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Work Session Document
Assembly Taxation Committee
May 14, 2003

SB 313—Adds an administrative provision to the sales and use tax statutes to specifically exempt the lease of a motor vehicle for use by the state or a local government from those taxes. Current law provides that the sale of vehicles to a state or local government is tax exempt, but the lessor must pay the use tax on a lease transaction with a government when title to the vehicle is not transferred to that government. This unequal treatment discourages governments from leasing vehicles from auto dealers. The fiscal effect of this exemption is estimated at \$30,000 per year.

There was no testimony in opposition to the bill, and no amendments were proposed.

SB 370—Authorizes a county's board of county commissioners to impose an additional tax not to exceed \$0.05 for each \$500 of value on the transfer of real property. The proceeds of the tax must be used by the Department of Agriculture for programs for the exclusion, detection and control of invasive species and certain endemic (native) pests and weeds and for grants to local governments and nonprofit organizations for the control or management of invasive species and certain endemic pests and weeds. The prime sponsor of the bill noted the problems in rural counties due to the infestation of crickets and grasshoppers, among others things. He indicated that this bill would allow a county to dedicate some money to combat the problem.

There was no opposition to the bill, but a representative of the builders association proposed the following amendment:

Amend section 1, page 1, line 4, after "commissioners" by inserting:
"of any county whose population is less than 400,000".

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 \$175,000, 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 470 may conflict with AB 442, which also provides for property tax relief in cases of economic hardship. Discussion, however, 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.

ASSEMBLY COMMITTEE ON TAXATION
DATE: 5/14/03 ROOM: 3142 EXHIBIT C
SUBMITTED BY: TED ZUEND

SB 471—Amends, on behalf of the Department of Motor Vehicles, various provisions for the collection and administration of petroleum fees and gasoline and diesel fuel taxes. Among other things, the bill revises the licensing and rights and responsibilities of dealers, suppliers, exporters, transporters and users of these fuels. For ease of administration, the bill also conforms as closely as possible the provisions relating to the administration of the separate taxes. In addition to DMV, a representative of petroleum marketers also supported the bill. No amendments to SB 471 were proposed.

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 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 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.