

Assembly

MINUTES OF MEETING - COMMITTEE ON TAXATION - 55TH NEVADA ASSEMBLY
SESSION - FEBRUARY 25, 1969

Present: K. Hafen, Espinoza, Swackhamer, Hilbrecht, Smith
Tyson, Young, Getto and Schouweiler

Absent: None

Also Present: Ernest Newton, Nevada Taxpayers Association (portion)

Chairman Hafen convened the meeting at 8:00 a.m. and presented BDR 32-811, providing for imposition of County Sales Tax. Copies were furnished to each member and Hafen noted the bill had been submitted for study by the committee and possible introduction as a committee measure. He noted that the meeting with the cities and counties would be held tomorrow and opinions have been expressed for a mandatory port of origin sales tax.

Swackhamer noted that some of the smaller cities do not want this measure and that he would be opposed to the committee introducing it to the floor. Discussion was held on the dangers to the smaller counties and cities and Smith noted that Ormsby would most likely have to join with Washoe County on this.

Hafen cited the example of buying a car in Nye County; you could register the car in Nye and the tax would go to Clark County. Nye would get \$1 for issuing the plate but the privilege tax would be forwarded to Clark as designated on the registration certificate. He said the matter would most likely be a simple procedure but asked if the committee wished to introduce it.

Young asked if the majority ruled on this decision and Hafen said it did.

Swackhamer moved that the BDR 32-811 be returned to whoever presented it for introduction. Hilbrecht seconded and carried by vote of 8 for and 1 against.

Hafen then stated that there would be a hearing with the cities and counties on Wednesday and a hearing had been scheduled on Thursday by request to discuss the estate tax. He noted that there had been a request to pull the bill off the board and asked if they wanted it referred back to the committee for further study. The reason was due to a lot of vigorous opposition to the measure and he indicated that Tyson had pulled the bill off the Chief Clerk's desk.

Tyson announced that in view of the amount of opposition on the floor that they should take another look at it. If it is bad enough to get this amount of opposition, it was necessary to reconsider. Therefore she pulled the bill and said her opinion was that it should come back into committee.

Smith said he believed the opposition was rising from fear of protecting Nevada's interest; locking up assets and holding them until settled. He said he felt it was a mechanical thing rather than the principal of the thing.

Swackhamer said there was nothing to this really. The possibilities of locking up assets are not there and that is not the purpose of the tax. He said, however, he felt their objections were legitimate in that the opinion is that there is \$90 million in investments in Nevada that would not be here except for the fact we have no estate or inheritance tax.

Hafen noted that Vargas has requested to address on the estate tax issue and most likely First National Bank would also.

Tyson said she was concerned with this because we do not want to discourage the Lear people or the Hughes people. Even though this is a painless tax, if there is any doubt we had better study it some more. Hilbrecht stated that the committee could take another look without bringing it back into committee and Young in agreeing said it sometimes looked bad if the committee kept pulling a bill back and forth. He said further that the committee could always hold hearings on this and then if we decided to proceed we could do it without the regular procedures.

Swackhamer moved that the committee leave the A.J.R. 9 where it is and in the meantime give further study and hearings on the matter. Motion was seconded by Tyson and Smith; unanimously carried.

Hafen presented discussion on the slot machine credit and asked Swackhamer to give his report. Swackhamer said that the history of the credit went back 14 years ago when Bastian discovered that slot machines were not part of the Federal Revenue Tax. The fee of \$150 was for vice control and taking the name and address of the machine owners. He said that Nevada got in touch with Washington at that time and asked about the credit. They worked with Bible on this at the time and he did not want anything to do with it; therefore the matter was dropped. Shortly after the State of New Hampshire put in a lottery and asked for and received a forgiveness on their taxes. On that basis we felt our gaming was no worse than New Hampshire's lottery we again approached Washington on the matter. They agreed to draw an appropriate bill and put an amendment to it asking for an 80% credit. There had to be a voice vote on this and when voted upon, Bobby Kennedy voted against it; therefore the bill did not pass. We tried it again two years ago to no avail. Yesterday when Senator Cannon was here, we discussed the matter and he wants to take another crack at it. Mr. Williams of Delaware is opposed to it but Senator Cannon suggested that the committee propose another resolution for the credit. He suggested that we might put some sort of language in the resolution making it apparent that the state is in great need of this credit in order to meet our obligations to the state.

Page -3- Taxation Committee

February 25, 1969

Chairman Hafen requested Swackhamer to chair a subcommittee for the purpose of studying and drafting a resolution for this tax credit with the assistance of Getto and Young.

Hafen introduced BDR 32-501^{*}, relating to the motor vehicle fuel tax refunding and reporting. He noted that these were at the request of the tax commission and that it proposed changes to the section of the law regarding refunds. There are now two refund reporting dates in March and September and evidently they have decided that this is very cumbersome both for the motor vehicle department and the consumer. They propose to combine the state highway tax refund and the standard gas tax refund into one and delete the requirement of filing every six months. The filing time would be prescribed by the department in the future. He noted that in this manner they can spread the work load into a more manageable year-around operation. He said he felt the proposal was good and Swackhamer stated that by eliminating the need of filing twice a year, they were cutting the work load in half.

