

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

NEVADA PETROLEUM MARKETERS
& CONVENIENCE STORE ASSOCIATION

2205 South Arlington Avenue, Suite 3
Reno, Nevada 89509
Phone 775-348-1888 Fax 775-348-2011

To: Committee on Taxation

From: Peter Krueger, Executive Director & Anthony Bandiero
Nevada Petroleum Marketers and Convenience Store Association

April 8, 2003

Suggested Amendment to SB 471

Dear Committee, I propose the following:

Delete section 365.175(2):

Supplier shall hold the amount of all taxes collected pursuant to this chapter in a separate account in trust for the state.

Section 20 add:

If a supplier fails to submit a tax return when due pursuant to this chapter or fails to pay the tax when due pursuant to this chapter they may be required to hold the amount in a separate account in trust for the state.

ALSO

Delete section 366.540(4):

Each special fuel supplier and special fuel dealer shall hold the amount of all taxes collected pursuant to this chapter in a separate account in trust for the state.

Section 46 add:

If a special fuel supplier fails to submit a tax return when due pursuant to this chapter or fails to pay the tax when due pursuant to this chapter they may be required to hold the amount in a separate account in the trust of the state.

Amend NRS 366.199^{.197} "Factor for conversion of volumetric measurement" to read:

For the purpose of taxing the sale or use of compressed natural gas or liquefied petroleum gas, 125 cubic feet of natural gas or liquefied petroleum gas shall be deemed to equal 1 gallon of special fuel.

EXHIBIT O Committee on Taxation

Date: 04/08/03 Page 1 of 1

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

MEMORANDUM

November 25, 2002

TO: Cox Communications of Las Vegas

FROM: Gardner F. Gillespie
Paul A. Burkett

RE: **Proposed DBS Tax – Nexus and Characterization Issues**

You have asked us to address two questions related to the proposed Nevada tax on DBS – (1) whether a DBS provider would have sufficient “nexus” with Nevada to be subject to tax there, and (2) whether the tax would be characterized as a “net income” tax from which a DBS provider may be exempt under applicable federal law.

Nexus. Under the Commerce Clause of the United States Constitution, an out-of-state retailer must have a physical presence in a state to be liable to collect sales and use taxes on sales in the state. In *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992), the United States Supreme Court held that a mail order company that had no employees who worked or resided in a state, that owned no more than insignificant amounts of tangible property in the state, that solicited business in the state only through catalogs and flyers, advertisements in national periodicals, and telephone calls, and that delivered all of its merchandise to customers by mail or common carrier from out-of-state locations was not subject to the state’s taxing jurisdiction. The company, therefore, could not be held liable to collect and pay over to the state any sales or use taxes on the merchandise the company sold to customers in the state. See *id.*

The Court then stated that whether this physical presence test is met “may turn on the presence in the taxing State of a small sales force, plant or office.” *Id.* The Court cited with approval *Scripto, Inc. v. Carson*, 362 U.S. 207 (1960). In *Scripto, Inc. v. Carson*, the Court had held that a Georgia corporation

EXHIBIT Q Committee on Taxation

Date: 04/08/03 Page 1 of 2

that used independent contractors to solicit orders in Florida that were accepted and processed in Georgia was required to collect and pay the Florida sales tax on these orders. 362 U.S. 207 (1960). See also *Tyler Pipe Indus., Inc. v. Washington State Dep't of Rev.*, 483 U.S. 232 (1987) (out-of-state seller that used one in-state independent contractor to follow the Washington market and solicit orders from Washington customers was not exempt from a direct tax on wholesale transactions under the Commerce Clause). Based on these decisions, it is apparent that the use of independent contractors (such as Best Buy or Sears) in Nevada to solicit orders for DBS service that are processed out-of-state by the DBS provider will subject the DBS provider to Nevada's taxing jurisdiction with respect to these orders. It is our understanding that both national DBS operators, Direct TV and Echostar, use such contractors to provide equipment to DBS subscribers and to sell DBS service.

Minimum contacts for net income taxes. Federal law (P.L. 86-272, codified at 15 U.S.C. §§ 381-384) prohibits states from imposing net income taxes on an out-of-state company if the company's only contacts with the taxing state involve "solicitation of orders. . . for sales of tangible property." The purpose of the statute was to relieve out-of-state retailers from having to learn the complexities of multiple states' income tax regimes where the retailers' contacts with the states were minimal. See S. Rep. No. 86-658 (1959), reprinted in 1959 U.S.C.C.A.N. 2548, 2549-50. The Supreme Court considered the scope of this exception from state income taxation in *Wisconsin Dep't of Rev. v. William Wrigley, Jr., Co.*, 505 U.S. 214 (1992). Specifically, *Wrigley* analyzed what activities do and do not constitute "solicitation" under P.L. 86-272. That question should not be at issue with respect to the proposed tax on DBS.

Although we do not believe that the proposed DBS tax would qualify as a "tax on net income," the short answer to the applicability of this statute is simpler. The business activities of the DBS providers in Nevada manifestly do not solely involve soliciting orders for "sales of tangible property." DBS's independent contractors do sell tangible property in the form of antennas and related equipment, and the DBS companies do occasionally provide equipment free with an order for the service. But the primary purpose of the DBS companies is to sell a service – the right to receive electronic signals. The statute does not apply in such a situation.

Please let us know if we can answer any more questions about the legality of the proposed DBS tax.

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

DICKINSON LAW REVIEW

Published since 1897



THE DICKINSON SCHOOL OF LAW
OF THE PENNSYLVANIA STATE UNIVERSITY

RIGHTS-OF-WAY REDUX:
MUNICIPAL FEES ON TELECOMMUNICATIONS COMPANIES AND CABLE OPERATORS
Gardner F. Gillespie

EXHIBIT R Committee on Taxation

Date: 04/08/03 Page of 44

Volume 107

Fall 2002

Number 2

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

McGinness, Mike Senator

From: Guy Hobbs [guy@hobbson.com]
Sent: Tuesday, April 08, 2003 11:29 AM
To: mmcginness@sen.state.nv.us
Cc: bcoffin@sen.state.nv.us; jneal@sen.state.nv.us; stiffany@sen.state.nv.us;
 aoconnell@sen.state.nv.us; rtownsend@sen.state.nv.us; DRhoads@sen.state.nv.us
Subject: SB 492

Chairman McGinness and members of Senate Taxation:

I am writing to you in regards to SB 492, which seeks to impose a tax on gross revenue that a direct broadcast satellite television company derives from sales to subscribers in this state.

This question of parity with regard to how cable versus satellite broadcast providers are taxed in Nevada was brought before the Governor's Task Force on Tax Policy this past year. With your permission, I would like to provide you and the other members of Senate Taxation with an excerpt from the Task Force report which addressed this situation as representative of challenges that technological advancements impose upon tax policy. The excerpt is provided as follows:

"Nevada is not alone in its susceptibility to changes in technology affecting the performance of its tax system. Examples of this include shifts away from hard asset based technologies toward those that rely less upon physical assets located specifically located within the traditional boundaries of a taxing entity. A more specific example of this trend includes the movement toward wireless versus hardwire communications, including both telecommunications and broadcast services.

Using broadcast services as an example, the shift from a technology that previously relied upon hard assets that were physically located within specific taxing jurisdictions (i.e., cable) toward a technology that more generally relies upon airspace (i.e., satellite) has created some challenges for taxing authorities. When assets are specifically located within a jurisdiction, the value of the assets can be appraised, apportioned and taxed, with the proceeds of the tax being returned to the entities in which the assets are located. When this is less the case, the application of traditional taxing methods may become less effective. In this example, both the application of property tax and franchise tax may be at issue.

More importantly, the difficulty in assessing taxes upon providers of similar services that use different technologies to provide the service can lead to serious questions of fairness in the application and impact of taxation. This, in turn, can lead to issues of uniformity and equity of taxation within similar industries. Such a situation was raised during the deliberations of the Task Force, where it was noted that providers of cable television services are assessed a five percent franchise tax upon the billed charges to customers, which is in turn passed through to their customers. Providers of satellite broadcast services, who are direct competitors to cable providers, are not assessed the franchise tax (and, thus, do not have a need to pass the cost of the assessment along to customers). As a result, pricing to customers of cable versus satellite systems can be impacted, creating concerns as to whether the tax system favors one type of provider versus another.

The Task Force did not recommend a particular remedy for the example noted above, but did express concern that continued changes in technology will inevitably lead to more and more similar situations in the future. The Task Force believes that a very high premium should be placed upon fairness and equity of taxation, and that no competitive advantage should be created for providers of similar goods and services within a similar industry. Thus, the Task Force recommends that the situation noted above be addressed by the Legislature. Further, it is recommended that the Legislature review the tax policies of the State to determine whether other potential inequities, caused by shifts in technology, exist."

The above comments, as excerpts from the Task Force report, are respectfully provided for your consideration.

EXHIBIT S Committee on Taxation

Date: 04/08/03 Page 1 of 1

4/8/2003

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

CABLE FRANCHISE FEE – *NOT A TAX*

The FCC, the Financial Accounting Standards Board, the Courts and Local franchising authorities agree that franchise fees are RENTS:

1. Federal Communications Commission Local and State Advisory Committee: Advisory Recommendation No. 21 – May 3, 2000

“The Commission should reject arguments that franchise fees are “taxes”. A franchise fee is not a tax, but an expense of doing business that is essentially a form of rent.” City of Dallas v. F.C.C., 118F.3d 393, 397-398 (1997).

Franchise fees are the rent cable operators pay for use of rights of ways.

2. Financial Accounting Standards Board Statement of Financial Accounting Standards No.51:

“cable franchise fees are costs no different than the general managers salary, marketing costs and programming costs.”

3. United States Court of Appeals – Fifth Circuit – City of Dallas v. F.C.C.

“In sum, there can be no doubt that franchise fees imposed on the cable operator are part of a cable operators expense of doing business....”

4. Cable Television Agreement Between City of Las Vegas and Cox Communications Las Vegas, Inc.

Terms: Franchise – A non exclusive authorization granted to construct, operate and maintain a Cable System along public rights of ways.

Conditions: Franchise Fee – “(a) Payment to franchising authority as compensation for use of the public rights of ways, the Company shall pay to the franchising authority a franchise fee.

FRANCHISE FEES PAID BY CABLE TELEVISION OPERATORS ARE
NOT A TAX

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

**Statement by
Michael W. Palkovic,
Senior Vice President & Chief Financial Officer,
DIRECTV**

**Before the Senate Taxation Committee
Carson City, Nevada, Tuesday, April 8, 2003**

- I appear before you today to comment on SB492, a bill that seeks to impose a 5% tax on the gross revenue of direct broadcast satellite companies --- later I would like to comment on SB382, a bill that a seeks to impose a 3% sales tax on DBS and other services.
- DIRECTV, which is owned by Hughes Electronics, a subsidiary of General Motors, is the nation's leading satellite television broadcaster, offering our more than 11 million subscribers access to hundreds of digital video and audio channels.
- In a few short years, satellite TV has captured almost a quarter of the nation's subscription TV business. Today there are approximately 118,000 satellite TV subscribers in Nevada, compared to 418,000 cable TV subscribers.
- Unlike cable TV, DBS places no infrastructure burden on the state or its communities -- no wires on poles, no digging trenches for cables. Our signals come from satellites orbiting 22,000 miles above the earth.
- We are an industry, that has succeeded in its significant growth because we provide a superior service at an affordable price.
- This tax flies in the face of Federal policy, created to encourage DBS to become a viable competitor to the nation's entrenched cable franchises. The Telecommunications Act of 1996 mandated a pro-competitive climate for the budding DBS industry and called on the FCC to drastically reduce regulation of the TV industry so as to bring prices down to an affordable level.
- In the five years after cable was deregulated in 1996, according to *Consumer Reports*, cable rates rose by 44.7%, inflation by 16.5% -- and satellite by a mere 5%. Many believe cable rates might have soared even higher, were it not for the competition provided by satellite.
- It is no secret that the cable TV industry has been a strong proponent of imposing taxes on satellite TV, their major competitor. They use as their rationale the fact that they pay franchise fees to the cities they serve and thus should be spared the imposition of sales taxes on their services in return. This argument is specious. Franchise fees, according to the FCC and the Federal Courts, are simply rent that cable firms pay to communities for an exclusive franchise, and to compensate for the

EXHIBIT U Committee on Taxation

Date: 04/08/03 Page 1 of 2

burden they place on the community's infrastructure when they dig trenches or string wires. It is a business arrangement that they pursue aggressively, and -- to quote a Federal Appeals Court Judge -- "cable franchise fees are costs no different than the general manager's salary, marketing costs and programming costs." In our case, the Federal Government collects fees from us for our orbital parking slots.

