to be increased. There was only limited testimony on the bill due to time constraints. Representatives from the real estate industry voiced opposition to the 50 cent per \$500 of value (\$200 on a \$200,000 home) increase in the Real Property Transfer Tax contained in the bill. They argued that the tax would make it more difficult for first-time homebuyers to qualify for a loan and that it would hurt real estate sales in general. **A report from a subcommittee is expected.**

AB 514—Provides for enactment of certain provisions that are necessary to carry out the Streamlined Sales and Use Tax Agreement. The prime sponsor of the bill noted that it was important for Nevada to become a party to the agreement for several reasons. The most important being that it would likely result

in the state being likely to collect taxes on Internet and catalog sales to residents. He provided data that indicated nearly \$200 million per year of state and local revenue is currently being lost because of such sales. Other supporters of the legislation included representatives of the retail industry, the Nevada Taxpayers Association and the Department of Taxation.

Following the meeting, at the request of the chairman, staff discussed with Legislative Counsel whether the bill, which is, according to the title, in skeleton form, needed to be further amended. Legislative Counsel indicated that further amendments were needed for Nevada to conform to the requirements of the agreement and that **her office would provide a proposed amendment for the committee to consider.** The amendment will be made available as soon as possible.

AB 515—Makes various revisions to the property tax assistance program for Senior Citizens including, among other things, revising the method for calculating the refunds and the qualifications for obtaining such refunds. Proponents from the division of aging services noted that the bill was intended to simplify the existing schedule to provide a more equitable distribution to eligible claimants, to limit eligibility by prohibiting benefits for persons with at least \$400,000 in liquid assets, with \$30,000 or more in real property in Nevada or another state and with a home in Nevada with an assessed value of \$75,000. The proponents also noted that the bill provides a 100 percent refund up to the \$500 maximum amount to claimants with income below the poverty level and would hold their benefits if there were insufficient funds available to pay all claims. There was no testimony in opposition to the bill and no amendments were proposed. Some members of the committee expressed concern over changing the program in a way that could have anticipated budgetary consequences when the state is experiencing revenue shortfalls. The biggest issue for the committee seems to be whether or not to re-refer the bill to Ways and Means if it is approved.

AB 533—Amends various statutes of concern to county assessors as proposed by the Assessor's Association. Among other things, the bill would revise various assessment standards and practices, exemptions and the relationship between the assessor and other state and local government agencies. Spokesmen for the assessors explained the bill in detail and responded to many questions from the committee members. They also proposed several amendments to the bill and agreed to others as questions were raised.

After the assessors' testimony concluded, there was little opposition to most of the bill, although a representative from Clark County submitted an amendment to remove two sections of the bill that gave exclusive authority to the Department of Taxation to conduct performance audits of assessors, and a spokesman representing cities opposed a provision that increased the percentage commission on personal property taxes retained by a county. The assessors oppose these changes. A veterans' organization and a county recorder proposed other amendments that did not raise any objections. A Nevada Taxpayers Association representative opposed the increases and expansion of the exemptions contained in the bill.

A compilation of the proposed amendments is attached.

ATTACHMENT

Marcia De Braga

AB 366

Section 1. Chapter 371 of NRS is hereby amended by adding thereto a new section to read as follows:

1. *A vehicle registered by any actual bona fide resident of the State of Nevada who is on active duty in the Armed Forces of the United States is exempt from governmental and supplemental services tax.*
2. *Before allowing any exemption pursuant to the provisions of this section, the Department shall require such proof of the status of the applicant as may be necessary to determine his qualifications for the exemption. After the department determines that the person is entitled to the exemption, the department shall annually grant the exemption for vehicles registered by that person until the department determines that the person is no longer entitled to the exemption.*
3. *If any person files a false affidavit or produces false proof to the Department, and as a result of the false affidavit or false proof a tax exemption is allowed to a person not entitled to the exemption, he is guilty of a misdemeanor.*
4. *If a vehicle ceases to be exempt from taxation after the beginning of a registration year, the amount of the tax otherwise due will be reduced by 1/12 for each month that has elapsed since the beginning of the year.*