Swackhamer moved that BDR 32-501 be introduced as a committee measure; seconded by Hilbrecht and unanimously carried.

BDR 32-819, also a request of the Tax Commission, was presented and the letter attached from the Commission was read by Mr. Hafen. The letter stated that there was a companion bill and that BDR 32-819 is on the motor vehicle tax and the other is on special fuel tax administered by the motor vehicle department. These are at 6¢ a gallon and are usually dispensed by the same dealer. It was noted that the companion bill had been introduced to the Senate and in the interest of eliminating a duplication, Mr. Hafen said he would contact Mr. Gibson and see if BDR 32-819 could be presented with theirs.

A.B. 412 was presented and Mr. Getto stated that this bill provides for a deduction from gross receipts for bad debts in the local school support law. He said the merchants really complain about having to pay taxes on those debts which are uncollectible. Swackhamer asked why they had stopped at the school support tax and had not included the other taxes also.

Hafen read as follows: "4. Any amount of money receivable by a retailer for merchandise sold by him which is declared as a loss under the laws and regulations relating to federal income taxes may be deducted from the "gross receipts" for the period during which the loss is declared."

Smith said he agreed with the idea but wondered if it would not be more trouble than it was worth. He wondered if most merchants would not prefer to pay the tax rather than go through the bother of having their tax forms checked.

Discussion was held on the possibilities of the tax commission handling the bill and Tyson related the example of a bankruptcy where there had been a bill for \$10,000 due a material supplier. The supplier had to pay the sales tax to the State of Nevada, but he never received his \$10,000.

Page -4- Taxation Committee

February 25, 1969

Tyson suggested that if the tax commission is coming in for discussion, perhaps all of these bills relative to them should be held for later discussion. Hafen noted that he had about 5 or 7 bills to be discussed with the Tax Commission and they would hold all of them for the hearing.

Tyson stated she would be gone the end of this week and asked if the hearing could be scheduled for the first of next week. All concurred. Hafen noted that the bills to be considered would be A.B. 412, 312, 377 and 276.

✓ A.B. 276, apportioning 25% of sales and use tax collections to incorporated cities on basis of population, was presented by Chairman Hafen and Swackhamer said in his opinion, the committee could not do that in any way. He moved that A.B. 276 be indefinitely postponed, motion seconded by Smith.

Smith said before the vote was taken, it might be a good idea to let the introducer of the bill address the committee and Mr. Hilbrecht left to request Mr. May to attend for this purpose.

✓ A.B. 309, excluding special tax for certain owners of bee stands was presented and Getto stated that the tax is so minor on this it usually cost more to collect it and it is a money-losing proposition. He wondered if they might not be opening the door on other hobbies though.

Swackhamer said he was definitely in favor of the bill but agreed that the door was being left open. It was necessary to get the tax structure in order here.

Discussion was held on the possibilities of the assessors handling this and it was agreed that persons with two stands of bees would most likely not declare it. If the assessor had to go out and check the expense would definitely be more than the tax collected.

Hilbrecht suggested making a provision for prosecution for failure to report and then enforcing it in the event it occurred. Smith said very often two stands of bees would fall into the category of a hobby rather than a money making proposition. Hilbrecht said there were a lot of things that could fall into the category of a hobby, such as a boat, etc. This is considered an expensive hobby but there is still a tax on it.

Swackhamer suggested that the bill be held for a couple of days; that this was another matter of equal assessment.

Page -5- Taxation Committee

February 25, 1969

Chairman Hafen stated that A.B. 309 would be deferred to a future date.

Assemblyman Paul May addressed the committee on A.B. 276 and stated that the bill is to direct attention of the legislature that there is a problem in the field of public safety. He noted that in North Las Vegas, there is an extreme shortage of funds for the fire and police protection. There is a great need for another fire station but they have been unable to construct due to the lack of funds. The area of law enforcement is critical and if this bill could be passed, it would give North Las Vegas approximately 1/2 million dollar return per year. It might, however, be too heavily weighted with regard to the 25% figure, but the problem does exist.

Smith asked what was apportioned in the budget for public safety and May said less than \$100,000 a year. He said that the police force was so understaffed that there was only one patrolman on duty at night. Smith asked how they could pay the salaries for even five policemen on this amount and May stated that although the problem is an administrative one, there have been a rash of crimes in North Las Vegas. He said if they have two fires at once, about the only thing they can do is decide which one to leave burning. He said he hoped that the committee would hold the bill for further consideration when financing reports have been completed.

Mr. May was excused and discussion was held on the problems involved in A.B. 276. Swackhamer said in his opinion there was no way for the committee to pass this bill.

Hafen noted that there had been a motion and a second to indefinitely postpone A.B. 276 and vote was taken. Motion unanimously carried.

Meeting adjourned.