



STATE OF NEVADA
OFFICE OF GOVERNOR BRIAN SANDOVAL
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MEMORANDUM

DATE: May 6, 2015
TO: Chairman Anderson, Assembly Ways and Means Committee
FROM: Caleb Cage, Director of Military and Veterans Policy
RE: *Assembly Bill 71*

- 1) **Background:** Throughout 2014, the Office of the Governor, the Interagency Council on Veterans Affairs (ICVA), and the Nevada Department of Veterans Services (NDVS) administered several policy councils, committees, and convenings in order to develop comprehensive veterans legislative reform ahead of the 78th Legislative Session. A total of 90 recommendations were collected throughout this process, all of which are published together in the "Nevada Veterans Comprehensive Legislative Reform Report," which was submitted to the Governor and members of the Legislature for review and consideration ahead of the Session. Assembly Bill 71 (AB 71) during this Session combines multiple recommendations from this report as arranged by LCB.
- 2) **General Overview of AB 71:** Revises provisions governing various benefits for veterans and their families.
 - a) Provides a payroll tax exemption for employers who hire unemployed veterans.
 - b) Creates a Survivors' Tax Exemption that mirrors the exemption provided to deployed members of the Nevada National Guard.
- 3) **Detailed Overview of AB 71:**
 - a) **Payroll Tax Exemption:** Sections 2 and 3 of this bill authorize financial institutions and other employers to deduct from the total amount of wages reported and upon which the payroll tax is imposed on wages paid to a newly hired full-time employee if the employee is an unemployed veteran: a 100% exemption of payroll taxes imposed for the first year of full-time employment and 50% for the second year. If passed, Assembly Bill 89 would create the opportunity for private sector employers to legal prefer to hire veterans, reducing a barrier to hiring, and AB71, if passed, would create an incentive for employers. Currently, there is a federal program that provides tax credits to employers who hire veterans called the VOW to Hire Heroes Act, however, there is no incentive at this state level. AB71 would provide such a state level deduction for a limited time period for employers who hire veterans who are unemployed for more than three months. This exemption would no longer be available after June 30, 2019.
 - b) **Survivors' Tax Exemption:** Sections 5 through 8 of this bill provide for eligibility for a 3-year exemption from sales taxes for certain relatives of members of the Nevada

National Guard who are killed while performing duties as a member of the Nevada National Guard while on active service. Currently, NRS 372.325 provides a State sales tax exemption for Nevada National Guard Members and their families during times that the service member is deployed. This tax exemption is available on sales of tangible personal property to deployed members of the National Guard as long as they and their qualifying dependents are living at the same physical address and that address is in Nevada. Over the last decade of war, Nevada families have suffered deep loss when their loved ones have passed while on duty. Commonly, surviving families suffer immediate and prolonged financial hardship. Death benefits and other support can help them and through the most immediate and difficult times, but the families can often find themselves having to rebuild completely. Many families who suffer these tragedies find themselves having to sell their homes to downsize, trade in or purchase a new vehicle, all while managing substantial life insurance payments. These necessary life changes can happen suddenly, forcing these immediate and costly purchases. Allowing surviving family members the same opportunity deployed service members and their families have for a fixed period of time would help them navigate through this incredibly difficult time by reducing some of the financial stress they are sure to encounter.

- 4) **Amendments:** AB71 went through several rounds of amendments before passage in the Assembly, all of which addressed the concerns of lawmakers and stakeholders while also allowing for the removal of fiscal notes.