Sec. 2. NRS 371.1035 is hereby amended to read as follows: Exemption of a vehicle registered to veteran. Vehicles to the extent of \$2000 determined valuation, registered by any actual bona fide resident of the State of Nevada who:

- (a) has served a minimum of 90 continuous days active duty, none of which was for training purposes, *OR*
- (b) Has served on active duty in connection with carrying out the authority granted to the President of the United States

in Public Law 102-1 and who received, upon severance from service, an honorable discharge or certificate of satisfactory services from the Armed Forces of the United States, is exempt from taxation.

2-38 (a) Pay to the Department all or any portion of the amount by
2-39 which the tax would be reduced if he claimed his exemption;
and

2-40 (b) Direct the Department to deposit that amount for credit to
2-41 the Veterans' Gift Account established pursuant to NRS
417.145.

2-42 2. Any person who wishes to waive his exemption pursuant
to

2-43 this section shall designate the amount to be credited to the
Account

2-44 on a form provided by the Department.

3-1 3. The Department shall deposit any money received pursuant
3-2 to this section with the State Treasurer for credit to the Veterans'
3-3 Home Account established pursuant to NRS 417.145. The State
3-4 Treasurer shall not accept:

3-5 (a) For Fiscal Year 2001-2002, more than a total of \$1,250,000;

3-6 (b) For Fiscal Year 2002-2003, more than a total of \$1,500,000;
3-7 and

3-8 (c) For Fiscal Year 2003-2004, more than a total of
3-9 \$1,750,000,

3-10 for credit to the Account pursuant to this section and NRS
361.0905

3-11 during any fiscal year.

3-12 **Sec. 3.** NRS 371.1035 is hereby amended to read as follows:

3-13 371.1035 1. Any person who qualifies for an exemption
3-14 pursuant to NRS 371.103 *or section 1 of this act* may, in lieu of
3-15 claiming his exemption:

3-16 (a) Pay to the Department all or any portion of the amount by
3-17 which the tax would be reduced if he claimed his exemption;
and

3-18 (b) Direct the Department to deposit that amount for credit to
3-19 the Veterans' Home Account established pursuant to NRS
417.145.

3-20 2. Any person who wishes to waive his exemption pursuant
to

3-21 this section shall designate the amount to be credited to the
Account

3-22 on a form provided by the Department.

3-23 3. The Department shall deposit any money received
pursuant

3-24 to this section with the State Treasurer for credit to the Veterans'
3-25 Home Account established pursuant to NRS 417.145. The State
3-26 Treasurer shall not accept more than a total of \$2,000,000 for
credit

3-27 to the Account pursuant to this section and NRS 361.0905
during

3-28 any fiscal year.

3-29 **Sec. 4.** NRS 371.105 is hereby amended to read as follows:

3-30 371.105 ~~{Claims}~~ *Except as otherwise provided in NRS*
3-31 *371.103 and section 1 of this act, claims* pursuant to NRS
371.101,

3-32 371.102, 371.103 or 371.104 *or section 1 of this act* for tax
3-33 exemption on the governmental services tax and designations of
any

3-34 amount to be credited to the Veterans' Home Account pursuant
to

3-35 NRS 371.1035 must be filed annually at any time on or before
the

3-36 date when payment of the tax is due. All exemptions provided
for in

3-37 this section must not be in an amount which gives the taxpayer a
3-38 total exemption greater than that to which he is entitled during
any

3-39 fiscal year.

3-40 **Sec. 5.** NRS 371.106 is hereby amended to read as follows:

3-41 371.106 1. Whenever any vehicle ceases to be exempt from
3-42 taxation under NRS 371.101, 371.102, 371.103 or 371.104 *or*
3-43 *section 1 of this act* because the owner no longer meets the
3-44 requirements for the exemption provided in those sections, its
owner

3-45 shall immediately notify the Department of the fact.

