

Committee Action:

Do Pass _____
Amend & Do Pass _____
Other _____

Senate Committee on Revenue and Economic Development
This measure may be considered for action during today's work session.
May 5, 2015

Senate Bill 483

**Revises provisions relating to governmental financial administration.
(BDR 32-1182)**

**Sponsored by: Senate Revenue and Economic Development
(On Behalf of the Department of Administration)**
Date Heard: March 26, 2015
**Fiscal Impact: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.**

Summary

Senate Bill 483 provides for the continuation of certain revenue enhancements enacted during the 2013 Session that are set to expire on June 30, 2015, and provides for the implementation of new revenue enhancements recommended by the Governor in The Executive Budget. With respect to the revenue enhancements enacted during the 2013 Session, the bill:

- Removes the June, 30 2015, sunset date on the 0.35% increase to the Local School Support Tax, which makes the increase permanent.
- Maintains the current structure of the Modified Business Tax on Nonfinancial Institutions (MBT-NFI) with the exemption for the first \$85,000 in taxable wages per quarter and the rate of 1.17% on all taxable wages over \$85,000 per quarter. The bill makes this MBT-NFI tax structure permanent, rather than the MBT-NFI tax rate of 0.63% on all taxable wages that is scheduled to become effective on July 1, 2015.
- Continues the prepayment of the Net Proceeds of Minerals Tax and maintains the exclusion of certain industrial and health insurance deductions for FY 2016 only.
- Extends the sunset date on the requirement for a portion of the Governmental Services Tax proceeds to be deposited in the State General Fund from June 30, 2015, to June 30, 2017. The proceeds from the 10% increase in the depreciation schedule that was enacted during the 2009 Session would be deposited in the State Highway Fund beginning on July 1, 2017.

With respect to the revenue enhancements recommended by the Governor in The Executive Budget, the bill:

- Establishes the Modified Business Tax on Mining at 2.0% of total quarterly taxable wages and specifies that a mining business is defined as any business that is subject to the Net Proceeds of Minerals Tax pursuant the NRS Chapter 362.
- Increases the cigarette tax rate by 20 mills per cigarette (40 cents per pack of 20 cigarettes) in NRS Chapter 370. This increases the total cigarette tax rate from 40 mills per cigarette (80 cents per pack) to 60 mills per cigarette (\$1.20 per pack) with the proceeds from the increase to be deposited to the State General Fund.

Testimony

Primary testimony in support of Senate Bill 483 was provided by:

- Chris Nielsen, Deputy Chief of Staff to Governor Sandoval
- Jim Wells, Director, Department of Administration
- Mike Willden, Chief of Staff to Governor Sandoval

Additional testimony in support of the bill was provided by:

- Bryan Wachter, Retail Association of Nevada

Testimony offered as neutral to the bill was provided by:

- Carole Vilardo, Nevada Taxpayers Association
- Dagny Stapleton, Nevada Association of Counties

Testimony in opposition to the bill was provided by:

- Joanna Jacob, Representing the Associated General Contractors, Las Vegas
- Brian Reeder, Associated General Contractors

Ms. Jacobs and Mr. Reeder both expressed opposition to Section 7 of the bill regarding the continued transfer of Governmental Services Tax revenue to the State General Fund for FY 2016 and FY 2017.

Amendments

Subsequent to the hearing on the bill, two proposed amendments have been brought forward and the Legal Division has prepared the attached mock-up, Proposed Amendment 6871, for consideration by the Committee.

1. The first amendment, proposed by Senator Roberson, would increase the cigarette tax by a total of \$1.00 per pack rather than the 40 cents per pack based on the bill as introduced.

Based on the proposed amendment, the cigarette tax rate in NRS Chapter 370 would be increased by 50 mills per cigarette (\$1.00 per pack of 20 cigarettes). This increases the total cigarette tax rate from 40 mills per cigarette (80 cents per pack) to 90 mills per cigarette (\$1.80 per pack) with the proceeds from the increase to be deposited to the State General Fund.

2. The second amendment, proposed by the Department of Administration, would require each application for a state business license that is submitted between October 1, 2015, and October 1, 2016, to include the following information and specifies how the information is to be collected and used:
 - a) The total dollar amount of revenue earned by each business conducted by the applicant during the immediately preceding federal tax year of the business from the sale of services used in this State, or if the applicant conducted no business in this State during the immediately preceding federal tax year of the applicant, an estimate of the total dollar amount of revenue that the applicant will earn from the sale of services used in this State during the 12-month period commencing with the date the application is submitted.
 - b) The industry in which each business conducted by the applicant is primarily engaged.