

Assembly

MINUTES OF MEETING - COMMITTEE ON TAXATION - ASSEMBLY 55TH
SESSION, MARCH 28, 1969

Present: Hafen, Young, Swackhamer, Hilbrecht, Smith, Tyson,
Espinoza, Getto

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Absent: Schouweiler

Guests: Senator Pozzi; Chuck Meneley, International Harvester

Meeting was called to order at 7:00 am.

SB-262 - Exempts farm machinery and equipment dealers from property tax on machinery, equipment held for sale in ordinary course of business.

Pozzi: The automobile dealers have a provision that at the end of the year that when inventory is taken, automobiles are not included in the inventory that would be taxable. The theory behind this is that the units are on the floor and the banks are financing. When they are sold, the tax is paid on them. If you use the same theory for farm machinery and equipment dealers, as there aren't very many dealers in the state it will not affect very much tax wise to the particular counties concerned.

Meneley: I have talked to the Washoe County assessor and this would not affect construction equipment. He stated that in certain instances the tax might be paid three times.

It was stated that the dealers could transfer anything out on December 31, 1969, and then bring them back after inventory taken. It was brought out that the Freeport Law would prevent them from doing this in the state and the expense of shipping out of state would be great.

AB-564 - Regulates the sale, distribution and redemption of trading stamps and provides for tax based upon value of unredeemed stamps.

Glaser: A copy of letter to Norman Glaser from Roy Nickson was given to members of the committee.

It was estimated that revenue from this source would be approximately \$250,000.

Mr. Nickson has suggested amendments to this bill which would make it easier to police. These amendments would be added in new sections:

- " a) The Tax Commission, or any person authorized in writing by it, may examine the books, papers, records and equipment of any person or company distributing or redeeming trading stamps and may investigate the character of the business of the person or company in order to verify the accuracy of any return made, or, if no return is made by the person or company, to ascertain and determine the amount required to be paid.

b) Any company or person who fails or refuses to furnish any return required to be made, or who fails or refuses to furnish a supplemental return or other data required by the Tax Commission, or who renders a false or fraudulent return, shall be guilty of a misdemeanor and subject to a fine of not exceeding \$500 for each offense. 111

c) Any person or company required to make, render, sign or verify any report who makes any false or fraudulent return with intent to defeat or evade the determination of an amount due required by law to be made, shall for each offense be fined not less than \$300 nor more than \$5,000, or be imprisoned for not exceeding one year or be subject to both fine and imprisonment.

d) Any person who fails to pay such tax to the state or any amount of tax due within the time required shall pay a penalty of 10 percent of the tax or amount of the tax, in addition to the tax or amount of tax, plus interest at the rate of 1/2 of 1 percent per month, or fraction thereof, from the date on which the tax was due and payable to the state until the date of payment."

The revenue from this bill would not be earmarked for community colleges but would go into the general fund.

It was pointed out that if we pass this bill we are removing the possibility that any bills will be introduced to outlaw trading stamps.

Swackhamer moved a do pass as amended.
Young seconded.
Motion carried unanimously.

SB-262 - Exempts farm machinery and equipment dealers from property tax on machinery, equipment held for sale in ordinary course of business.

Swackhamer moved to indefinitely postpone; Smith seconded; motion carried unanimously.

AB-546 - Eliminates casino entertainment tax on admissions.

Suggested amendments:

Page 1, line 24 , by inserting after the period "If any minimum charge is made for seating or other services in an area, within an establishment, where refreshment is ordinarily served, the amount of such charge is taxable under this section. If food or other refreshment is served gratuitously to any person who has paid an admission charge, the reasonable value of such food or refreshment is taxable under this section."

Page 2, line 4; sion.] merchandise, refreshment, [or] service and any other item taxable under NRS 463.401 for a period of not less than"

Hilbrecht moved to amend and do pass; Young seconded; unanimously carried.

Tyson excused.

AB-250 - Increases share of real property transfer tax to be retained by county and eliminates affidavit requirement for deeds not going through escrow.

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Hafen indicated that the counties like this bill. The counties can retain 5% at this point; this bill would split 50/50 between the counties and the state; the counties feel it is costing them more than 5% to collect tax.

Swackhamer moved to indefinitely postpone; Hilbrecht seconded; motion carried unanimously.

AB-379 - Authorizes Nevada tax commission summarily to suspend intoxicating liquor licenses.

Young moved do pass; Getto seconded; motion carried unanimously.

AB-380 - Excludes liens from computation of real property transfer tax; requires affidavit of value in all cases.

Smith moved to indefinitely postpone; Hilbrecht seconded; motion carried unanimously.

AB-694 -

Action to be deferred.

AB-612 - Authorizes separate assessments of land and improvements thereon when held in separate ownerships.

Hilbrecht moved to indefinitely postpone; Getto seconded; motion carried unanimous.