- If -- in your wisdom -- - you proceed to impose the gross revenue tax on the direct broadcast industry, then you must apply it to the cable TV industry since the services provided are essentially the same. Fairness and the Commerce Clause of the United States Constitution demand this. The Commerce Clause prohibits state taxes on interstate commerce that have no nexus to the taxing state, that are not fairly related to services provided by the taxing state, and that discriminate against interstate commerce.
- There are three times as many cable subscribers, as satellite subscribers, so if its money you're after, why go for a slice when you can just as well go after the entire pie? This way you would get more revenue overall, and could significantly reduce the tax rate, thus impacting the beleaguered consumer less.
- In conclusion, I ask you not to impose this gross revenue tax on our industry. We provide information, education and entertainment to your citizens without placing any burden whatsoever on your infrastructure.

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.



State of Nevada
DEPARTMENT OF TAXATION

SB 382

Kenny C. Guinn
Governor

Barbara Smith Campbell
Chair, NV Tax Commission

Charles E. Chinnock
Executive Director

EXHIBIT V Committee on Taxation

Date: 04/08/03 Page 1 of 16

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

SECTION BY SECTION SUMMARY OF SB 382
(Senator Amodei and Senator Care Tax Bill)

AMUSEMENT TAX - Effective July 1, 2003 for purpose of developing regulations and January 1, 2004 for imposition of tax.

- Section 3 - 6 Definitions: "Admission charge"; "Commission"; "Entertainment"; "Taxpayer".
- Section 7 Gives authority to the Department of Taxation for the administration of the tax and requires revenue to be credited to the State's general fund.
- Section 8-10 Procedures for record keeping, confidentiality of information and allowed exceptions to confidentiality.
- Section 11 Imposes an excise tax of 3% on the admission charge to any place where entertainment is provided, "on that portion of each individual admission charge that exceeds \$10." Also provides exemptions to tax.
- Section 12 Requires taxes owed to State to be held in trust for State.
- Section 13 Requires tax collected to be remitted monthly.
- Section 14 Provides a collection allowance of 1% if amount is remitted in the first half of the period the taxes are due.
- Section 15 "Good cause" extension of 30 days.
- Section 16 Provides that the remedies of the State are cumulative.
- Section 17-19 Refund procedures when overpayment is made.
- Section 20. Legal conditions to prevent actions to prevent or enjoin collection of tax; and requirement for claim to be filed prior to court filing.
- Sections 21-22 Department and legal procedures (including time frames) for claimant to file actions for recovery.
- Sections 23-24 Conditions for judgements, including interest.
- Section 25 Recovery by Department through legal actions.
- Section 26 Establishes de minimus amount for cancellation of amount illegally determined to have been collected.
- Section 27 Penalty for falsifying records or attempting to evade or defraud State.
- Section 28 Declaration of Legislative intent that the tax must not be raised for a period of at least 10 years after January 1, 2004.

TRANSACTION TAX ON SERVICES - Effective July 1, 2003 for purpose of developing regulations and January 1, 2004 for imposition of tax.

- Section 31-37 Definitions: "Business or profession"; "Commission"; "Exemptions from the taxes imposed by this chapter"; "In this state"; "Provider of Service"; "Service" (also notes that the term "Service" does not include labor for hire or employment for a salary or commission).
- Section 38 Imposes a tax of 3% for providing a service. For personal services there is a \$50 threshold before the 3% is imposed. Personal services are defined as services purchased by an individual for his personal needs and not for business purposes.
- Section 39-40 Requires obtaining a permit from the Department of Taxation and payment of a \$5.00 permit fee. Also sets conditions for revoking a permit and reissuing a permit.
- Section 41 Provides exemptions for: Any service Constitutionally prohibited by Nevada or US law from being taxed; Service provided by one member of a group of affiliated enterprises to another member of the group; a component of residential construction; child care; health care; any utility regulated by NRS 704; any service related to entertainment; advertising; the collection and disposal of garbage.
- Section 42-44 Provides for the remittance of the tax following each reporting period and details reporting procedure.
- Section 45 Provisions for deducting bad debt. Also provides for 10% penalty and graduated rate of interest.
- Section 46 A provider of a service that does not exceed \$10,000 per month in sales files his reports quarterly. The Department may require different reporting times if it determines that the change is necessary to ensure payment of the tax.
- Section 47 Good cause extension of 30 days.
- Section 48-49 Department actions to insure compliance with the provisions of the service tax, including the establishment of a security deposit.
- Section 50-52 Refund procedures if tax has been overpaid.
- Section 53-58 Legal conditions to prevent actions to prevent or enjoin collection of tax; requirement for claim to be filed prior to court filing; provisions for erroneous judgments; and rate of interest.
- Section 59 Establishes \$25 as the de minimus amount for cancellation of amount illegally determined to have been collected.
- Section 60 Gives authority to the Department of Taxation for the administration of the tax and requires revenue to be credited to the State's general fund.
- Section 61 Allows Department to employ those persons necessary to administer this chapter.
- Section 62-64 Provisions for record keeping , audits and confidentiality.
- Section 65-69 Penalty and interest for failure to file reports or remit payments. Also defines legal penalties for these offenses.
- Section 70-71 Provides that remedies of the State are cumulative; and the Department may act for and on behalf of the people of the State.
- Section 72 Declaration of Legislative intent that this tax must not be increased for a period of at least 10 years.
- Section 73-78 Conforming language.

BUSINESS TAX - EFFECTIVE JULY 1, 2003

- Section 80 Establishes a business license annual renewal fee and reinstatement fee of \$50.
- Section 81 Declaration of Legislative intent that this renewal fee must not be increased for a period of at least 10 years.
- Section 82 Expands the definition of "natural person" to include a sole proprietor or any partner of a business; and adds to the exemptions from payment of the tax, a natural person who cares for children in one household at a time.
- Section 83 Increases the initial business license application fee from \$25 to \$50.
- Section 84 Increases the business tax from \$25 per FTE, per quarter to \$50 per FTE, per quarter.
- Section 85 Conforming language.
- Section 177 Provides that a business license expires the last day of the month of the anniversary date of issuance, unless it is renewed on or before the date of expiration.

ALCOHOLIC BEVERAGE TAX

- Section 86 Declaration of Legislative intent that this tax must not be increased for a period of at least 10 years.
- Section 87-88 Doubles all alcoholic beverage taxes (hard liquor, cordials, wine and beer) effective July 1, 2003.

CIGARETTE TAX

- Section 89 Declaration of Legislative intent that these taxes must not be increased for a period of at least 10 years.
- Section 90-95 Increases the tax rate 25 cents effective July 1, 2003 and an additional 15 cents effective July 1, 2004 for a total increase when fully implemented of 40 cents.

SALES AND USE TAX

- Section 96 Mandates the registration of a business for the sales and use tax at the time the business files for the business license tax effective July 1, 2003.
- Section 97 Conforming language for fine arts exemption. Effective July 1, 2003 for purpose of developing regulations and January 1, 2004 for implementation.

SECRETARY OF STATE FEES - Effective July 1, 2003

- Section 98-128, 130-136 and 166-167 and 169-171
Increases various Secretary of State fees.
- Section 129 Declaration of Legislative intent that fees collected by the Secretary of State will not be increased for a period of at least 10 years.

TRANSIENT LODGING TAX (ROOM TAX)

- Section 137-144 Increases the room tax 2% effective July 1, 2003 and provides conforming language.
- Section 172-173 Increases the room tax an additional 1% (total 3%) effective July 1, 2005

REVENUE REFORM

- Section 145 Changes the Disaster Relief Fund to the Disaster Relief Account.
- Section 146 Requires a state agency that receives more than \$1 million in revenue annually to establish a program that provides for the payment of money by credit or debit cards, or electronic funds transfers. Also requires electronic or telephonic reporting associated with the payment of funds.

REVENUE REFORM CONTD.

- Section 147 Requires that each agency identify the reason that any position has remained vacant for a period of 12 months.
- Section 148 Revises the State's expenditure cap by changing the base year to the immediately preceding biennium, and requiring the deduction of any expenditure transferred from the general fund to another fund.
- Section 149 Conforming language.
- Section 150 Provides the Disaster Relief Account is a Special Account in the Rainy Day Fund (the fund to stabilize the operation of State government).
- Section 151-159 Conforming language.
- Section 160 Increases the amount that may be accumulated in the Rainy Day Fund to 15% (from 10%), and changes the amount available for the Disaster Relief Account.
- Section 161 Gives authority to the State Controller to coordinate all debt collection efforts.
- Section 162 Creates the Emergency Assistance Account as a sub-account within the Disaster Relief Account.

GAMING TAXES - Effective July 1, 2003

- Section 163 Declaration of Legislative intent that the gross gaming tax and restricted slot fees not be increased for a period of ten years.
- Section 164 Creates a forth tier to the gross gaming tax schedule of "... gross revenue of the licensee which exceeds \$250,000 per calendar month." and establishes a tax rate of 6 and 3/4% on revenue over \$250,000.
- Section 165 Increases the restricted slot tax fee from \$61 for each slot machine to \$80, and for each machine in excess of five (but not more than 15) from \$305 plus \$106 for each machine over 5 to \$412 plus \$143 for each machine over 5.

BUSINESS SURCHARGE

- Section 168 Imposes a surcharge on each employer based on required contributions to the Unemployment Insurance Fund as follows: (1) If the employer employs not more than 300 full-time employees a surcharge of 35%; (2) If the employer employs more than 300 full-time employees a surcharge of 50%. Also contains a declaration of Legislative intent that the surcharge must not be increased for a period of at least 10 years. The revenue is to be deposited to the State's general fund.

PROPERTY TAX

- Section 175 Imposes a property tax of 5 cents on each \$100 of assessed valuation effective July 1, 2004 and 10 cents on each \$100 of assessed valuation effective July 1, 2005
- Section 176 Requires the Governor to revise the Executive Budget by reducing expenditures \$25 million in the first year of the biennium and an additional \$25 million in the second year of the biennium. Requires the revised budget to be delivered to the Senate Finance and Assembly Ways and Means Committees on April 1, 2003.

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

ESTIMATE OF ADDITIONAL GENERAL FUND REVENUE GENERATED FROM PROPOSED TAX CHANGES OR ENHANCEMENTS INCLUDED IN S.B. 382
 Dollar amounts represent additional revenue generated over the December 2, 2002 Economic Forum Forecast for those general fund taxes currently in statute
 (Amounts represent Millions of Dollars)

FY 2003-04 FY 2004-05

Description

Proposed Changes to Taxes Currently in Statute

Gaming Percentage Fee Tax	\$44,850	\$46,644	Add a fourth tier that taxes monthly gross gaming revenues over \$250,000 at 6.75% (NRS 463.370) (effective July 1, 2003).
Quarterly Restricted Slot Tax	\$2,376	\$2,455	Increase the rate from \$61 to \$80 for machines 1-5 and from \$106 to \$143 for machines 6-15 (effective July 1, 2003).
Business License Fee	\$3,938	\$4,557	Increase fee from \$25 to \$50 and require it to become an annual fee rather than one-time fee (effective July 1, 2003).
Business License Tax	\$90,004	\$96,732	Increase fee from \$25 to \$50 per employee per quarter (effective July 1, 2003).
Liquor Tax	\$20,179	\$20,715	Double all liquor taxes: Beer - from 9 to 18 cents per gallon; Liquor up to 14% alcohol - from 40 to 80 cents per gallon; Liquor 14% - 22% alcohol - from 75 cent to \$1.50 per gallon; Liquor over 22% alcohol - from \$2.05 to \$4.10 (general fund portion goes from \$1.40 to \$3.45) (effective July 1, 2003).
Cigarette Tax	\$41,309	\$66,323	Increase tax from 35 cents per pack of 20 to 60 cents per pack of 20 on July 1, 2003 (FY 2004) and increase to 75 cents per pack of 20 on July 1, 2004 (FY 2005). General fund portion goes from 25 cents to 50 cents in FY 2004 and 65 cents in FY 2005.
Secretary of State Fees	\$17,188	\$17,208	Increase all Secretary of State fees, not increased in SB 577 (2001 Session), by 50% (excluding fees based on value of the number of shares) (effective July 1, 2003).
Room Tax	\$65,616	\$68,241	Impose a state room tax on the rental of transient lodging dedicated to the state general fund of 2% in FY 2004 and FY 2005 (increase to 3% in FY 2006) (effective July 1, 2003).
State Property Tax		\$34,741	Impose an ad valorem tax of 5 cents per \$100 of assessed valuation dedicated to the state general fund in FY 2005 (effective July 1, 2004). Impose 10-cent per \$100 of assessed valuation in FY 2006 (effective July 1, 2005).
TOTAL - Current Taxes	\$285,460	\$357,615	

Proposed New Taxes

Admissions Tax	\$16,238	\$33,760	Admissions tax on entertainment events at a rate of 3% of that portion of the admissions charge exceeding \$10 (effective January 1, 2004).
Services Tax	\$659,590	\$690,940	Tax of 3% on non-exempt services (effective January 1, 2004). Includes \$50 exemption for personal services.
Unemployment Insurance Contributions Surcharge			35% surcharge on contributions for employers with 300 or less employees; 50% surcharge on contributions for employers with more than 300 employees (effective January 1, 2004).

