

Revenue and Tax Structure in Nevada



*Legislative Counsel
Bureau*

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REVENUE AND TAX STRUCTURE IN NEVADA

BULLETIN NO. 95-16

**LEGISLATIVE COMMISSION
OF THE
LEGISLATIVE COUNSEL BUREAU
STATE OF NEVADA**

SEPTEMBER 1994

BULLETIN 95-16

Study of Revenue and Tax Structure in Nevada

S.C.R. 43 - 1993 Session

Members

Senator Dean A. Rhoads, Chairman
Senator Diana M. Glomb
Assemblywoman Chris Giunchigliani
Assemblyman Dean A. Heller

Marvin Leavitt, Local Government Advisory Committee
Harry Weinberg, expert in economic development
Carole A. Vilardo, representative of general public

Principal Staff

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(687-6821)

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S.C.R. 43
SUMMARY OF RECOMMENDATIONS

1. The 1995 Session of the Nevada Legislature should consider legislation achieving assessment equity between manufactured homes and site built homes . (BDR 32-594)
2. The 1995 Session of the Nevada Legislature should consider legislation providing that the sales tax be paid on items for rent or lease at the time of rental or lease and eliminating the option of payment at time of original sale. (BDR 32-595)
3. The 1995 Session of the Nevada Legislature should consider legislation providing for various changes regarding the collection of taxes. (Department of Taxation Omnibus Bill) (BDR 32-596)
4. The 1995 Session of the Nevada Legislature should consider legislation establishing a subcommittee on the consolidation of the services provided by the state, counties, cities, and special districts at the convening of the 1995 Session to report to the 1997 Session. (BDR R-597)
5. The 1995 Session of the Nevada Legislature should consider legislation establishing a minimum threshold to issue tax billings. (BDR 32-598)
6. The 1995 Session of the Nevada Legislature should consider legislation repealing NRS 354.59811. (BDR 31-599)
7. The 1995 Session of the Nevada Legislature should consider legislation authorizing the Commission on Economic Development to grant certain exemptions to new and expanding businesses. (BDR 18-600)
8. The 1995 Session of the Nevada Legislature should consider legislation providing for a constitutional amendment allowing a "circuit breaker" for relief from property taxation to mitigate economic hardship on single family residents. (BDR C-601)
9. The 1995 Session of the Nevada Legislature should consider legislation adding "widowers" to NRS 361.080. (BDR 32-602)

10. The 1995 Session of the Nevada Legislature should consider legislation directing the appropriation committees of the 1995 Session to require state agencies to use lock boxes unless such use is shown to be impractical. (BDR R-603)
11. The 1995 Session of the Nevada Legislature should consider legislation establishing a \$250,000 per year of sales tax liability threshold for the use of electronics funds transfers (EFT) and delegating the authority to review and revise a threshold to the Nevada State Tax Commission. (BDR 32-604)
12. The 1995 Session of the Nevada Legislature should consider legislation establishing a bad debt credit against future sales and use tax. (BDR 32-605)
13. The 1995 Session of the Nevada Legislature should consider legislation to eliminate the prepayment of the net proceeds of mines over a five year period. (BDR 32-606)
14. The 1995 Session of the Nevada Legislature should consider legislation that would eliminate the prepayment of the insurance premium tax. (BDR 57-607)
15. The 1995 Session of the Nevada Legislature should consider legislation removing the state bond redemption rate from the statutory tax rate cap. (BDR 32-608)
16. The 1995 Session of the Nevada Legislature should consider legislation removing the school tax rate from the statutory tax rate cap. (BDR 32-609)
17. The 1995 Session of the Nevada Legislature should consider legislation removing the indigent fund rate from the statutory tax rate cap. (BDR 32-610)
18. The 1995 Session of the Nevada Legislature should consider legislation to increase the statutory cap from the current 3.64 rate to \$4 per \$100 of evaluation. (BDR 32-611)