4-1 2. If a person fails to notify the Department as required by
4-2 subsection 1 and as a result of such failure is allowed a tax
4-3 exemption to which he is not entitled, there ~~{shall}~~ *must* be added
to
4-4 and collected with the tax otherwise due a penalty equal to
double
4-5 the amount of the tax. If the person's failure is fraudulent and
results
4-6 in his receiving a tax exemption to which he is not entitled, the
4-7 person is also guilty of a gross misdemeanor.

4-8 **Sec. 6.** 1. This section and sections 1, 2, 4 and 5 of this act
4-9 become effective on July 1, 2003.

4-10 2. Section 3 of this act becomes effective on July 1, 2004.

4-11 3. Section 2 of this act expires by limitation on June 30,
2004.

**Amendments to AB 533 proposed or agreed to by county assessors:
(compiled and prepared by fiscal analysis division)**

Amend bill as whole by deleting sections 14 and 49 and renumbering sections 15 through 48 as 14 through 47 and renumbering sections 50 through 67 as sections 48 through 65.

Amend section 1, page 3, by deleting line 9 and 10 and inserting:

“Department or the legislative auditor, shall not perform an audit, other than a financial audit of the receipts generated in the office of the county assessor, unless such an audit by the county is approved by the legislative commission.”

Amend section 4, page 3, by deleting “and orphan children” on lines 31 and 32 and inserting:

“~~[and orphan children]~~”; by deleting “or orphan child” on line 37 and inserting:

“~~[or orphan child]~~”; and by deleting “spouse or orphan child” on line 38 and inserting: “spouse. ~~[or orphan child.]~~”.

Amend section 7, pages 5 and 6, by deleting lines 36 through 45 on page 5 and lines 1 through 3 on page 6, and inserting:

“(a) Has served a minimum of 90 days on active duty, who was assigned to active duty at some time between April 21, 1898, and June 15, 1903, or between April 6, 1917, and November 11, 1918, or between December 7, 1941, and December 31, 1946, or between June 25, 1950, and ~~[January 31, 1995]~~ ***December 31, 1960;***

(b) Has served a minimum of 90 continuous days on active duty none of which was for training purposes, who was assigned to active duty at some time between January 1, 1961, and May 7, 1975; or

(c) ~~[Has]~~ ***After May 7, 1975, has*** served on active duty in connection with ~~[carrying out the authorization granted to the President of the United States in Public Law 102-1,]~~ ***an armed conflict authorized by the President or the Congress of the United States, including, without limitation, military actions in Grenada, Panama, the Persian Gulf, Somalia, Haiti, Kosovo, Afghanistan and Iraq,*** and who received, upon severance from service,”

Amend section 8, page 7, by deleting lines 16 through 28 and inserting:

“(a) Has served a minimum of 90 days on active duty, who was assigned to active duty at some time between April 21, 1898, and June 15, 1903, or between April 6, 1917, and November 11, 1918, or between December 7, 1941, and December 31, 1946, or between June 25, 1950, and ~~[January 31, 1995]~~ ***December 31, 1960;***

(b) Has served a minimum of 90 continuous days on active duty none of which was for training purposes, who was assigned to active duty at some time between January 1, 1961, and May 7, 1975; or

(c) ~~[Has]~~ ***After May 7, 1975, has*** served on active duty in connection with ~~[carrying out the authorization granted to the President of the United States in Public Law 102-1,]~~ ***an armed conflict authorized by the President or the Congress of the United States, including, without limitation, military actions in Grenada, Panama, the Persian Gulf, Somalia, Haiti, Kosovo, Afghanistan and Iraq,*** and who received, upon severance from service,”

Amend section 15, page 16, line after "6." by inserting:
"The provisions of sections 1 and 2 of NRS 361.228 do not apply for the purposes of determining the full cash value of a fee simple interest in property pursuant to subsection 5."

Amend section 15, pages 16 and 17, by renumbering subsections 7 through 9 as subsections 8 through 10.

