

MINUTES OF MEETING - COMMITTEE ON TAXATION - 55TH NEVADA ASSEMBLY  
SESSION - MARCH 7, 1969

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

Absent: Schouweiler

Also Present: Ray Knisley

Chairman Hafen convened the meeting at 7:30 a.m. Hafen noted that they would appoint a sub-committee for the purpose of studying the facts presented on the following resolutions: AJR 4, 5, 14, 15, 25 and 28.

Smith moved that a sub-committee be formed for the purpose of consolidating the information received and drafting new bill or bills to provide for those exemptions considered to be the most economically sound. Getto seconded the motion and it was unanimously carried.

Swackhamer, Tyson and Hilbrecht were appointed to the above-mentioned sub-committee.

Hafen presented A.J.R. 9 and Tyson suggested they defer any action today. She noted that she had additional information regarding the estate tax and would like more time before presenting it to the committee. Hilbrecht presented an information sheet showing those states now using the death tax.

A.B. 377, requiring state licensing and taxation of distillers of intoxication liquor.

Swackhamer moved for indefinite postponement of A.B. 377; motion seconded by Tyson.

Hilbrecht noted that the main reason for not passing the bill was simply because there were areas that were not explicit enough. He noted that the exemption for family use was not provided for and there are families who do make their own wine and brew for their own consumption.

Swackhamer said there was little chance of any industry coming into Nevada because they are too far away from the resources necessary.

Motion having been made and seconded, indefinite postponement was unanimously carried.

A.B. 309, excluding special tax for certain owners of bee stands.

Getto moved that A.B. 309 be given a Do Pass; motion seconded by Tyson and unanimously carried.

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A.J.R. 29, memorializes congressional delegation to seek income tax reform.

Swackhamer said that he felt that Nevada is a beneficiary of the depletion allowance and there is a good chance of the mining industry coming back in. And oil is another consideration. He felt Nevada was not the state that should be putting this to congress.

Hafen noted that there was a move now to keep big businesses from purchasing agricultural land which they could use as a tax write-off. He said he did not agree with this thinking.

Swackhamer said he thought there might be a great constitutional question involved in something like that. Knisley stated that the government cannot tell you what you can own in the way of property but they can sure tell you how to pay the taxes on it.

Hafen said the way the tax structure is today, it is extremely difficult for a person to buy a farm and make it pay. Young noted that if such a law were passed, it might keep the prices down and make it possible for others to purchase the farms. Hilbrecht said in his opinion you would not be keeping these businesses from buying the land, only using it as a tax write-off.

Knisley said he wanted to point out to the committee that there was not truth to the idea of making a profit by taking a loss. You may hear about these big tax write-offs but if this bill you are talking about goes through, the farm lands are going to be depleted. They are going to be held. Under the depletion allowance you are allowed to offset the cost of operation. Without this depletion allowance we would be completely dependent on South American companies for our oil without the depletion allowance. There are active oil operations going on in Nevada and he believed that someday Nevada would be very much benefited by this depletion allowance.

Young noted that he has been in contact with these companies for the last couple of years. He agreed that Nevada could become one of the large oil producing states.

Discussion was held until Mrs. Frazzini could attend to give her views of the bill.

A.B.371, establishes exemption of cattle from tax levy for county fire protection districts.

Getto stated that he had discussed this bill with Mr. Howard, but he was not aware of the purpose.

Knisley said he believed the idea is that the Districts are receiving taxes on the cattle and it is felt that the cattle are not in any way a cause of fires and should not be liable for the fire districts

operation. It was noted that the wording in the bill referred to "cattle and other personal property".

Swackhamer asked how you could exclude any of this off of the tax rolls; for instance distinguishing between hay and cattle. Knisley said they were identifiable on the tax rolls because they are taxed separately. Hafen said he had heard Mr. Howard's views on this bill and they sounded right to him.

Smith said actually this bill would only result in the people being assessed in another manner. Hafen said right now they are creating a surplus in the district. Young suggested they ask Mr. Palmer to work up some figures on the loss if this were executed. Perhaps there was accrual involved here with the local agencies. Knisley said the districts assess the property in the area. The County Commissioners are not interested in this because it is under the \$5 limit and does not affect the county tax rates at all. Only the rate of the district.

Hilbrecht said it sounded like they should be taxing the structures that would be protected by the fire district. Knisley said the cows do not contribute to the fires in anyway. Smith pointed out that the farmer would not profit from this if they were not afforded the protection of the district.

Discussion was held until Mr. Howard could attend for explanation purposes.

A.B. 535, narrows exemptions from the casino entertainment tax.

Hafen read the bill in its entirety and noted that the language was extremely ambiguous and that the gaming industries were opposed to this legislation. He noted that a couple of years ago when this same bill was in, the union fought it pretty hard. It was more or less understood that the government would leave the law the way it is. Tyson said she would hate to see this opened up again. She said the Labor Union's would certainly come out in full force if they tried to get this passed. Getto noted that the revenue was not changed that much anyway.

