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**Work Session Document**  
**Assembly Taxation Committee**  
May 8, 2003

**AB 281**—Doubles the rate of the business license tax and the cigarette tax, increases liquor tax rates by 89 percent and the quarterly fees on restricted slots by 33 percent, and imposes a state property tax, a tax on admissions to group entertainment activities and a gross receipts tax to provide additional state revenue during the April to June quarter. This bill is still being reviewed.

**SB 373**—Revises certain provisions relating to the importation of liquor into Nevada by a common or contract carrier. The prime sponsor noted that the bill addresses concerns raised by UPS, which has refused to deliver wine to Nevada residents ordered for personal use from small wineries in California and other states because of the compliance and paperwork burden associated with the deliveries. He noted that 1999 legislation was designed to allow residents to make such purchases, but the refusal by UPS to ship into Nevada has limited consumers' ability to purchase wines directly from many wineries. As amended by the Senate, the bill addresses UPS' concerns and should promote additional availability of wine from small out-of-state wineries. A representative of Southern Wine and Spirits also supported the bill.

There was no opposition to the bill, nor were any amendments proposed.

**SB 440**—Authorizes the owner of a single-family family residence to file a claim to postpone the payment of property taxes under certain conditions. The assessed value of the residence cannot be more than \$500,000, the owner cannot own other property with an assessed value of more than \$30,000, and the owner must have occupied the residence for at least six months. The owner cannot be the subject of bankruptcy proceedings and cannot owe delinquent taxes on the residence for a year other than the year the postponement is requested. The owner must have suffered a severe economic hardship that is expected to last for at least a year, and the total annual income of the family cannot exceed the federally designated level signifying poverty. Taxes may not be postponed for a period longer than three years.

Proponents noted that the bill is the result of the voters' approval last November to grant authority to the Legislature to provide property tax relief in cases of severe economic hardship. Some concern was expressed by a representative of the Nevada Taxpayers Association that SB 440 may conflict with AB 442, which also provides for property tax relief in cases of economic hardship. However, discussion indicated that the respective bills address separate issues, and any technical conflicts can be resolved. An assessor noted that the authority for approving the application and administering the postponement of taxes should be in the hands of the county treasurer rather than the county assessor, because the treasurer is responsible for collection of the taxes. However, no amendment was provided.

**SB 466**—Authorizes the Department of Taxation to disclose to a requestor whether or not a business conducting business in Nevada has a business license issued by the department for purposes of the business license tax. The department has requested this bill, and a spokesman pointed out that the department gets numerous requests for this information, which it is precluded from sharing with the public because of the existing confidentiality restrictions. There was no testimony in opposition to SB 466.

**SB 473**—Reduces the number of full-time employees that a new business is required to have on its payroll by the fourth quarter for the purposes of obtaining an abatement from property taxes, business license taxes or the Local School Support Tax, and authorizes an abatement from these taxes for a business that furthers the development and refinement of intellectual property into a commercial product. The bill also reduces the amount of capital investment required to obtain an abatement of personal property taxes and extends the personal property and sales tax abatements for renewable energy to an energy storage device that reduces the consumption of fossil fuel. Finally, SB 473 eliminates the graduated exemption from the business tax and sets the exemption at 50 percent of the tax otherwise due, extends the sales tax abatement to a lessee who leases rather than purchases qualifying property and

ASSEMBLY COMMITTEE ON TAXATION  
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SUBMITTED BY: TED ZWEN

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extends until June 30, 2009, the abatement property and sales tax abatements for facilities for the generation of electricity from renewable energy that are set to expire on June 30, 2005.

Testimony from Economic Development indicated that the changes being proposed are at the request of the local development authorities because of the changing mix of businesses seeking to establish, relocate or expand operations within Nevada. No one spoke in opposition to the bill. However, considerable discussion among committee members and the proponents of the bill took place, with committee members expressing both support and opposition to the changes being proposed in SB 473. No amendments to the bill were suggested.

**SB 489**—Provides an exemption that will expire on June 30, 2005, from local sales taxes for solar thermal energy systems and solar lighting systems that reduce the consumption of electricity or natural gas. The bill also delays from June 30, 2003 to June 30, 2005, the expiration of an exemption for products or systems designed or adapted to use renewable energy to generate electricity.

A proponent of the bill suggested an **amendment to lines 8 and 10 on page 1 that would authorize the exemption for solar systems that also reduce the consumption of propane in addition to electricity and natural gas.** There was some discussion in committee over the appropriateness of the proposed amendment because of some confusion regarding whether the amendment would exempt systems that use propane to generate energy from the sales tax. Staff believes that would not be the case. If the Committee determines that the granting of the temporary exemption for these solar systems is appropriate, staff recommends that the language be amended to provide the exemption for a system that reduces the consumption of electricity or any fossil fuel.

There was no testimony in opposition to SB 489.

**SB 490**—Authorizes the board of county commissioners in Washoe County to expend the money in the county's infrastructure fund for the ongoing expenses of operating and maintaining projects for the management of floodplains or the prevention of floods along the Truckee River. The infrastructure fund in Washoe County is funded through a one-eighth of one-cent sales and use tax. Currently, Washoe County is authorized to use the money in the infrastructure fund for the acquisition, establishment, construction or expansion of such projects, but not for the operation and maintenance of such projects.

Proponents of the measure provided detailed examples of how the money would be used and the plans for the flood control projects along the Truckee. A representative of the City of Reno voiced support for the bill as a result of the amendments adopted in the Senate Taxation Committee. There was no opposition to the bill, and no amendments were proposed.

**AJR 8**—Proposes to amend the Nevada Constitution to make an exception to the uniform and equal provisions relating to taxation to authorize the reassessment of property upon the transfer of its ownership and, under certain circumstances, upon its conversion to another use. The prime sponsor noted that this would allow the Legislature to draft legislation to provide additional taxable value in the state by reassessing property upon its sale or conversion to another use.

This resolution is exempt from the April 11 deadline, but has also been referred to the Committee on Constitutional Amendments. If approved at this legislative session, the measure would have to be approved in an identical form by the 2005 Legislature before being sent to the voters for their approval.