Amend section 16, page 17, by deleting lines 19 to 21.

Amend section 20, page 21, by deleting line 38 and 39 and inserting:
"state entity, other than the legislative auditor, may audit the receipts generated in the office of the county assessor, unless such an audit by the county is approved by the legislative commission, or otherwise attempt to influence the manner in".

Amend section 22, page 25, lines 11 and 12, by deleting:
"is excessive or" and inserting:

"exceeds the full cash value of a fee simple interest in property or is".

Amend section 26, page 29, line 5, by deleting **"require"** and inserting **"authorized"**.

Amend section 26, page 29, line 9, by deleting:
"is excessive or" and inserting:

"exceeds the full cash value of a fee simple interest in property or is".

Amend section 39, page 39, by deleting **"and orphan children"** on lines 20 and 21 and inserting:

~~["and orphan children"]~~; by deleting **"or orphan child"** on line 26 and inserting:

~~["or orphan child"]~~; and by deleting **"spouse or orphan child"** on line 27 and inserting:
"spouse. [or orphan child.]".

Amend section 42, page 42, by deleting lines 16 through 28 and inserting:
"(a) Has served a minimum of 90 days on active duty, who was assigned to active duty at some time between April 21, 1898, and June 15, 1903, or between April 6, 1917, and November 11, 1918, or between December 7, 1941, and December 31, 1946, or between June 25, 1950, and [January 31, 1995] December 31, 1960;

(b) Has served a minimum of 90 continuous days on active duty none of which was for training purposes, who was assigned to active duty at some time between January 1, 1961, and May 7, 1975; or

(c) [Has] After May 7, 1975, has served on active duty in connection with [carrying out the authorization granted to the President of the United States in Public Law 102-1,] an armed conflict authorized by the President or the Congress of the United States, including, without limitation, military actions in Grenada, Panama, the Persian Gulf, Somalia, Haiti, Kosovo, Afghanistan and Iraq, and who received, upon severance from service,"

Amend section 8, page 7, by deleting lines 16 through 28 and inserting:
"(a) Has served a minimum of 90 days on active duty, who was assigned to active duty at some time between April 21, 1898, and June 15, 1903, or between April 6, 1917, and November 11, 1918, or between December 7, 1941, and December 31, 1946, or between June 25, 1950, and [January 31, 1995] December 31, 1960;

(b) Has served a minimum of 90 continuous days on active duty none of which was for training purposes, who was assigned to active duty at some time between January 1, 1961, and May 7, 1975; or

(c) ~~[Has]~~ *After May 7, 1975, has served on active duty in connection with [carrying out the authorization granted to the President of the United States in Public Law 102-1,] an armed conflict authorized by the President or the Congress of the United States, including, without limitation, military actions in Grenada, Panama, the Persian Gulf, Somalia, Haiti, Kosovo, Afghanistan and Iraq, and who received, upon severance from service,*

Amend section 47, page 48, by deleting lines 16 through 26 and inserting:

“3. The county recorder shall not record with respect to real property any ~~[conveyance of real property or instrument in writing]~~ deed, including, without limitation, a:

- (a) Grant, bargain and sale deed;**
- (b) Quitclaim deed;**
- (c) Warranty deed; or**
- (d) Trustee’s deed upon sale,**

unless the document being recorded contains the name and address of the person to whom a statement of taxes assessed on the real property is to be mailed.”