19. The 1995 Session of the Nevada Legislature should consider legislation to amend the standing rules to require that the accepted tax principles be considered whenever an increase in taxes or fees is proposed. (BDR R-612)
20. The 1995 Session of the Nevada Legislature should consider legislation that would require any proposed tax increase to be approved by two final floor votes of the legislature in each house within at least 15 days but not later than 30 days. (BDR R-613)
21. The 1995 Session of the Nevada Legislature should consider legislation providing for a constitutional change that would require any proposed tax increase to be approved by two final floor votes of the legislature in each house within at least 15 days but not later than 30 days. (BDR C-614)
22. The Fiscal Analysis Division provide revenue estimates that would be derived from the Sales and Use Tax of state domestic product included but not limited to services, food, health care and the possible reduction of the sales tax rate that could be realized by expanding the tax base for the 1995 Session of the Nevada Legislature based on the 1992 Census data when it becomes available.

**Report of the Legislative Commission
To the members of the 68th Session of the Nevada Legislature**

This report is submitted in compliance with Senate Concurrent Resolution No. 43 (File No. 183, Statutes of Nevada, 1993, Page 312R) which directed the Legislative Commission to conduct an interim study of revenue and tax structure in Nevada and within the framework of the principles of taxation prepare one or more proposals for the revision of the revenue structure of this state and its local governments.

Members of this legislative subcommittee were appointed by the Legislative Commission to conduct the study were:

Senator Dean A. Rhoads, Chairman

Senator Diana M. Glomb
Assemblyman Chris Giunchigliani
Assemblyman Dean A. Heller

Marvin Leavitt, Local Government Advisory Committee
Harry Weinberg, expert in economic development
Carole A. Vilardo, representative of general public

Legislative Counsel Bureau staff services for the subcommittee were provided by Kevin D. Welsh, Deputy Fiscal Analyst, Ted A. Zuend, Deputy Fiscal Analyst, Kimberly Morgan, Principal Deputy Legislative Counsel, Kristin Bullock, Deputy Legislative Counsel and Nenita Wasserman, Secretary of the Fiscal Analysis Division.

This report presents the findings and recommendations of the subcommittee. The testimony and documentation which was directly related to the recommendations is included in the narrative and the appendices. All supporting documentation and meeting minutes are available from the Fiscal Analysis Division of the Legislative Counsel Bureau.

Respectfully submitted,

Legislative Commission
Legislative Counsel Bureau
State of Nevada

Carson City, Nevada
September 1994

ABSTRACT

STUDY OF REVENUE AND TAX STRUCTURE IN NEVADA

The 66th Session of the Nevada Legislature adopted Senate Concurrent resolution No. 43 (File No. 183, *Statutes of Nevada 1993*, page 3128). The resolution directs the Legislative Commission to conduct a study of the revenue and tax structure in Nevada.

To conduct the study, the Legislative Commission appointed a subcommittee consisting of two members of the senate who belong to different political parties; two members of the assembly who belong to different political parties; one member of the local government advisory committee; one member who is an expert in economic development and one member who is a representative of the general public. The subcommittee held five hearings and several (sub)subcommittee hearings in Carson City, Reno, Las Vegas and Elko to hear testimony and receive information on Nevada's revenue and tax structure and held a final work session in Carson City.

The subcommittee adopted recommendations in the areas of tax administration, sales tax, real and personal property tax, tax initiatives and miscellaneous taxes resulting in 21 bill draft requests, a letter of intent, requested position statements contained in the narrative, and requests for information and legal opinions to be forwarded to the 1995 Legislature.

Detailed descriptions of the recommendations and discussions of the subcommittee's deliberations can be found in the subcommittee's final report.