TOTAL - New Taxes \$675,828 \$724,700

TOTAL - All Taxes \$961,287 \$1,082,314

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

**ROOM TAX RATES FOR THE STATE OF NEVADA
YEAR 2002**

<u>CITY/COUNTY</u>	<u>RATE</u>
Carson City	8%
Churchill County	7%
Fallon	7%
Clark County	9% Resort 9% All Others Within 35 Miles 7% All Others Outside 35 Miles
Boulder City	9% - Over 100 Rooms 7% - Under 100 Rooms
Henderson	10% Resort 9% Commercial
City of Las Vegas	9, OR 10% 75 Rooms or Less 9, OR 11% 75 Rooms or More
Mesquite	9%
North Las Vegas	9% - Resorts 9% - Non-resort
Douglas County	10% Valley 10% Lake
ELKO COUNTY	6% County 8% Convention District 8% Jackpot
Carlin	7%
City of Elko	10%
West Wendover	10% July 2001 to November 2001 16% November 2001 to July 2002
City of Wells	9%

EXHIBIT Y Committee on Taxation

Date: 04/08/03 Page 1 of 1

CITY/COUNTY	RATE	FY 02 REVENUE	EXPENSED
CARSON CITY	8%	\$ 944,901.00	41,955.00 - STATE 23,723.00 - RECREATIONAL FACILITIES 20,974.00 - FIELD MAINTENANCE 14,583.00 - GRANTS & SPECIAL PROJECTS 288,572.00 - ADMINISTRATIVE 265,159.00 - ADVERTISING 3,000.00 - WILD WEST TOUR/GHOST WALK 11,898.00 - CAPITAL EXPENDITURES 95,037.00 - INCOME OVER EXPENSES
CHURCHILL COUNTY	7%	\$ 7,054.73	377.94 - STATE 6,676.79 - PARKS/RECREATION
FALLON	7%	\$ 309,334.00	16,449.00 - STATE 150,000.00 - CONVENTION CENTER 103,395.00 - TOURISM 39,490.00 - UNEXPENDED BALANCE
CLARK COUNTY	9% RESORT 9% ALL OTHERS	\$ 208,234,780.00	8,842,948.00 - STATE 25,287,871.00 - CLARK COUNTY GENERAL FUND 21,740,878.00 - TRANS PARADISE/WINCHESTER TOWN 735,491.00 - TRANS DISTRICT (LAUGHLIN) 615,428.00 - TRANS DISTRICT OTHER 112,751,376.00 - LAS VEGAS CONVENTION AUTHORITY 38,250,988.00 - CLARK COUNTY SCHOOL DISTRICT
BOULDER CITY	9% - OVER 100 ROOMS 7% - UNDER 100 ROOMS	\$ 182,232.54	8,095.74 - STATE 117,662.90 - LAS VEGAS CONVENTION & VISITOR AUTH 21,801.53 - CLARK COUNTY 14,672.37 - CLARK CNTY SCHOOL DISTRICT

CITY/COUNTY	RATE	FY 02 REVENUE	EXPENSED
HENDERSON	10% RESORT 9% COMMERCIAL	\$ 4,024,166.68	156,847.71 - STATE 1,510,454.15 - LV CONV & VISITORS AUTHORITY 5% 429,627.73 - LV CONV & VISITORS AUTHORITY 4% 416,682.34 - CLARK COUNTY 832,610.95 - HENDERSON CONVENTION CENTER 677,943.80 - CLARK CNTY SCHOOL DISTRICT
CITY LAS VEGAS	9, OR 10%-75 ROOMS OR LESS	\$ 16,024,811.61	617,926.25 - STATE 8,174,173.17 - LV CONV. & VISITORS AUTHORITY 1,712,868.82 - LAS VEGAS GENERAL GOVERNMENT 1,647,804.69 - CLARK COUNTY TRANSPORTATION PLAN 1,647,803.50 - CLARK COUNTY SCHOOL DISTRICT 1,029,877.85 - CLARK COUNTY ROOM TAX 1,194,557.53 - FREMONT STREET EXPERIENCE
MESQUITE	9%	\$ 1,875,061.42	78,015.07 - STATE 130,025.11 - CLRK CO. SCHOOL DIST-CAPITAL PROJECTS 832,780.14 - LV CONV. & VISITORS AUTH 51,102.00 - CITY RETEN; PARKS, MUSEUM, FAIR GRNDS 387,058.70 - CITY EC DEV.- REC, SPECIAL EVENTS 208,040.20 - CLARK CNTY SCHOOL BOND 208,040.20 - CLRK CO TRANSIENT LDGING/TRANSPORTATION
NORTH LAS VEGAS	9% - RESORTS 9% - NON-RESORT	\$ 714,461.81	30,007.42 - STATE 382,606.15 - LV CONV. & VISITORS AUTH 113,225.42 - CITY OF NORTH LAS VEGAS 79,305.26 - CLARK COUNTY 129,317.56 - CLARK CO SCHOOL DISTRICT

3

CITY/COUNTY	RATE	FY 02 REVENUE	EXPENSED
DOUGLAS	10% - VALLEY	\$ 7,028,807.00	259,682.00 - STATE 2,384,344.00 - LIBRARY/PARKS/RECREATION 376,271.00 - SENIOR SERVICE 3,146,886.00 - CHAMBERS/VISITOR'S AUTHORITY 859,614.00 - DEBT SERVICE BONDS 0.00 - AIRPORT
ELKO COUNTY	10% - LAKE	\$ 11,476.62	2,183,000.00 - STATE 5,000.00 - ELKO CO. REC. BOARD 2,331.42 - LAMOILE GROVE 2,215.85 - MOUNTAIN CITY 1,929.35 - UNEXPENDED BALANCE 38,383.55 - JACKPOT TOURISM & PROMOTION 407,499.54 - JACKPOT RECREATION FUND 461,665.03 - JACKPOT TOURISM PROMOTION 41,221.89 - ELKO FAIR & REC. BOARD
CARLIN	7%	\$ 29,524.45	1,627.24 - STATE 25,186.21 - PARK MAINTENANCE 2,701.00 - ELKO CNTY REC BOARD
CITY OF ELKO	10.00%	\$ 1,349,070.04	50,590.13 - STATE 320,404.13 - ELKO CITY/CNTY CIVIC AUDITORIUM 304,240.39 - RECREATION - PARK IMP 250,000.00 - INTERGOVERNMENTAL - SOUTH-FORK PROJECT 20,000.00 - INTERGOVERNMENTAL - ELKO CNTY REC BOARD 67,453.50 - ELKO CNTY FAIR BOARD 16,863.38 - ELKO CNTY SNOWBOWL 118,624.00 - GENERAL GOVERNMENT 52,202.07 - SPECIAL EVENT SERV. 236,087.26 - ECVA MARKETING CAMPAIGN 2,490.00 - GOLF COURSE IMP 21,628.99 - SWIMMING POOL IMP. 94,908.22 - HUMBOLDT AREA REC. PROJ. 45,943.83 - SHERMAN STATION IMP. 84,316.88 - ELKO COUNTY REC. BOARD 33,728.75 - WESTERN FOLKLIFE CENTER 30,502.07 - FLY ELKO PROMOTION (400,809.58) - UNEXPENDED BALANCE

4

CITY/COUNTY	RATE	FY 02 REVENUE		EXPENSED
		10% 7/1/01 to 11/01/01	15% 11/5/01 to 06/31/02	
WEST WENDOVER			1,515,577.61	
		9% - W WENDOVER RECREATION DI		41,483.38 - STATE
		3/8% - STATE		1,337,023.80 - W WENDOVER RECREATION DIST
		5/8% - ELKO CO REC BOARD		89,136.98 - ELKO CNTY RECREATION BOARD
		14% - WEST WENDOVER RECREATION		67,931.45 - WEST WENDOVER PROMOTIONS & TOURISM
		1% - PROMOTION/TOURISM FUND		
		3/8% - STATE		
		5/8% - ELKO CO REC BOARD		
CITY OF WELLS	9%	8% - CITY	\$ 131,236.31	5,468.18 - STATE
		3/8% - STATE		116,654.50 - CITY RECREATION FUND
		5/8% - ELKO CO		9,113.63 - CITY RECREATION BOARD
ESMERALDA	7%	6 5/8% - COUNTY	\$ 288.54	1.09 - STATE
		3/8% - STATE		1.80 - ADVERTISING
				67.84 - GOLDFIELD PARK
				67.84 - SILVER PEAK PARK
				67.84 - FISH LAKE VALLEY PARK
				67.85 - ESMERALDA CO HISTORIC PRESERVATION FUND
				14.28 - GOLDFIELD CHAMBER OF COMMERCE
EUREKA COUNTY	8%	3/8% - STATE	\$ 62,530.73	2,931.14 - STATE
		5/8% - TOURISM		22,500.00 - RECREATION FUND
		7% - RECREATION FUND		2,300.00 - TOURISM FUND
				34,798.59 - UNEXPENDED BALANCE
PROMISED COUNTY WINNECOCK	10%	9 5/8% - COUNTY	\$ 822,434.00	34,961.00 - STATE
		3/8% - STATE		34,267.00 - GENERAL GOVERNMENT
				15,000.00 - CHAMBER OF COMMERCE
				662,032.00 - LOCAL TOURISM, CULTURAL & RECREATION
				76,174.00 - TRNS. TO CO.-LT DEBT (CYRD EVENT CNTR)
LANDER COUNTY	8%	7 5/8% - COUNTY	\$ 126,069.50	5,909.50 - STATE
		3/8% - STATE		98,960.00 - SPECIAL PROJECTS
				23,200.00 - ADVERTISING & SUPPLIES
LINCOLN COUNTY	5%	4 5/8% - COUNTY	\$ 110,513.54	3,156.42 - STATE
		3/8% - STATE		1,002.93 - LOCAL BOARD COSTS
				16,000.00 - TOURISM
				90,364.19 - UNEXPENDED BALANCE

