

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.

Work Session Document

Senate Committee on Taxation

April 24, 2003

Senate Bill No. 238

Description

Senate Bill No. 238 is the Governor's tax proposal. The Committee received testimony regarding the Governor's tax proposal on February 11, 2003, and the bill was heard in committee on March 11, 2003, March 13, 2003 and March 18, 2003. The bill received a waiver from the first house passage deadline on April 11, 2003.

Business License Fees

The Governor's Proposal

Increase the application fee for a business license from \$25 to \$100 and make the license renewable each year with the payment of an additional \$100 fee effective July 1, 2003.

New General Fund Revenue Generated

FY 2004 -- \$8.5 million

FY 2005 -- \$9.7 million

The Governor's Task Force on Tax Policy's Proposal

Require the renewal of a business license for the current fee of \$25 for a two-year period to create a database of businesses in Nevada. The requirement would be in effect from July 1, 2003 to June 30, 2005.

New General Fund Revenue Generated

FY 2004 -- \$1.7 million

FY 2005 -- \$2.0 million

The Care/Amodei Proposal

Increase the application fee for a business license from \$25 to \$50 and make the license renewable each year effective July 1, 2003. The proposal also would include a \$50 reinstatement fee for lapsed licenses.

New General Fund Revenue Generated

FY 2004 -- \$3.9 million

FY 2005 -- \$4.6 million

Senate Bill 298

On April 17, 2003, the Senate passed SB 298 by a vote of 17-4. Sections 81, 82 and 83 of the bill increase the application fee for a business license from \$25 to \$50 and make the license renewable each year effective October 1, 2003. The proposal also includes a \$75 penalty for late payment and a penalty of not more than \$5,000 for a failure to comply with a court order enforcing an order or the department to cease and desist operating a business without a business license.

NOTE: The Department of Taxation has indicated that to implement the annual renewal of the business license fee without expanding the business license tax to sole proprietors, it will need four full-time positions and two intermittent positions. The department has provided a cost estimate of \$260,000 in FY 2004 and approximately \$220,000 in FY 2005.

Secretary of State Fees

The Governor's Proposal and The Governor's Task Force on Tax Policy's Proposal
Increase all fees imposed by the Secretary of State by 50 percent effective July 1, 2003. The Secretary of State's office indicated that October 1, 2003, is the earliest the increases could be effectuated.

New General Fund Revenue Generated

FY 2004 -- \$28.0 million

FY 2005 -- \$28.9 million

The Care/Amodei Proposal

Increase all fees imposed by the Secretary of State by 50 percent, except the fees that were increased by the 2001 Legislature in SB 577 and certain of the fees for filing articles of incorporation that were not increased in SB 577. The increases would be effective July 1, 2003. As indicated above, the Secretary of State's office indicated that October 1, 2003, is the earliest the increases could be effectuated.

New General Fund Revenue Generated

FY 2004 -- \$16.1 million

FY 2005 -- \$16.1 million

Senate Bill 298

On April 17, 2003, the Senate passed SB 298 by a vote of 17-4. The bill increases many of the Secretary of State commercial filing and recording fees by amounts determined by the Association of Resident Agents. In some cases fees are lowered and in other cases fees are raised by more than 50 percent. The bill does not include fee increases for securities fees or notary fees.

New General Fund Revenue Generated

FY 2004 -- \$11.6 million

FY 2005 -- \$15.5 million

Quarterly Restricted Slot Tax

The Governor's Proposal and The Governor's Task Force on Tax Policy's Proposal

Effective July 1, 2003, increase the quarterly fees imposed upon the operation of restricted slot machines by approximately 33 percent to reflect the rate of inflation since the last increase in the fees. The fee for machines 1-5 would increase from \$61 to \$81 per machine, while the fee for machines 6-15 would increase from \$106 to \$141 per machine.

New General Fund Revenue Generated

FY 2004 -- \$2.3 million

FY 2005 -- \$2.4 million

The Care/Amodei Proposal

Effective July 1, 2003, increase the quarterly fees imposed upon the operation of restricted slot machines by approximately 31 percent for machines 1-5 and approximately 35 percent for machines 6-15. An operator with more than five machines would also pay an additional \$12 total for the first five machines.

New General Fund Revenue Generated

FY 2004 -- \$2.4 million

FY 2005 -- \$2.5 million

Taxes on Admissions or Amusements

The Governor's Proposal

Impose an excise tax of 7.25 percent of the admission charge for any location in the state where group entertainment is provided, except for group entertainment subject to the casino entertainment tax or athletic commission fees and certain non-commercial entertainment. Video rentals and participatory activities would be exempted from the tax. The tax would become effective on October 1, 2003.

New General Fund Revenue Generated

FY 2004 -- \$82.5 million

FY 2005 -- \$85.8 million

The Governor's Task Force on Tax Policy's Proposal

Impose an excise tax of 6.5 percent on the rental of videos and the admission charge for any location in the state where group entertainment is provided, except for group entertainment subject to the casino entertainment tax or athletic commission fees and certain non-commercial entertainment. Participatory activities would be exempted from the tax. The tax would become effective on July 1, 2003.

New General Fund Revenue Generated

FY 2004 -- \$73.4 million

FY 2005 -- \$76.0 million

The Care/Amodei Proposal

Imposes a tax at the rate of three percent of that portion of an admission charges to a place or location where entertainment is provided that exceeds \$10. The tax would be imposed on participatory and non-participatory activities. The tax would become effective on January 1, 2004.

New General Fund Revenue Generated

FY 2004 -- \$16.2 million

FY 2005 -- \$33.8 million