INTRODUCTION AND BACKGROUND

In September 1987, the Nevada Legislature released a request for proposals for a broad based yet in depth analysis of Nevada's state and local fiscal affairs. The analysis, completed by the Urban Institute and Price Waterhouse and presented to the Legislative Commission in November of 1988, resulted in a publication titled A Fiscal Agenda for Nevada that was the most comprehensive report on Nevada's fiscal affairs since the publication of Financing State and Local Government in Nevada (The Zubrow Report) in 1960. The completion of the analysis was not intended as an end but rather the start of an ongoing analysis of Nevada's public finances.

During testimony before the Senate Committee on Legislative Affairs and Operations, in 1993 several people echoed the observations of Dr. Glen Atkinson, Professor, University of Nevada-Reno, who stated that "the Price Waterhouse Study (A Fiscal Agenda for Nevada) was an excellent piece of research...(however, the state) should look at its evolving tax structure as the economy evolves." Further testimony identified Nevada's relationships between state and local government and economic diversification as two components of an evolving fiscal climate that needed to be continually monitored and evaluated.

As a result of this need for an update of previous studies, the 1993 Session of the Nevada Legislature adopted Senate Concurrent Resolution No. 43 (File No. 183, Statutes of Nevada, 1993, Page 3128) directing the Legislative Commission to appoint a committee to study the revenue structure of the state and its local governments and make recommendations for legislation to improve that structure. The resolution specified that the committee appointed by the Legislative Commission consist of:

1. Two members of the senate who belong to different political parties.
2. Two members of the assembly who belong to different political parties.
3. One member of Local Government Advisory Committee.
4. One member who is an expert in economic development.
5. One member who is a representative of the general public.

Finally, the resolution¹ directed the committee to use the following principles of taxation to analyze the revenue structure of the state and its local governments:

1. equity
2. neutrality
3. adequacy
4. broadbased
5. compatibility
6. predictability
7. exemptions
8. convenience
9. efficiency
10. earmarking

The Legislative Commission appointed the following members to its subcommittee to study the revenue and tax structure in Nevada: Senator Dean A. Rhoads, Chairman; Senator Diana M. Glomb, Assemblywoman Chris Giunchigliani, Assemblyman Dean A. Heller, Marvin Leavitt, Local Government Advisory Committee; Harry Weinberg, expert in economic development; and Carole A. Vilardo representative of the general public.

METHODOLOGY

The Legislative Commission's Interim Subcommittee on Revenue and Tax Structure in Nevada (S.C.R. 43) was granted a budget of \$4,650 to hold four public hearings and one work session. The subcommittee requested and was granted funding for an additional public hearing by the Legislative Commission at its March 29, 1994 meeting.

The purpose of the public hearings is to provide a forum at which public and private agencies, officials and individuals can present oral and written testimony regarding subjects within the purview of the committee and partake in public discussion of those subject areas. The work session is the forum at which the committee may modify and accept or reject proposals discussed during the public hearings and from them adopt recommendations to be forwarded to the Legislative Commission.

PUBLIC HEARING NO. 1

The first public hearing was held Friday, November 5, 1993 at the Legislative Building in Carson City, Nevada. The study committee first reviewed previous studies and the fiscal affairs of state and local government in Nevada and then outlined the goals, objectives and study areas for the subcommittee and tentatively scheduled the remaining meetings.

A review of previous tax studies included Study of Electric Utility Taxation and Revenue Distribution in Nevada (KPMG-Peat Marwick) by Kevin D. Welsh, Deputy Fiscal Analyst; Study of Taxation in Nevada (Bulletin No. 91-20) by Marvin Leavitt, Legislative Coordinator, City of Las Vegas; and Fiscal Affairs of the State and Local Government in Nevada (the Urban Institute/Price Waterhouse Study by Carole A. Vilardo, Executive Director, Nevada Taxpayers Association, Robert Hadfield, Director, Nevada Association of Counties then reviewed local government fiscal relationships.