Amend section 48, page 49, by deleting lines 13 and 14, and inserting:

“documents. *Such documents must be in a form acceptable to the county recorder and the county assessor.*”

Amend section 53, page 51 by deleting lines 37 and 38, and inserting:

“*be in a form acceptable to the county recorder and the county assessor.*”

Amend section 56, page 54, by deleting lines 10 and 11, and inserting:

“*be in a form acceptable to the county recorder and the county assessor.*”

Amend section 57, page 54, by deleting lines 41 and 42, and inserting:

“*in a form acceptable to the county recorder and the county assessor.*”

Amend section 58, page 55, by deleting lines 31 and 32, and inserting:

“*in a form acceptable to the county recorder and the county assessor.*”

Amend section 59, page 56, by deleting lines 12 and 13, and inserting:

“*in a form acceptable to the county recorder and the county assessor.*”

Amend section 60, page 58, by deleting lines 36 and 37, and inserting:

“*in a form acceptable to the county recorder and the county assessor.*”

Amend section 61, page 60, by deleting lines 13 and 14, and inserting:

“*and the supporting documents must be in a form acceptable to the county recorder and the county assessor.*”

Amend section 62, page 61, by deleting lines 8 and 9, and inserting:

“*in a form acceptable to the county recorder and the county assessor.*”

Amend section 65, page 62, by deleting lines 37 and 38, and inserting:

“*in a form acceptable to the county recorder and the county assessor.*”

Amend section 66, page 63, by deleting lines 8 and 9, and inserting:

“*documents must be in a form acceptable to the county recorder and the county assessor.*”

Note: In regard to the amendments in sections 1 and 20, bill drafting will likely have to stipulate a brief procedure for submitting a request to audit the assessor and having the request considered by the legislative commission.

Amendment to AB 533 proposed by Chairman Parks:
(prepared by fiscal analysis division)

Amend section 19, page 20, by deleting lines 25 through 27, and inserting:
“(b) To ~~{cause}~~ ***make available to the public*** such list and valuations ~~{to be published once}~~ on or before January 1 of the fiscal year in which assessment is made ~~{in}~~. ***The list and valuations must be printed and placed for inspection in all public libraries and branch libraries in the county and in a public area of the county courthouse or the county office building in which the assessor’s office is located and:***

(1) Posted on a website or other Internet site that is operated or administered by or on behalf of the county or county assessor; or

(2) If there is no website or other Internet site operated by or on behalf of the county or county assessor, published once in a newspaper of general circulation in the county.”

Amendment Proposed by Veterans' Representative:

ASSEMBLY BILL NO. 533

SUMMARY – Makes various changes to provisions governing the recordation and taxation of property. (BDR 32-122)

AMMENDEMENT – Pursuant to provision of NRS 417.145 paragraph 7:

Page 6, Section 7, paragraph 5 (b), line 34 change:

“Home” to “Gift”

Page 8, Section 8, paragraph 4 (b), line 3 change:

“Home” to “Gift”

Page 8, Section 9, paragraph 1 (b), line 39 change:

“Home” to “Gift”

Page 9, Section 9, paragraph 3 (b), line 1 change:

“Home” to “Gift”

Page 9, Section 9, paragraph 3 (b), line 17 change:

“Home” to “Gift”

Page 9, Section 9, paragraph 3 (b), line 24 change:

“Home” to “Gift”

Page 10, Section 11, paragraph 5 (b), line 29 change:

“Home” to “Gift”

Page 12, Section 12, paragraph 4 (b), line 12 change:

“Home” to “Gift”

4/02/2003

**Assembly Bill 533
(As Introduced)**

SUGGESTED AMENDMENT

Proposed by AUDIT DEPARTMENT, CLARK COUNTY NEVADA

Contact person: Jerry Carroll, Director (702) 455-3269

Intent of Amendment: To remove sections 1 and 20 and return the bill to existing law as it relates to audits.

Amend the bill as a whole by deleting sections 1 and 20 and renumbering sections 2 through 19 as sections 1 through 18 and sections 21 through 67 as sections 19 through 65.

Amend section 67, page 63, by deleting lines 10 through 16 and inserting:

"Sec. 65. 1. This section and sections 1 to 6, inclusive, 8, 10, 12 to 39, inclusive, 41, 43 and 45 to 64, inclusive, of this act become effective on July 1, 2003.

2. Sections 6, 8, 10, 39, 41 and 43 of this act expire by limitation on June 30, 2004.

3. Sections 7, 9, 11, 40, 42 and 44 of this act become effective on July 1, 2004."