5

CITY/COUNTY	RATE	FY 02 REVENUE	EXPENSED
CALIENTE	6%	\$ 20,082.52	1,834.60 - STATE 15,864.74 - CONVENTION & VISITORS AUTHORITY 2,383.18 - UNEXPENDED BALANCE
LYON COUNTY	8%	\$ 128,881.53	8,809.36 - STATE 309.60 - PACT (INDUSTRIAL INSURANCE) 718.70 - SUPPLIES 125,093.47 - ROOM TAX GRANTS AWARDED (8,049.60) - UNEXPENDED BALANCE FROM PRIOR YEARS
MINERAL COUNTY	10% MOTELS/HOTELS 9% RV PARKS	\$ 141,423.14	5,713.4 - STATE 90,923.74 - PARK AND RECREATION 44,785.93 - TOURISM FAIR & RECREATION
NYE COUNTY	9%	\$ 684,470.50	28,071.86 - STATE 45,184.67 - COUNTY 85,954.43 - BEATTY GEN IMPROVEMENT 51,744.79 - BEATTY 710.62 - ROUND MOUNTAIN 27,090.04 - AMARGOSA 32,757.90 - PAHRUMP ECON DEV 16,379.01 - PAHRUMP PARKS 18,379.01 - PAHRUMP ARENA 98,273.68 - PAHRUMP TOURISM 98,923.73 - PAHRUMP ADDL TOURISM 24,134.18 - TONOPAH TOWN 139,787.65 - TONOPAH CONV CENTER 18,098.93 - TONOPAH MINING PARK
GABBS	0%	\$0.00	NONE TO REPORT IN FY 02
PERSHING COUNTY	9.50%	\$ 115,240.00	4,548.95 - STATE 27,318.68 - GENERAL GOVERNMENT, 41,125.68 - RECREATION 3,000.00 - CHAMBER OF COMMERCE 39,246.89 - TOURISM

6

CITY/COUNTY	RATE	FY 02 REVENUE	EXPENSED
WASHOE COUNTY	11%	\$ 32,278,138.00	993,445.00 - STATE 1,944,059.00 - CITY OF RENO PARKS & REC. 989,646.00 - RENO RAILROAD 377,099.00 - WASHOE COUNTY 184,794.00 - SPARKS CITY CENTER PROJECT 1,464,758.00 - RENO REDEVELOPMENT FROM CITY CENTER 25,087,316.00 - RSCVA FOR OPER/MAINT/ DEBT SERVICE 1,227,021.00 - RENO DOWNTOWN EVENTS CENTER PROJECT (INCLUDES NBS)
	12%		
	13.50%		
	12%		
WHITE PINE ELY	8%	\$ 843,383.00	18,669.00 - STATE 37,771.00 - GENERAL GOVERNMENT 385,970.00 - CULTURE AND RECREATION 58,596.00 - CAPITAL OUTLAY 141,357.00 - UNEXPENDED FUND BALANCE
STOREY VIRGINIA CITY	8%	\$ 52,074.84	2,535.88 - STATE 49,538.96 - VIRGINIA CITY CONV. & TOURISM AUTHORITY

7

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

MEMORANDUM

DATE: January 24, 2003
FROM: Mandy Rafool
National Conference of State Legislatures
RE: State lodging taxes

The following table contains state lodging tax rates. Please keep in mind that these taxes are often levied in addition to sales taxes and local taxes.

Specific statewide taxes on lodging, by state

Alabama	4.0 %
Arizona	5.5
Arkansas	2.0
Connecticut	12.0
Delaware	8.0
DC	14.55
Hawaii	7.25
Idaho	2.0
Illinois	6.0
Maine	7.0
Massachusetts	5.7
Montana	4.0
Nebraska	1.0
New Hampshire	8.0
Oklahoma	0.1
Rhode Island	6.0
South Dakota	1.0
Texas	6.0
Vermont	9.0

Source, Commerce Clearing House, 2002

I hope this information helps. Feel free to call me at 303/364-7700 if you have any questions.

EXHIBIT Z Committee on Taxation

Date: 04/08/03 Page 1 of 8

STATE AND LOCAL ACCOMMODATION TAXES - 1998							COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
STATE/JURISDICTION	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES
Alabama	4%	4%*	4%	25% to tourism fund 75% to general fund	up to 4%	up to 5%	majority goes to local tourism offices Mobile State: 4% Local sales: 1% Local lodging: 5% Total: 10%
* Lodging tax is in lieu of sales tax.							Anchorage Local lodging: 8% Total: 8%
Alaska *	none	none	None	n/a	up to 0%	up to 9%	
* All accommodation taxes are local option.							Phoenix State: 5.5% Local sales: .825% (includes 0.25% for stadium district) Local lodging: 4.3% Total: 10.625%
Arizona	5%	5.5%*	5.5%	general fund	up to 2.5%	up to 4.3%	
* Lodging tax is in lieu of sales tax.							Little Rock State: 6.625% Local sales: 1.5% Local lodging: 2% Total: 10.125%
Arkansas	4.625%	2%	6.625%	state tourism promotion	up to 4%	up to 3%	
California*	6%	none	None	n/a	up to 2.5%	no specified maximum	Los Angeles Local lodging: 14% Total: 14%
* All accommodation taxes are local option.							Denver State: 3% Local lodging: 8% (3% goes to retire convention center bonds) Special districts: 0.8% Total: 11.8%
Colorado	3%	none	3%	n/a	up to 5%	no specified maximum	
Connecticut	6%	12%*	12%	25% to regional tourism offices	none	none	Hartford State: 12% No local taxes Total: 12%
* Lodging tax is in lieu of sales tax.							Wilmington State: 8% No local taxes Total: 8% Washington, D.C. State: 13% Lodging surcharge: \$1.50/day Total: 13% + \$1.50/day
Delaware	none	8%	8%	1% to specific counties for tourism promotion	none	none	n/a
District of Columbia	5.75%	13%* plus \$1.50 per day	13% plus \$1.50 per day	convention center	same as state	same as state	same as state
* Lodging tax is in lieu of sales tax.							

2

STATE AND LOCAL ACCOMMODATION TAXES - 1998

STATE/ JURISDICTION	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Florida	6%	none	6%	n/a	up to 1.5%	up to 6%	tourism and convention development	Miami State: 6% Local lodging: 6% (3% tourism development and 3% convention development) Indigent care tax: 0.5% Total: 12.5%
Georgia	4%	none	4%	n/a	up to 2%	up to 8%	local discretion	Atlanta State: 4% Local sales: 1% Transit district: 1% Local lodging: 8% Total: 14%
Hawaii	4.16%	7.25%	11.41%	for convention center fund, counties and general fund	none	none	n/a	Honolulu State: 11.41% No local taxes Total: 11.41%
Idaho	5%	2%	7%	tourism development	up to 2% (resorts only)	up to 2%	tourism promotion	Boise State: 7% Local lodging: 2% Auditorium district: 2% Total: 11%
Illinois	6.25%	6%*	6.2%	tourism promotion	up to 2% plus transit sales taxes	up to 5% (Chicago-up to 8%)	tourism promotion (non- home-rule communities)	Chicago State: 6.2% Local sales: 1.1% Metro Pier & Expo: 2.5% Chicago occupancy: 3% Stadium tax: 2.1% Total: 14.9%
* Lodging tax is in lieu of sales tax.								
Indiana	5%	none	5%	n/a	none	up to 6%	local discretion	Indianapolis State: 5% Local lodging: 5% Total: 10%
Iowa	5%	none	5%	n/a	up to 1%	up to 7%	local discretion	Des Moines State: 5% No local sales tax Local lodging: 7% Total: 12%
Kansas	4.9%	none	4.9%	n/a	up to 2%	up to 6%	tourism promotion	Wichita State: 4.9% Local sales tax: 1% Local lodging: 6% Total: 11.9%
Kentucky	6%	none	6%	n/a	none	up to 5%	tourism promotion and convention centers	Louisville State: 6% No local sales tax Local lodging: 5% Total: 11%

W

STATE AND LOCAL ACCOMMODATION TAXES - 1998

STATE/ JURISDICTION	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Louisiana	4%	none	4% (2% on lodging in Orleans and Jefferson parishes)	4% state sales tax rate includes a .03% levy by the Louisiana Tourism Promotional District	up to 5%	up to 5.25%*	local discretion	New Orleans State: 2% Local sales: 3% Stadium Authority: 4% Exhibition Hall: 2% Total: 11% plus daily surcharge
* The New Orleans Exhibition Hall Authority imposes an additional surcharge. The rate varies from \$0.50 to \$2 per night according to the number of rooms in the facility.								
Maine	5.5%	7%*	7%	general fund	none	none	n/a	Portland State: 7% No local taxes Total: 7%
* Lodging tax is in lieu of sales tax.								
Maryland	5%	none	5%	n/a	none	up to 8%	general fund	Baltimore State: 5% Local lodging: 7% Total: 12%
Massachusetts	5%	5.7%*	5.7%	35% to tourism fund for local tourism councils, international tourism and the state convention center	none	up to 4%	local discretion	Boston State: 5.7% Local lodging: 4% Total: 9.7%
* Lodging tax is in lieu of sales tax.								
Michigan	6%	none	6%	n/a	none	up to 5% (additional taxes imposed in Detroit)	tourism promotion	Detroit State: 6% Local lodging assessment: 2% Stadium tax: 1% Convention facility tax: 6%* Total: 15%
* Convention facility tax (Detroit, rate varies from 3% to 6% according to room size; outside Detroit in Wayne, Oakland and Macomb counties, rates range from 1.5% to 3%; facilities with less than 81 rooms are exempt).								
Minnesota	6.5%	none	6.5%	n/a	up to 1%	up to 6%*	tourism promotion	Minneapolis State: 6.5% Local sales tax: 0.5% Entertainment tax: 3% Local lodging: 2% Total: 12%
* The 2% transient lodging tax in Minneapolis applies to facilities with more than 50 rooms.								
Mississippi	7%	none	7%	n/a	none	up to 3%	tourism promotion	Jackson State: 7% Local lodging: 1% plus \$0.75/night Total: 8% plus \$0.75/night
Missouri	4.225%	none	4.225%	n/a	up to 3.75%	up to 5.5%	construction, maintenance or operation of convention and tourism facilities	St. Louis State: 4.225% Convention/sports: 3.5% Local sales tax: 2.625% Local lodging: 3.75% Total: 14.1%

4

STATE AND LOCAL ACCOMMODATION TAXES - 1998

STATE/ JURISDICTION	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Montana	none	4%	4%	lodging tax revenues divided among the following: State Parks, Department of Revenue, University System, Historical Society and the Department of Commerce	none	up to 3% in designated resort communities (5 qualify)*	local discretion	Bozeman State: 4% No local taxes Total: 4%
* The five resort communities are West Yellowstone, Whitefish, Virginia City, St. Regis and Big Sky.								
Nebraska	5%	1%	6%	state visitors promotion cash fund	up to 1.5%	up to 4%	visitor promotion and visitor attractions	Omaha State: 6% Local sales: 1% Local lodging: 4% Total: 11%
Nevada *	6.5%, 6.75% or 7%**	none	none	n/a	up to 0.5%	up to 6%	local discretion	Las Vegas Local lodging: 6% Other local tax: 2% Total: 8%
* All accommodation taxes are local option. ** State sales tax varies by county.								
New Hampshire	none	8%	8%	general fund	none	none	n/a	Manchester State: 8% No local taxes Total: 8%
New Jersey	6%	none	6%*	n/a	none	up to 6% (9% in Atlantic City and 8% in Cape May)	tourism development (Cape May County only)	Atlantic City State: 4% Local luxury tax: 9% Total: 13%
* When combined with the luxury tax, the state rate is limited to 4% for a combined maximum rate of 13%.								
New Mexico	5%	none	5%	n/a	up to 1.9375%	up to 5%	tourism promotion	Santa Fe State: 5% Local sales: 1.25% Local lodging: 4% Total: 10.25%
New York	4%	none	4%	n/a	up to 4.25%	up to 7%	local discretion	New York State: 4% Local sales: 4.25% Local lodging: 5% plus \$2/day Total: 13.25% plus \$2/day
* New York City imposes a lodging surcharge of \$2/day on rooms that cost more than \$40.								
North Carolina	4%	none	4%	n/a	up to 2.5%	up to 6%	local discretion	Charlotte State: 4% Local sales: 2.5% Local lodging: 6% Total: 12.5%
North Dakota	5%	none	5%	n/a	up to 1.75%	up to 3%	local discretion	Fargo State: 5% Local sales: 1% Local lodging: 3% Total: 9%