Hilbrecht suggested that this bill was drafted at the request of someone other than the introducer.

Young moved that A.B. 535 be indefinitely postponed; motion seconded by Getto and unanimously carried.

A.B. 371 was again presented and Mr. Howard spoke on behalf of the bill. He noted that approximately 1963 the rural fire district was set up and in 1967 the personal property act was passed and inadvertently included cattle in their personal property category. The fire district failed to recognize that in doing this automatically taxed the cattle twice. They are taxed by range preservation also. The Districts are gaining a great deal of surplus through this.

Getto asked if they would be exempt from the other tax also if this bill were to pass. Howard said it would not, the range tax would still be assessed. This range fire tax comes under State Forestry and BLM. Hilbrecht said they were just wanting to put the tax back the way it was before and Howard said "yes, but it would remain with regard to personal property tax under the city and county assessment".

Mr. Howard was excused and Hilbrecht asked if it said specifically in the bill the reason for the change, and proceeded to research.

S.B. 36, providing for tax-supported county museum or historical society.

Chairman Hafen noted that this bill was identical to A.B. 32 which had been passed out of Assembly with the exception of the words "non-profit" contained in S.B. 36. He noted that the Senate was holding the A.B. 32 pending our action on the Senate Bill.

He noted that he had a woman confront him on the possibility of passing an act which would make it illegal to take artifacts found in Nevada out of the state. He said she had thought about having an amendment to S.B. 36 in this regard but he did not think they should be connected.

Young moved that S.B. 36 be given a Do Pass; motion seconded by Hilbrecht and unanimously carried.

A.B. 371, Hilbrecht stated that the bill did specifically make reference to the other tax and therefore moved for a Do Pass; motion seconded by Getto and unanimously carried.

A.J.R. 29; Mrs. Frazzini arrived to speak on behalf of this resolution. She noted that the resolution was the result of a study on the inequities of both men and women with regard to their income tax. Especially in the area of heads of household. They do not get the same tax break as married couples even though they may have many children to support. Hilbrecht asked if they had been directing their thoughts to this idea alone and not the other facts. Mrs. Frazzini said she did believe it was necessary to have a complete tax reform, however she did not feel that was the idea of the resolution.

Hafen advised her of the reasons why the committee was reluctant on this bill, being the income that Nevada receives due to the depletion allowance and she said that she would be in favor of amending that portion of the resolution to more clearly indicate what was intended. Mrs. Frazzini was excused.

AJR 37, memorializes Congress to allow credit for state slot machine tax.

Swackhamer noted that this resolution had been amended for the purpose of deleting certain language which referred to the President or the Speaker of the House. This was because of a certain

congressman from Delaware who was opposed to Nevada receiving the slot machine tax credit.

Young moved for a Do Pass on AJR 37; motion seconded by Hilbrecht and unanimously carried.

Hafen noted that there was a reference in the resolution which indicated the funds would go towards our school systems to aid in the ever growing need for education.

AJR 29, Smith moved for an indefinite postponement; Young said he did not believe this bill really did what Mrs. Frazzini had intended and in view of that he would second the motion; unanimously carried.

A.B. 412, provides deduction from gross receipts for bad debts in local school support tax law. A.B. 423 and A.B. 312 also.

Smith said he believed in what they were trying to do but he thought they would be causing more problems than they would be solving. Swackhamer said in his opinion this was needed and important to the people.

Getto said in his opinion when a businessman gets stuck with a bad debt and then has to pay the tax on it, it is detrimental to his entire business. Espinoza said he did not agree with that because the seller made the agreement and therefore he was liable to pay the tax.

Swackhamer said he did not feel you could call it a sale until the money is in the cash register. Hilbrecht said in his opinion A.B. 412 was getting into the bad debt collectibility determination. This determination is made by the federal government. He said he believed the bankruptcy matter was another situation.

Hilbrecht moved that A.B. 412 be indefinitely postponed; motion seconded by \_\_\_\_\_; unanimously carried

A.B. 546, eliminates casino entertainment tax on admissions.

Chairman Hafen stated that the committee should give some serious thought to this bill because it was going to be very controversial. He said if this bill were to pass, there could be some real inequities. Some casinos could take advantage of this and serve your dinner at no charge but really clobber you with the entertainment fee.

Swackhamer said there was a bill which he wanted to discuss which was A.B. 387. He felt this was going to be a very beneficial bill. This bill includes cattle into the free port law, cattle in transit, etc. He said the only person who has said he did not like this bill was Roy Young.

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Chairman Hafen noted that their meetings would be set up for 8:00 a.m. on Tuesday, Wednesday and Friday in the future.

Hilbrecht asked that Mr. Ashworth be requested to appear on A.B. 546 on Tuesday.

Meeting adjourned.