AJR-26- Proposes to amend Nevada constitution by increasing maximum allowance for state public debt to 3 percent of state's assessed valuation and by restricting contracts permissible outside debt limit.

AJR-39 - Provides for state borrowing outside debt limit by vote of people.

It was decided to make sure the building authority gets through the Senate before acting on these resolutions.

AB-744 - Authorizes tax levy for Nevada state museum

Young moved to indefinitely postpone; Hilbrecht seconded; motion carried unanimously.

SB-128 - Requires levy of school tax up to a certain level when requested by trustees of school district.

It was agreed that the third section of the bill be taken out; this was a dangerous situation even though the school people are not convinced.

Hafen pointed out that the cities met with the Senate yesterday and discussed a package of cigarette tax, liquor tax, privilege tax on automobiles and a 1/2¢ optional tax for the counties.

Meeting adjourned.



PAUL LAXALT, Governor, Chairman

ROY E. NICKSON, Secretary

March 27, 1969

The Honorable Norman D. Glaser
 Assemblyman for Elko County
 Assembly Chambers
 State Capitol Building
 Carson City, Nevada 89701

Dear Assemblyman Glaser:

As requested, I have reviewed the provisions of Assembly Bill 564, as amended, as they pertain to the Nevada Tax Commission. Based on the review, the following information is furnished:

- a) Annual Value of Redemptions: (Only S&H and Blue Chip Trading Stamps were considered. Other trading stamp companies may be operating in Nevada but, if so, their activities are unknown to the Tax Commission.)

Blue Chip Company - 1 March 1968 through 28 February 1969 @ \$3.00 retail per book redeemed -	\$3,043,191.
S&H Green Stamp Redemptions for the year 1968 based on redemptions in Nevada -	<u>962,542.</u>
Total Redemptions:	\$4,005,733.

- b) Revenue at 5 percent of redemption value equals \$200,286.65.

- c) Maximum cost to administer collection program for initial year - 2 percent of anticipated revenue, or approximately \$4,000. In subsequent years, the administrative costs should drop to not more than 1-1/4 percent, or say, \$2,500. These expenses are primarily for an annual audit of the firms concerned.

No information could be obtained regarding total trading stamp sales by the companies in Nevada. The Blue Chip Company claimed that they were unable to furnish such information, and the S&H Company indicated that additional research would be required and promised to furnish such information at some (unspecified) later date. My personal guess is that unredeemed stamps would equal at least 10 percent of total redemptions, or an additional \$20,000 per year.

If enacted, I would appreciate your consideration to amending the bill to ease the administration of the tax. Proposed amendments (new sections) would be as follows:

- a) The Tax Commission, or any person authorized in writing by it, may examine the books, papers, records and equipment of any person or company distributing or redeeming trading stamps and may investigate the character of the business of the person or company in order to verify the accuracy of any return made, or, if no return is made by the person or company, to ascertain and determine the amount required to be paid.
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- c) Any person or company required to make, render, sign or verify any report who makes any false or fraudulent return with intent to defeat or evade the determination of an amount due required by law to be made, shall for each offense be fined not less than \$300 nor more than \$5,000, or be imprisoned for not exceeding one year or be subject to both fine and imprisonment.
- d) Any person who fails to pay such tax to the state or any amount of tax due within the time required shall pay a penalty of 10 percent of the tax or amount of the tax, in addition to the tax or amount of tax, plus interest at the rate of 1/2 of 1 percent per month, or fraction thereof, from the date on which the tax was due and payable to the state until the date of payment.

Items such as the above could be substituted for the current section 11 in the bill.

It is also recommended that section 11 be amended to include words similar to the following:

"Returns for the previous fiscal year shall be filed with the Tax Commission in such form as the Tax Commission may prescribe."

It may also be appropriate to revise section 11, subsection 2, to include wording such as:

"All such sums received by the Nevada Tax Commission shall be transmitted to the State Treasurer to be deposited in the State Treasury to the credit of the Regents of the University of Nevada for the support and maintenance of a system of Community Colleges, which system the Board of Regents are hereby directed to establish. The State Treasurer shall remit to the Board of Regents

The Honorable Norman D. Glaser
March 27, 1969
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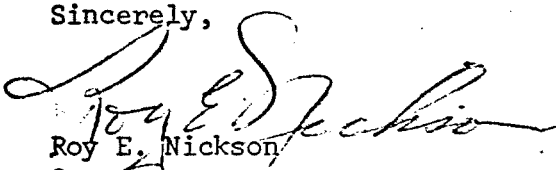
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of the University of Nevada any such sums within thirty (30) days of receipt from the Nevada Tax Commission."

If I can provide any additional information or assistance, please let me know.

Highest personal regards,

Sincerely,


Roy E. Nickson
Secretary

REN/hw