57

STATE AND LOCAL ACCOMMODATION TAXES - 1998

STATE/ JURISDICTION	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Ohio	5%	none	5%	n/a	up to 2%	up to 10%	1/3 to 1/2 is earmarked in some areas to local convention bureaus	Cleveland State: 5% Local sales: 2% Local lodging: 6% Cultural facility: 1.5% Total: 14.5%
Oklahoma	4.5%	0.1%	4.6%	state's tourism advertising campaign	up to 4%	up to 5%	usually tourism promotion or economic development	Tulsa State: 4.6% Local sales: 3.5% Local lodging: 5% Total: 13.1%
Oregon *	none	none	none	n/a	none	up to 9.5%	usually some is allocated to travel and tourism	Portland State: none Local lodging: 9% Total: 9%
* All accommodation taxes are local option.								
Pennsylvania	6%	none	6%	n/a	1% (Philadelphia and Allegheny County only)	up to 5% (6% in Philadelphia)	tourism and convention centers	Philadelphia State: 6% Local sales: 1% Local lodging: 6% Total: 13%
Puerto Rico	none	9% or 11% if hotel has casino	9% or 11%		none	none	n/a	San Juan State: 9% or 11% Total: 9% or 11%
Rhode Island	7%	5%	12%	47% of room taxes go to six regional tourism organizations	None	none	n/a	Providence State: 12% No local taxes Total: 12%
South Carolina	5%	7**	7%	n/a	up to 1%	up to 3%	local discretion	Charleston State: 7% Local sales: 1% Total: 8%
* Lodging tax is in lieu of sales tax.								
South Dakota	4%	1%	5%	tourism promotion fund	up to 2%	up to 1%	tourism purposes	Sioux Falls State: 5% Local sales: 2% Local lodging: 1% Visitor assessment: 1% Total: 9%
Tennessee	6%	none	6%	n/a	up to 2.75%	up to 5%	general fund	Nashville State: 6% Local sales: 2.25% Local lodging: 4% Total: 12.25%
Texas	6.25%	6%*	6%	.005 percent to the Texas Department of Commerce for marketing state	up to 2% (includes special districts)	up to 9%**	tourism promotion, convention centers, sports stadiums and historic preservation	Dallas State: 6% Local sales: n/a Local lodging: 9% Total: 15%

6

STATE AND LOCAL ACCOMMODATION TAXES - 1998

STATE/ JURISDICTION	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Utah	4.75%	none	4.75%	n/a	up to 3.35%* (includes special districts)	up to 4%**	up to 1/3 for infrastructure, the rest for tourism promotion	Salt Lake City State: 4.75% Municipal room tax: 1% Local sales: 1.25% Local lodging: 3.5%*** Total: 10.5%
* Lodging tax is in lieu of sales tax. ** Local lodging tax is normally not in addition to local sales tax (Houston/Harris County is an exception).								
* Includes resort community tax of up to 1% imposed on sales in communities where transient room capacity equals or exceeds permanent resident population. ** Includes municipal room tax levied in four communities. *** Includes Tourism, Recreation, Cultural and Convention Facilities Tax of 0.5% on lodging.								
Vermont	5%	9%*	9%	general fund	1% (not all localities qualify)	1% (only a few localities qualify)	general fund	Burlington State: 9% Local lodging: 1% Total: 10%
* Lodging tax is in lieu of sales tax.								
Virginia	3.5	none	3.5	n/a	up to 1%	up to 6%	general fund	Norfolk State: 3.5% Local sales: 1% Local lodging: 6% Total: 10.5% Seattle State: 6.5% Local sales: 2.1% Local lodging: 7% Total: 15.6%
Washington	6.5%	none	6.5%	n/a	up to 2.1% (includes transportation district)	up to 7%	tourism promotion, convention and visitors centers	Charleston State: 6% Local lodging: 3% Total: 9%
West Virginia	6%	none	6%	n/a	none	up to 3%	lodging revenue goes to the counties where 50% is dedicated to convention and visitors bureaus and 50% to parks and recreation	Milwaukee State: 5% Local sales: 0.6% Local lodging: 8% Exposition district: 1% Total: 14.6%
Wisconsin	5%	none	5%	n/a	up to 0.6% (includes stadium tax of 0.1% in 5 counties)	up to 8%	70% for tourism promotion	Cheyenne State: 4% Local sales: 2% Local lodging: 2% Total: 8%
Wyoming	4%	none	4%	n/a	up to 2%	up to 4%	90% for tourism promotion	

8

Room Tax Rates for Various Cities in the United States

State	City	Room Tax	State	City	Room Tax
Arizona	Phoenix	12.07%	Montana	Helena	11%
				Big Sky	7%
California	Los Angeles	14%	Nevada	Las Vegas	16%
	Sacramento	12%		Reno	15%
	San Francisco	21%			
	San Jose	10%			
Colorado	Denver	13.45%	New York	New York	13.25%
Florida	Ft. Lauderdale	11%	North Carolina	Charlotte	13%
	Miami	12.50%			
	Orlando	11%			
Georgia	Atlanta	14%	Ohio	Cleveland	14.50%
				Cincinnati	12%
Hawaii	Honolulu	14.22%	Oklahoma	Oklahoma City	10.38%
Idaho	Boise	11%	Oregon	Portland	11%
Illinois	Chicago	14.90%	Pennsylvania	Philadelphia	14%
Indiana	Indianapolis		South Carolina	Charleston	12%
Louisiana	New Orleans	13% plus prorated occupancy tax	Tennessee	Nashville	14.25%
Kentucky	Louisville	13.95%	Texas	Dallas	15%
				Houston	17%
Maryland	Baltimore	13%	Utah	Salt Lake City	11.10%
Massachusetts	Boston	12.45%	Virginia	Arlington	9.75%
Minnesota	Minneapolis	13%	Washington	Seattle	15.60%
Missouri	Kansas City	13.225	Wisconsin	Milwaukee	11%
	St. Louis	14.866			

Compiled by Research Division, Legislative Counsel Bureau
Telephone survey of Major Hotels, September 10, 2002

8

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

Nevada State Controller's Office

Proposed Amendment to SB382

**Proposed Amendment to SB 382, Section 161
By The State Controller's Office**

Section 161. Chapter 353C of NRS is hereby amended to read as follows:

1. Except as otherwise provided in this section, upon the determination that a debt owed by a person to an agency or the State of Nevada is in default, the State Controller shall notify each agency which has issued a license, permit or registration to the person.

2. If an agency receives a notice from the State Controller pursuant to subsection 1 that a person to whom the agency has issued a license, permit or registration is in default on a debt owed to an agency or the State of Nevada, the agency to whom the debt is owed shall send a written notice to that person advising him that his license, permit or registration is subject to suspension, cancellation or refusal to renew.

The notice must include:

(a) The reason for the suspension, cancellation or refusal to renew the license, permit or registration;

(b) The text of this section; and

(c) Any other information that the agency deems necessary.

3. After sending the written notice required pursuant to subsection 2, the agency which has issued a license, permit or registration to the person may suspend, cancel or refuse to renew the license, permit or registration issued to the person. This agency shall reinstate such a license, permit or registration if the agency receives:

(a) A notice from the State Controller that the person has:

(1) Paid the debt, including all penalties, interest, costs and fees, if any;

(2) Entered into an agreement for the payment of the debt on an installment basis pursuant to NRS 353C.130; or

(3) Obtained a discharge in bankruptcy of the debt; and

(b) Payment of any fee specifically prescribed by statute or regulation for the reinstatement of the license, permit or registration.

4. For the purposes of this section, "agency" does not include the Department of Taxation, Nevada Gaming Commission or State Gaming Control Board.

5. As used in this section, "license, permit or registration" includes, without limitation:

(a) A professional, occupational or recreational license, permit, certificate or registration;

(b) A driver's license; and

(c) A registration for a vehicle or boat.

6. The State Controller shall adopt regulations establishing a fee of \$25 that an agency shall charge a person for each check or draft returned to the agency because the person had insufficient money or credit with the drawee to pay the check or draft, or because the person stopped payment on the check or draft.

7. Notwithstanding any specific statute or regulation to the contrary, an agency may only charge and collect a fee for a check or draft returned to the agency because the person has insufficient money or credit, or because the person stopped payment on the check or draft, in accordance with the regulations adopted by the State Controller pursuant to this section.

8. For the purposes of this section, "agency" does not include the Department of Taxation, Nevada Gaming Commission or State Gaming Control Board.

NRS 353C.110 is hereby amended to read as follows:

353C.110 The ~~{Director of the Department of Administration and the Attorney General may jointly}~~ *State Controller shall* adopt such regulations as *the State Controller determines* are necessary to carry out the provisions of this chapter.

NRS 353C.120 is hereby amended to read as follows:

353C.120 1. Each agency shall submit to the State Controller periodic reports of the debts owed to the agency. The State Controller shall ~~{maintain}~~ :

(a) *Maintain* the reports to the extent that resources are available~~{. The Director of the Department of Administration and the Attorney General shall jointly prescribe}~~ ; *and*

(b) *Prescribe* the time, form and manner of the reports.

2. Except *as otherwise provided in subsection 3 and* to the extent that the information on the reports is declared to be confidential by a specific statute of this state or federal law, the State Controller shall make the reports available for public inspection and may, without charge, make available for access on the Internet or its successor, if any, the information contained in the reports.

3. *If a report or a portion of a report pertains to a debt that is proven to be owed and not in dispute, the State Controller may, except to the extent that the report or portion thereof is declared to be confidential by federal law:*

(a) *Make the report or portion thereof available for public inspection; and*

(b) *Without charge, make the report or portion thereof available for access on the Internet or its successor, if any. The provisions of this subsection apply regardless of whether the report in question or portion thereof is otherwise declared to be confidential by a specific statute of this state.*

NRS 353C.130 is hereby amended to read as follows:

353C.130 ~~{An}~~ 1. *The State Controller or an agency may enter into an agreement with a debtor which provides for the payment of a debt owed by the debtor to the State Controller or the agency on an installment basis over a 12-month or lesser period.*

2. Upon good cause shown by the debtor, the *State Controller or the agency may extend the period during which installment payments will be made for more than a 12-month period.*

NRS 353C.135 is hereby amended to read as follows:

353C.135 1. Except as otherwise provided by specific statute ~~1~~ and subsection 2, a person who owes a debt ~~{of more than \$200}~~ pursuant to this chapter shall, in addition to the debt, pay as reimbursement for the costs and fees actually incurred to collect the debt an amount not to exceed 25 percent of the amount of the debt or ~~[\$25,000,]~~ \$50,000, whichever is less. Any prejudgment or postjudgment interest on the debt authorized by law must not be included in the calculation of the costs and fees actually incurred to collect the debt.

2. *If a debtor:*

(a) *Makes a partial payment on an agreement between the State Controller and the debtor, contrary to the agreement;*
or

(b) *Defaults on an installment payment for which the State Controller extended the period of payment to more than 12 months pursuant to subsection 2 of NRS 353C.130, twelve months or more after the payment was due, the State Controller may assess costs and fees for any payment made more than 12 months after the first payment. The cumulative amount of costs and fees paid pursuant to this subsection may exceed the maximum amount set forth in subsection 1.*

NRS 353C.195 is hereby amended to read as follows:

353C.195 3. *The amount of a debt owed to an agency must be established on the date the debt is turned over to the State Controller for collection. The State Controller may charge interest on the debt.*

NRS 353C.220 is hereby amended to read as follows:

353C.220 1. ~~{}~~ *Except as otherwise provided in subsection 3, if an agency determines that it is impossible or impractical to collect a debt, the agency may request that the State Board of*

Examiners ~~{to}~~ designate the debt as a bad debt. ~~{The}~~ *Except as otherwise provided in subsection 3, the* State Board of Examiners, by an affirmative vote of the majority of the members of the Board, may designate the debt as a bad debt if the Board is satisfied that the collection of the debt is impossible or impractical.

2. Upon the designation of a debt as a bad debt pursuant to ~~{this section,}~~ *subsection 1*, the State Board of Examiners shall immediately notify the State Controller ~~{thereof.}~~ *of that designation.* Upon receiving the notification, the State Controller shall direct the removal of the debt from the books of account of the State of Nevada.

3. If the State Controller determines that it is impossible or impractical to collect a debt of \$500 or less, he may designate the debt as a bad debt.

4. A bad debt that is removed pursuant to this section remains a legal and binding obligation owed by the debtor to the State of Nevada.

~~{3.}~~ 5. If resources are available, the State Controller shall keep a master file of all debts that are designated as bad debts pursuant to this section. If such a file is established and maintained, for each such debt, the State Controller shall record the name of the debtor, the amount of the debt, the date on which the debt was incurred and the date on which it was removed from the records and books of account of the agency or the State of Nevada, and any other information concerning the debt that the State Controller determines is necessary.

SB 382 – Proposed amendment

Sec.	Proposed:	Reason:
NRS 353C	Eliminate sunset on pilot program of withholding licenses with DMV and Wildlife and create program of withholding other state licenses.	Withholding licenses gives additional leverage to use when collecting debt.
NRS 353C	Allow the Controller's Office to develop a consistent statewide charge for a returned check fee of \$25. The statewide standards to supercede individual agency's statutes excluding the Department of Taxation and Gaming Control.	To have uniform and consistent treatment among agencies.
NRS 353C.110	Authorize the Controller's Office to adopt regulations necessary to carry out the provisions of NRS 353C.	Needed to achieve goal of centralized debt collection. Currently the Department of Administration and AG may jointly adopt regulations.
NRS 353C.120	For periodic reports of debts owed to agencies, change to have the Controller's Office prescribe the time, form and manner of the reports. Amend so if a debt is proven to be owed to the State, the confidentiality statute does not apply unless superceded by a federal law.	Allows agency receiving the forms (Controller's Office) to change the form. Current NRS says Administration and AG shall prescribe form. To have uniform and consistent treatment of agencies.
NRS 353C.135	Repeal the \$200 restriction for reimbursement of cost and fees for collection of certain debt. Increase the maximum charge to pass on to \$50,000.	More equitable to charge everyone uniformly for fees. Will save the State at least \$2,500 in fees per year. Can save the State up to \$25,000 for large settlements as current maximum is \$25,000.
NRS 353C.135	If a debtor defaults on a payment plan and any payment lapses by a year, or a debtor had only made a partial payment as a settlement and a year lapses, allow the Controller's Office to calculate and add on fees again even if the maximum fees were already reached.	Creates an incentive for a debtor to adhere to their payment plan and allows the State of Nevada to start the collection process over if a year lapses without payment.

SB 382 – Proposed amendment

Sec.	Proposed:	Reason:
NRS 353C.195	When an agency turns over a debt to the Controller's Office, the agency will stop accruing additional fees except for interest charges at a rate to be determined by the Controller's Office.	To insure uniform and consistent treatment among agencies. Will also save time in reconciling accounts turned over to debt collection vendors to agency's accounts.
NRS 353C.220	Authority to write off uncollectible debts under \$500 and debts where the cost to collect exceeds the debt.	This process will not keep the account from being collected at a later date if the debt later is determined to be collectable.

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

DEAN HELLER
Secretary of State

STATE OF NEVADA

CHARLES E. MOORE
Securities Administrator



RENEE L. PARKER
Chief Deputy Secretary
of State

SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

PAMELA A. ASHWORTH
Deputy Secretary for
Southern Nevada

SUSAN MORANDI
Deputy Secretary
for Elections

OFFICE OF THE
SECRETARY OF STATE

April 8, 2003

Senator Mike McGinness, Chair
Senate Taxation Committee
Capitol Complex
Carson City, NV 89701

Re: Proposed Amendment to Senate Bill 382

Dear Senator McGinness,

In preparation for your April 8, 2003 hearing on Senate Bill 382, we enclose proposed amendment to Senate Bill 382, which increases the portion of special services fees allocated to the Secretary of State.

Specifically, if adopted, the amendments will allow our special services account to remain solvent. As we previously testified on Senate Bills 238 and 298, the special services account currently funds 58 FTE positions in the office of the Secretary of State. Based upon current filing levels and no increase in the amount allocated to the Secretary of State, this account will be bankrupt by the end of Fiscal-Year 2004. Leaving the allocation percentage at 50% and increasing the maximum amount allocated to \$75 will allow this account to remain solvent and allow the account to provide not only for the positions it currently funds, but also the special services our customer have come to expect from our office. The increase will also allow for maintaining and increasing the efficiency of the office.

If you have any questions concerning the foregoing or require additional information, please do not hesitate to contact me at 684-5711. We remain available to answer any questions posed by the members of the Committee concerning the above.

Respectfully Submitted,

DEAN HELLER
Secretary of State

A handwritten signature in black ink, appearing to read "Scott W. Anderson".

Scott W. Anderson
Deputy, Commercial Recordings Division

LAS VEGAS OFFICES
555 E. Washington Avenue
SECURITIES: SUITE 5200
Telephone (702) 486-2440
Fax (702) 486-2453
CORPORATIONS: SUITE 2900
Telephone (702) 486-2880
Fax (702) 486-2888

MAIN OFFICE
101 N. Carson Street, Suite 3
Carson City, Nevada 89701
Telephone (775) 684-5708
Fax (775) 684-

CORPORATE
SATELLITE OFFICE
202 N. Carson Street
Carson City, Nevada 89701

EXHIBIT BB Committee on Taxation

Date: 04/08/03 Page 1 of 2

PROPOSED AMENDMENTS TO S.B. 382
OFFERED BY SECRETARY OF STATE DEAN HELLER

April 8, 2003

Amend Section 130, Page 61, Subsection 3(a), line 16, to strike [\$50] and replace with \$75.

Amend Section 130, Page 61, Subsection 3(a), lines 17 and 17, to retain the original word "half" and strike [~~one-third~~].

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

**State of Nevada Controller's Office
Debt Collection Program as of April 4, 2003**

	<u>\$ Amount</u>	<u>Amount Collected</u>	<u>% Collected</u>
Accounts turned over to OSI	\$ 5,957,063.48	\$ 1,315,051.43	22.08%
Accounts turned over to RecoverMetrics	1,600,517.00	6,245.32	0.39%
Amounts collected by the Controller's Office		<u>324,608.29</u>	
 Total amount collected		 <u><u>\$ 1,645,905.04</u></u>	

Total fees paid for collection were \$154,518 of which debtors paid \$148,776.

The Controller's Office is collecting \$286.64 for each dollar paid to a collection agency.

INTERLOCAL CONTRACTS SIGNED WITH CONTROLLER'S OFFICE

1. Dept of Motor Vehicles
2. Dept of Business & Industry
3. Dept of Agriculture
4. Dept of Conservation & Natural Resources
5. Dept of Taxation
6. Private Investigators Licensing Board
7. Commission on Economic Development
8. Dept of Transportation
9. Public Employees Benefits Program
10. Commission on Ethics
11. Human Resources Welfare Division, Child Support Overpayments

**State Controller's Office Centralized Debt Collection Totals
As of April 4, 2003**

Debt Category		Amount
Warrant Offset/Vendor Hold	\$	234,532.68
Payroll	\$	34,441.92
Controller - DMV	\$	55,633.69
OSI - DMV Licenses	\$	1,311,627.82
OSI -DMV Motor Carrier)	\$	529.43
OSI - NDOT	\$	2,894.18
Recover Metrics	\$	6,245.32
Total Collected	\$	1,645,905.04

Payroll Debt Collection		Amount
Total Payroll Debt	\$	323,818.02
Total Referred to Controller	\$	162,982.44
Total Collected	\$	34,441.92
Total Referred to Collections	\$	82,176.83
Total Written Off *	\$	11,378.02

* 99% over the statute of limitations

Debt Outstanding Over 60 Days		Amount
Department of Taxation	\$	69,684,681.03
Other Agencies	\$	47,560,844.29
Internal Service Funds	\$	1,161,750.06
Total Outstanding **	\$	118,407,275.38

** As of 12/31/02 Account Receivables Quarterly Report



COLLECTING

DELINQUENT

REVENUES

BY M. CORINNE LARSON AND OLGA SPAIC

Centralized Collection Programs. A key issue in the collection process, especially for larger governmental entities, is the need for centralization. A decentralized collection process often leads to a fragmented and less efficient collection operation, particularly in collecting *delinquent* revenues. Many jurisdictions have responded to this potential problem by centralizing the revenue collection function and designating overall responsibility for collecting delinquent accounts to one person in the organization, e.g., the treasurer, tax collector, finance director or, in some cases, the jurisdiction's legal department. In many instances, smaller governments already function in a cohesive manner by virtue of their size. Regardless of a government's size or other characteristics, implementation of an efficient, well-conceptualized delinquent revenue collection program will produce positive results.

Advantages of a centralized delinquent revenue collection program include:

- A dedicated staff whose primary function is collecting, who is trained in professional collection techniques, and who is familiar with federal, state, and local laws governing collection practices;
- Uniform and consistent collection efforts, often as simple as computer-generated dunning letters, that indicate the jurisdiction is serious about collecting revenues owed;
- Consolidation of accounts that combines debts of one debtor from several departments, centralizes information on a debtor who may use various names, or identifies other responsible parties;
- Offsetting a debt by reducing or eliminating the amount of a payment due, where permitted by law or custom;
- Refusal of services to citizens or groups with poor payment histories, thereby preventing a collection problem. For example, collection staff can check references or credit histories on individuals or groups requesting police and fire services for parades, concerts, etc.; and
- Economies of scale and increased efficiency which make the use of credit reporting services feasible and profitable, and increasing the accountability of staff, which results in obtaining better information when an account is opened; preventing other departments from setting up payment schedules or other payment arrangements; and referring accounts to the collection staff on a more timely basis.

Whether or not a government chooses to centralize revenue collections, it is important that overall responsibility for the collection of delinquent accounts be assigned to a single individual in the organization. Other aspects of a successful collection program include support from the top of the organization and cooperation from other departments.

STATE CONTROLLERS OFFICE RECEIVABLE SUMMARY BY AGENCY

Agency	Department/Account	Agency #	Fund Acct #	B/A	Current	31-60	Over Due 60	Total Rec Amt
Agriculture		550	101		215,240.45			215,240.45
Business and Industry	Division of Industrial Relations	742	210	4680	40,679.00	76,079.98	350,854.45	467,613.43
Business and Industry	Division of Industrial Relations	742	210	4682	17,495.00	17,425.00	251,085.00	286,005.00
Business and Industry	Division of Industrial Relations	742	210	6025	67,846.14	48,629.48	4,315,601.34	4,432,076.96
Business and Industry	Division of Insurance	741	223	3817	110,314.92	74,046.06	226,857.55	4,112,618.53
Business and Industry	Division of Insurance	741	223	3818			18,663.74	18,663.74
Business and Industry	Real Estate Commission	748	101	9748	173,767.00	18,432.00	672,272.00	864,471.00
Business and Industry	Transportation Services Authority	751	226	3923	10,000.00	1,695.15	185,720.00	197,415.15
Colorado River Commission		690	296	4490	82,154.05			82,154.05
Colorado River Commission	Supplemental Power	690	505	4501	2,501,600.00			2,501,600.00
Colorado River Commission	505- HydroPower	690	505	4502	2,661,472.29			2,661,472.29
Colorado River Commission	Supplemental Power	690	505	4502	7,221,250.00			7,369,770.00
Commission on Mineral Resources	Division of Minerals	500	101	4219	42,250.00			42,250.00
Commission on Mineral Resources	Division of Minerals	500	101	4220	24,375.40			24,375.40
Conservation and Natural Resources	DCNR-Natural Heritage Program	708	101	4100	200.00		120.00	320.00
Conservation and Natural Resources	Division of Forestry-Fire	706	101	4196	26,155.08	501,307.48	76,783.71	604,246.27
Conservation and Natural Resources	Division of Forestry-Fire	706	101	4196*			26,656.05	26,656.05
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-10	13,779.08	35,050.03	9,295.15	58,124.26
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-12	7,534.00	6,750.08	1,178.28	15,462.36
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-14	20,109.37	7,249.81	2,334.63	29,693.81
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-19	16,140.48	25,477.91		41,618.39
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-20	11,940.92	11,427.44	6,543.68	29,912.04
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-32	15,853.47	14,344.74		30,198.21
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-33	5,636.47	1,496.36	0.30	7,133.13
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-34	15,071.06	43,563.27	9,353.31	67,987.64
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-36	16,337.78	9,900.00	2,550.00	28,787.78
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-38	6,218.14	2,699.83	600.00	9,517.97
Conservation and Natural Resources	Division of Forestry-Camp	706	101	4198-40	15,819.88	1,411.44	1,950.00	19,181.32
Conservation and Natural Resources	Division of Forestry-Nursery	706	101	4235-10		28,348.00		28,348.00
Conservation and Natural Resources	Division of Forestry-Seed Bank	706	101	4235-15		25,537.65		25,537.65
Conservation and Natural Resources	Division of Forestry-Pyr	706	101	6122			29,281.24	29,281.24
Conservation and Natural Resources	Division of State Lands	707	101	9707			59,980.00	59,980.00
Conservation and Natural Resources	Division of Water Resources	708	101	4101	200.00		120.00	320.00
Conservation and Natural Resources	Division of Water Resources	705	101	4140				
Conservation and Natural Resources	Division of Water Resources	705	101	4172	66.00	33.00	95.00	194.00
Conservation and Natural Resources	Division of Water Resources	705	101	4175	4,699.32			4,699.32
Conservation and Natural Resources	Division of Water Resources	705	101	4176	6,252.75			6,252.75
Conservation and Natural Resources	Division of Water Resources	705	101	4199			25.61	25.61
Conservation and Natural Resources	Division of Water Resources	705	101	4202	6,418.30			6,418.30
Conservation and Natural Resources	Division of Water Resources	705	101	4211	508,617.26			508,617.26
Conservation and Natural Resources	Division of Water Resources	705	101	4212	9,558.06			9,558.06
Conservation and Natural Resources	Division of Water Resources	705	101	4229	17,230.85			17,230.85
Conservation and Natural Resources	Division of Water Resources	705	101	4228	9,824.01			9,824.01
Conservation and Natural Resources	Division of Water Resources	705	101	4230	9,970.58			9,970.58

15

STATE CONTROLLER'S OFFICE RECEIVABLE SUMMARY BY AGENCY

Agency	Department/Account	Agency #	Fund Acct #	B/A	Current	31-60	Over Due 60	Total Rec Amt
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4231	22,331.50	-	-	22,331.50
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4237	109,522.37	-	-	109,522.37
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4239	6,372.00	-	-	6,372.00
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4242	15,838.40	-	-	15,838.40
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4243	946.32	-	-	946.32
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4245	-	-	-	-
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4248	947.10	-	-	947.10
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4249	9,580.25	-	-	9,580.25
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4248	33.72	-	-	33.72
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4253	49,781.85	-	-	49,781.85
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4254	1,093.03	-	-	1,093.03
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4255	4,508.10	-	-	4,508.10
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4256	6,549.06	-	-	6,549.06
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4257	4,312.75	-	-	4,312.75
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4258	1,087.48	-	-	1,087.48
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4259	82.34	-	-	82.34
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4260	914.56	-	-	914.56
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4262	1,611.82	-	-	1,611.82
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4263	117.38	-	-	117.38
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4264	169.61	-	-	169.61
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4266	5,377.19	-	-	5,377.19
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	4267	371.37	-	-	371.37
Conservation and Natural Resources	12/31 Division of Water Resources	705	101	GF	-	-	-	-
Conservation and Natural Resources	12/31 Division of Wildlife	702	101	4452	-	-	1,953.53	1,953.53
Conservation and Natural Resources	12/31 Division of Wildlife	702	101	4456	45.00	-	1,040.00	1,085.00
Conservation and Natural Resources	12/31 Division of Wildlife	702	101	4458	-	7,935.00	93,244.50	101,179.50
Conservation and Natural Resources	12/31 EPA	709	101	3174	-	-	68,434.66	68,434.66
Conservation and Natural Resources	12/31 EPA	709	101	3185	-	-	-	-
Conservation and Natural Resources	12/31 EPA	709	101	3186	-	-	63,100.00	63,100.00
Conservation and Natural Resources	12/31 NDEP/BWM	709	101	3187	276,500.00	-	-	276,500.00
Conservation and Natural Resources	12/31 EPA	709	101	3188	-	492,239.27	-	492,239.27
Conservation and Natural Resources	12/31 EPA	709	101	4147	-	5,000.00	-	5,000.00
Conservation and Natural Resources	12/31 NV State Parks	704	101	4605	-	50.00	-	50.00
Conservation and Natural Resources	12/31 NV State Parks	704	101	4612	110.00	13.00	1,844.00	1,967.00
Conservation and Natural Resources	12/31 GE-Xerox fees	705	101	9705	508.00	102.60	301.00	911.60
Department of Administration	12/31	87	741	1330	12,413.70	1,198.37	970.98	14,583.05
Department of Administration	12/31	81	101	1340	-	-	32.50	32.50
Department of Administration	12/31	82	713	1346	3,230.04	3,484.90	5,638.95	12,353.89
Department of Administration	12/31	82	710	1349	1,452.04	99.00	3,269.94	4,820.98
Department of Administration	12/31	85	715	1352	-	-	22,621.82	22,621.82
Department of Administration	12/31	82	101	1353	9,849.50	-	117.00	9,966.50
Department of Administration	12/31	84	711	1354	1,103.04	4,372.44	5,375.75	10,851.23
Department of Administration	12/31	83	718	1358	-	65.00	3,897.86	3,962.86
Department of Administration	12/31	83	101	1362	2,174.15	18,154.34	76,922.45	97,250.94
Department of Administration	12/31	82	712	1366	11,273.12	2,929.50	-	14,202.62

9

STATE CONTROLLERS OFFICE RECEIVABLE SUMMARY BY AGENCY

Agency	Department/Account	Agency #	Fund Acct #	B/A	Current	31-60	Over Due 60	Total Rec Amt
Department of Administration	12/31	83	718	6100	10,849.06	12,676.51	22,191.40	45,716.97
Department of Administration	12/31	83	718	6101	-	500.00	35,737.00	36,237.00
Department of Information Technology	12/31	181	721	1365	288,368.00	21,992.75	52,236.75	362,597.50
Department of Information Technology	12/31	182	721	1385	1,108,066.90	288,171.77	109,001.66	1,505,240.33
Department of Information Technology	12/31	185	721	1386	222,281.10	123,588.46	44,800.61	390,670.17
Department of Information Technology	12/31	186	721	1387	239,286.95	91,870.38	205,635.28	536,792.61
Department of Information Technology	12/31	187	721	1388	18,704.00	18,704.00	601,405.46	638,813.46
Department of Information Technology	12/31	183	721	1370	328,203.18	25,317.20	48,966.60	402,486.98
Department of Information Technology	12/31	184	721	1373	41,853.00	-	-	41,853.00
Department of Motor Vehicles	12/31	810	201	4711	74,106.00	6,731.00	24,264.00	105,101.00
Department of Motor Vehicles	12/31	810	201	4717	323,410.84	17,099.15	2,301,529.59	2,642,039.58
Department of Motor Vehicles	12/31	810	201	4729	8,500.00	-	-	8,500.00
Department of Motor Vehicles	12/31	810	201	4745	52,967.50	52,967.50	4,614,752.00	4,720,687.00
Department of Public Safety	12/31	650	101	4709	536.00	224.00	696.00	1,456.00
Department of Public Safety	12/31	650	101	4709	11,385.00	6,700.00	22,980.00	41,065.00
Department of Public Safety	12/31	650	101	4709	17,880.00	15,084.00	12,096.00	45,060.00
Department of Public Safety	12/31	650	101	4709	25,041.00	50,217.00	164,239.00	239,497.00
Department of Corrections	12/31	440	240	3763	1,903,142.51	-	1,587,358.11	3,490,500.62
Department of Corrections	12/31	440	240	3763	15,933.85	2,893.95	2,225.61	18,159.46
Department of Corrections	12/31	440	101	3706	782.14	2,893.95	4,035.06	7,711.15
Department of Corrections	12/31	440	101	3710	1,483.20	14.75	85.25	1,583.20
Department of Corrections	12/31	440	101	3719	848.40	14.75	122.50	971.90
Department of Corrections	12/31	440	525	3719	308,717.97	87,509.14	309,525.53	705,752.64
Department of Corrections	12/31	440	101	3723	711.95	-	-	711.95
Department of Corrections	12/31	440	525	3727	40,311.85	44,381.00	46,375.86	131,068.71
Department of Corrections	12/31	440	101	3759	1,203.50	-	8.91	1,212.41
Department of Corrections	12/31	440	101	3761	-	-	5,305.67	5,305.67
Department of Corrections	12/31	440	101	3187	1,743.39	-	11,868.55	13,611.94
Department of Taxation	12/31	130	101	6059	3,532.13	14,407.70	3,606.47	26,124,300.48
Department of Taxation	12/31	130	101	6060	6060	74,690.42	74,690.42	74,690.42
Department of Taxation	12/31	130	101	6060	6060	2,416,593.27	2,416,593.27	21,416,593.27
Department of Taxation	12/31	130	101	6060	18,054.76	70,308.75	17,991,866.84	18,080,230.35
Department of Taxation	12/31	130	101	6062	449.32	867.91	2,302.36	3,619.59
Department of Taxation	12/31	130	608	6063	-	-	-	-
Department of Taxation	12/31	130	101	6064	6064	2,237,194.89	2,237,194.89	2,237,194.89
Department of Taxation	12/31	130	101	6066	6066	1,189,038.03	1,189,038.03	1,189,038.03
Department of Taxation	12/31	130	101	9130	20.82	6,285.59	194,538.15	200,844.56
Department of Taxation	12/31	130	101	9130	9130	200,929.82	200,929.82	200,929.82
Department of Taxation	12/31	130	101	9130	9130	10,630.82	255,691.58	266,322.40
Department of Transportation	12/31	800	201	4660	-	-	-	-
Department of Transportation	12/31	800	201	9998	651,670.45	125,380.24	2,421,242.11	3,198,292.80
Employment, Training and Rehabilitation	12/31	901	101	3264	-	-	2,746.86	2,746.86
Employment, Training and Rehabilitation	12/31	902	205	4767	-	-	178,111.38	178,111.38
Employment, Training and Rehabilitation	12/31	902	205	4771	-	-	1,829,727.54	1,829,727.54
Employment, Training and Rehabilitation	12/31	902	205	Benefit Overprints	-	-	10,017,790.17	10,017,790.17

L

STATE CONTROLLERS OFFICE RECEIVABLE SUMMARY BY AGENCY

Agency	Department/Account	Agency #	Fund Acct #	B/A	Current	31-60	Over Due 60	Total Rec Amt
Employment, Training and Rehabilitation	Directors Office	902	205	Employer/Wage	-	-	8,739,117.32	8,739,117.32
Gaming Control		600	101	4061	-	-	1,993,241.83	1,993,241.83
Human Resources	Aging Services Senior Programs	402	101	3146	12,697.38	1,257.90	783.04	14,738.32
Human Resources	Medicare	408	101	3161	113,281.00	77,867.00	367,902.00	559,050.00
Human Resources	Private Insurance	408	101	3161	174,218.00	113,273.00	593,112.00	880,603.00
Human Resources	Client Payers	408	101	3161	25,608.00	16,512.00	94,883.00	137,003.00
Human Resources	Southern Nevada Adult Mental Health	408	101	3162	179,605.00	121,561.00	633,354.00	934,520.00
Human Resources	Rural Clinics	408	101	3167	207,182.00	104,584.00	1,473,135.00	1,784,901.00
Human Resources	Special Children's Clinic	406	101	3208	157,001.00	188,285.00	145,279.00	490,565.00
Human Resources	Family Planning Project	406	101	3219	13,303.00	16,180.00	4,526.00	34,009.00
Human Resources	Community Health services	406	101	3224	3,712.00	2,543.00	3,913.00	10,168.00
Human Resources	Youth Community Services	409	101	3229	612,829.00	127,491.00	-	740,320.00
Human Resources	Desert Regional Center	408	101	3279	1,054,773.94	108,877.72	67,175.21	1,230,826.87
Human Resources	Sierra Regional - Medicaid	408	101	3280	693,569.00	-	-	693,569.00
Human Resources	Sierra Regional - Welfare TANIF	408	101	3280	13,302.00	-	-	13,302.00
Human Resources	Sierra Regional - Title XX	408	101	3281	31,252.00	33,515.00	-	64,767.00
Human Resources	Insurance	409	101	3281	30,464.62	25,678.34	79,241.72	135,384.68
Human Resources	Medicaid	409	101	3281	228,583.86	228,798.62	14,489.47	471,871.95
Human Resources	Patent Collections	409	101	3281	261,123.73	257,076.86	152,284.21	670,484.80
Human Resources	Mentally Disordered Offender	408	101	3645	3,930.00	1,740.00	8,530.00	14,200.00
Human Resources	So NV Child & Adolescent Services	409	101	3646	24,661.00	32,507.00	112,076.00	169,244.00
Human Resources	Rural Clinics Collectable	408	101	3648	175,606.01	188,137.50	2,305,245.77	2,668,989.28
Museums, Library and Arts	NV State Library and Archives	332	101	1052	-	-	1,951.46	1,951.46
Museums, Library and Arts	NV State Library and Archives	331	101	2891	-	312.65	6,741.55	7,054.20
Nevada Comm on Tourism & Economic Dev	Nevada Magazine	101	530	1530	45,024.67	448.16	15,887.36	61,360.19
Nevada Comm on Tourism & Economic Dev	Nevada Film Office	102	101	1527	-	-	1,800.00	1,800.00
Nevada Comm on Tourism & Economic Dev	Revolving Loan Fund	102	101	1528	612,779.00	-	-	612,779.00
Public Utilities		580	224	3920	1,050.14	69.25	238.25	1,357.64
Payroll overpayments					372,839.32	-	-	372,839.32
TOTAL					25,622,353.96	3,730,497.43	18,407,075.38	147,760,126.77

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

Testimony to Senate Taxation Committee
08 April 2003
By State Controller Kathy Augustine

The State Controller's Office is here today in support of SB
382
~~328~~ and especially Section 161 of the bill which mandates state
agencies turn over their past due receivables to the State
Controller's Office for collection.

One of my top priorities continues to be reducing the State's
receivables which now exceed \$118 million. We have developed a
plan to collect debt owed state agencies and supported SB 500
during the 1999 legislative session which set in motion a
concentrated effort to meet this objective. The amount of monies
owed the State of Nevada at that time was quite literally anyone's
guess. Procedures were developed to implement consistent
statewide policies as timely debt collection is imperative to meet
future funding requirements and securing the state's financial well
being.

In April of 2001, the Board of Examiners, approved contracts between the State Controller and two private debt collection companies, OSI Collection Services, Inc. and RecoverMetrics in association with Nevada based Crisis Recovery, to assist in recovery efforts of monies owed the State. OSI is the largest provider of accounts receivable management in the United States servicing 26 states. Both Crisis Recovery and RecoveryMetrics have extensive experience in the identification of fraud and collection of institutional debt, using forensic loss recovery techniques to recover corporate debts over \$25,000.00. Fees in the contracts are based on a percentage of collections and are passed along to the debtor, except when the debt is under \$200.00.

Studies have shown that it is more cost effective for states to use outside agencies for debt collection and this has also been noted in a Government Finance Officer's Association publication we have included in your packets.

"In house" collection would result in an expansion of the State Controller's Office to almost double its current size (in terms of

staff), not to mention the additional equipment needed for the extensive searches and warehousing of databases. In fact, there is currently a national task force exploring the feasibility of the IRS using private collection companies to recover debt.

The real “nuts and bolts” of our debt collection efforts lie in Assembly Bill 314 of the last legislative session. The State Controller is now authorized to act as the centralized point of collection for all state agencies. Centralizing the revenue collection function and designating responsibility for collecting delinquent accounts in our office achieve the following goals:

- Uniform and consistent collection efforts;
- Consolidation of accounts the combine debts of one debtor for several agencies;
- Centralization of information on one debtor who may use various names;
- Identification of other responsible parties;

- Reduction of payments to debtors of the State of Nevada through offsets;
- Increased collection when debts understand penalties and/or cancellation of permits, licenses or services.

To date, eleven Interlocal contracts have been signed with the State Controller's Office, a list of these agencies, boards and commissions is also included in your packet. AB 314 also mandated the State Controller to prepare and maintain a list of debtors available for public inspection and requires the State Controller to remove debts designated as "bad debts" from the books of the State. Additionally, it allows contracts with private debt collection agencies to include costs of collection and fees for collecting the debt.

My office has taken the following steps to recover monies:

- In December of 2001, we mailed out over 6,000 letters to citizens whose checks were returned to the DMV for insufficient funds informing them they were being turned over for collection. Their driver's licenses, permits and

vehicle registrations were 'flagged' in the DMV system and suspended if restitution was not made by December 31, 2001.

The remaining accounts were turned over to OSI for collection. To date, \$1,315,051.00 has been recovered!

- A warrant offset program was also initiated at the beginning of last year in conjunction with the Department of Taxation and the Department of Employment, Training and Rehabilitation (DETR) to flag the accounts of businesses, or individuals, that owe back taxes to the State. This program is now available to all State agencies. Warrant offset and Vendor holds have resulted in an almost \$235,000.00 cost savings!
- We are also involved in Payroll overpayment recovery and have collected approximately \$34,400.00 from former state employees who were overpaid upon their termination from State Service

Recovery efforts have been lax in the past because the State had ample surpluses to cover state expenses. The mandated rather than

permissive centralization of debt collection for the State in the State Controller's Office will enhance the State's ability to recover outstanding debt.

We are proposing a friendly amendment to Section 161 of the bill which addresses NRS 353C. An explanation of the proposed amendments is attached to the back of the amendment packet. My Chief Accountant of Debt Collection/Accounts Receivables, Christi Thompson, will go over these proposed changes with you.

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

Non Taxable Service Categories

Advertising
Agricultural, Forestry, Fishery Services
Amusement and Recreation Services
Automobile- Personal Repair and Services
Beauty and Barber Shops
Bowling Alleys and Pool Halls
Child Day Care Services
Communications
Construction Government New Facilities
Construction New Highways and Streets
Construction New Industrial and Commercial Buildings
Construction New Landscaping
Construction New Mineral Extraction Facilities
Construction New Residential Structures
Construction New Utility Structures
Doctors, Dentists and Prescription Drugs
Educational Services
Gas and Electric Utility Services
Funeral Service and Crematories
Gas and Oil Production and Distribution
Hospitals
Job Trainings & Related Services
Residential Maintenance and Repair
Miscellaneous Personal Services (i.e. manicure and hairstyling)
Movie Tickets and Video Rentals
Newspapers and Magazines
Nursing and Protective Care
Other Medical and Health Services
Personal Laundry, Cleaning and Shoe Repair
Portrait and Photographic Studios
Radio and TV Broadcasting
Residential Care
Sanitary Services and Steam Supply
Social Services
Theatrical Productions, Bands Etc.
Veterinary Services
Water Supply and Sewerage Systems

Nevada Annual Average Household Expenditures

(Services Taxed with Exemptions)

GOODS		SERVICES	
Food		Food	
Food Away From Home	\$ 1,957.65		
Household		Household	
Household Furnishing	\$ 1,563.37	House Maintenance, repairs, insurance	<i>Exempt</i>
Housekeeping Supplies	\$ 468.15	Household Personal Services	<i>Exempt</i>
Misc. Household Equipment	\$ 767.08		
Apparel		Apparel	
Apparel	\$ 1,320.28	Apparel Services	<i>Exempt</i>
Vehicles		Vehicles	
Vehicles	\$ 2,731.60		
Vehicle Maintenance (Parts & Repairs)*	\$ 347.47	Vehicle Maintenance (Parts & Repairs)*	<i>Exempt</i>
Personal Care		Personal Care	
Personal Care Products and Services *	\$ 205.73	Personal Care Products and Services *	<i>Exempt</i>
Entertainment		Entertainment	
TVs, Radios, Sound Equipment	\$ 541.17	Entertainment Fees and Admissions	<i>Exempt</i>
Pets, Toys and Playground Equipment	\$ 316.11		
Reading	\$ 160.63		
Other Entertainment Supplies and Services*	\$ 263.71	Other Entertainment Supplies and Services*	<i>Exempt</i>
Miscellaneous*	\$ 477.17	Miscellaneous*	<i>Exempt</i>
Multiply Total by 7.25%	\$11,120.12		
Current Tax rate	\$ 806.21		
Multiply Total by 5%	\$11,120.12		
New Tax Rate	\$ 556.01		
Savings in Taxes	\$ 250.20		
Total Savings Per Household	\$250.20	New Taxes	\$0.00

The Average Nevada Household Will Save Money and Benefit from a Reduction in the Sales Tax on Products.

- *Denotes a 50%-50% split between Goods and Services
- Food for Home Consumption, Mortgage and Rent, and Motor Fuel are not included, because they are not currently taxed under the sales tax rate.

Data based on the United States Bureau of Labor Statistics Spending Survey, 2000. Nevada data was factored by the Governor's Task Force on Tax Policy.

Top 10 Selling Vehicles in the United States

Vehicle	Base Price	Current Nevada Sales Tax of 7.25%	Proposed Sales Tax of 5%	Savings
2003 Ford F-150 4x4	\$25,610	\$1,856.73	\$1,280.50	\$576.23
2003 Chevrolet Silverado 4x4	\$27,900	\$2,022.75	\$1,395.00	\$627.75
2003 Honda Accord	\$ 25,900	\$1,877.75	\$1,295.00	\$582.75
2003 Toyota Camry	\$25,405	\$1,841.86	\$1,270.26	\$571.60
2003 Dodge Ram	\$31,175	\$2,260.19	\$1,558.75	\$701.44
2003 Ford Explorer 4x2	\$34,575	\$2,506.69	\$1,728.75	\$777.94
2003 Ford Taurus	\$23,730	\$1,720.43	\$1,186.50	\$533.93
2003 Honda Civic	\$16,810	\$1,218.73	\$840.50	\$378.23
2003 Toyota Corolla	\$14,680	\$1,064.30	\$734.00	\$330.30
2003 Ford Ranger 4x2	\$17,295	\$1253.89	\$864.75	\$389.14

Internet Average Prices

Various Household Items

Item	Base Price	Current Nevada Sales Tax of 7.25%	Proposed Sales Tax of 5%	Savings
Alfa Luxury Tight Top Queen Mattress	\$ 499.99	\$36.25	\$24.95	\$11.30
Sony PCVRZ22G Desktop Computer	\$1,449.99	\$105.12	\$72.50	\$32.62
Panasonic SV-AV10R Digital Camera	\$249.99	\$18.12	\$12.50	\$5.62
Sony 32 inch FD Trinitron® Wega TV	\$749.00	\$54.30	\$37.45	\$16.85
Frigidaire Washer Dryer Laundry Center	\$752.99	\$54.59	\$37.65	\$16.94
Alexa Sofa by Mitchell Gold	\$1,099.00	\$79.68	\$54.95	\$24.73
GE Profile Arctica™ Top-Freezer Refrigerator	\$1,079.00	\$78.23	\$53.95	\$24.28
Whirlpool Standard Clean Gas Range	\$499.00	\$36.18	\$24.95	\$11.23
Equator Full Size Dishwasher	\$529.00	\$38.35	\$26.45	\$11.90
Bosch Portable Table Saw	\$467.00	\$33.86	\$23.35	\$10.51
Brother PE 150 Sewing Machine	\$388.88	\$28.19	\$19.44	\$8.75
5 Michelin LX4 All-Season Tires	\$780.00	\$56.55	\$39.00	\$17.55
Weber Genesis Silver-A Liquid Propane Outdoor Gas Grill	\$329.88	\$23.91	\$16.50	\$7.41
Raven Hill 5-Piece Patio Set	\$398.00	\$28.86	\$19.90	\$8.96
Schwinn Deluxe Double Jogging Stroller	\$329.00	\$23.85	\$16.45	\$7.40
Honda HRS216SDA Self-Propelled Lawn Mower	\$399.00	\$28.93	\$19.95	\$8.98
Frigidaire Air Conditioner	\$579.00	\$41.98	\$28.95	\$13.03
Back to School Clothes and Supplies for 2 Children	\$1,000.00	\$72.50	\$50.00	\$22.50

Internet Average Prices

Sales Tax Rates for Large Cities in Neighboring States

City	Sales Tax Rate
Los Angeles	8.25%
San Diego	7.75%
Orange County	7.75%
Phoenix	7.50%
Sacramento	7.75%
Salt Lake City	6.60%

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

Business And Taxes

Business Representatives Group
April 8, 2003

Caro Amended S.B. 362

- Best bill at this time
- But...needs some enhancement to be consistent with ACR 1

We Support

- Transition Tax on Services
 - Amusements folded in to create one system
- Business License Tax
- Sales & Use Tax Expansion
- Secretary of State Fees
- Passive Revenue Measures
- Budget Reductions