The goals and objectives outlined by the subcommittee was to formulate a long-term comprehensive realistic tax policy for the State of Nevada, including a broader tax base, relationships between state and local governments, exemptions to sales and property tax, constitutional restrictions and any other area of taxation that should arise. To accomplish the goals and objectives, the chairman tentatively scheduled two public hearings in Las Vegas, one in Reno and a work session in Carson City.

PUBLIC HEARING NO. 2

The second public hearing was held on Friday, January 21, 1994 at Cashman Field Center in Las Vegas, Nevada. The subcommittee received written and oral testimony and discussions on the activities of other study subcommittees, year-to-date status of general fund revenue and discussion of the application of sales and use tax on selected services. The subcommittee then appointed the following people to staff study (sub)subcommittees in the following study areas:

Sales Tax

Assemblyman Dean Heller, Chairman

Senator Diana Glomb

Assemblywoman Chris Giunchigliani

Harry Weinberg

J. Patrick Coward

Miscellaneous Taxes

Senator Diana Glomb, Chairman

Senator Dean Rhoads

Assemblywoman Chris Giunchigliani

Carole A. Vilardo

Jason Planck

Tax Administration

Assemblyman Dean Heller, Chairman

Senator Diana Glomb

Harry Weinberg

Real Property Tax

Assemblywoman Chris Giunchigliani, Chairman

Richard Bunker

Carole A. Vilardo

Kit Weaver

Gaylyn Spriggs

Personal Property Tax

Senator Dean Rhoads, Chairman

Assemblyman Dean Heller

Marvin Leavitt

Mary F. Santana

Tax Initiative

Assemblyman Dean Heller, Chairman

Harry Weinberg

Assemblywoman Chris Giunchigliani

Ted A. Zuend

Kevin D. Welsh

(SUB)SUBCOMMITTEE MEETING

The (sub)subcommittee on Real Property Taxes held a public hearing on February 16, 1994 in the conference room of the Nevada Resort Hotel Association in Las Vegas, Nevada. During the discussion of real property tax issues, it became apparent that the tax issues of interest to the (Sub)subcommittee on Real Property Tax and the (Sub)subcommittee on Personal Property Tax were almost identical. Therefore, the two (sub)subcommittees merged for the remainder of the study. It was also determined that, all of the (sub)subcommittees would meet in conjunction with the public hearings of the main subcommittee for the remainder of the study.

PUBLIC HEARING NO. 3

The third public hearing was held Friday, March 25, 1994 at the Reno City Council Chambers in Reno, Nevada. After opening remarks from the chairman, the committee appointed Reno City Council member Pierre Hascheff to the (Sub)subcommittee on Personal/Real Property and sales tax. The subcommittee held an informal informative discussion led by Assemblyman Dean Heller on the Governor's Five-Year Tax Strategy, then recessed for (sub)subcommittee hearings and reports.

(SUB)SUBCOMMITTEE ON TAX ADMINISTRATION - Assemblyman Dean Heller opened the hearing with a discussion of lockboxes and "paperless" reporting. The (sub)subcommittee also discussed the relationship between the cost of additional auditors and the additional revenues that could be realized by a higher percentage of compliance. The Department of Taxation was asked to report back to the (sub)subcommittee at their next meeting.

(SUB)SUBCOMMITTEE ON SALES TAX - Assemblyman Dean Heller opened the hearing with a discussion of the general stabilization of Nevada's tax base specifically broadening the tax base to include services, food, housing and medical care. After considering testimony from several different people, the subcommittee requested information regarding the scope of the service component of the state's domestic product for consideration at the next meeting.

(SUB)SUBCOMMITTEE ON MISCELLANEOUS TAXES - Senator Diana Glomb opened the hearing with testimony from the Mining Industry, the Nevada Association of Counties, the Nevada League of Cities regarding the distribution of the revenues of net proceeds of minerals tax. The (sub)subcommittee also received testimony regarding the business license tax and room tax and deferred any recommendations until the next meeting.

(SUB)SUBCOMMITTEE ON REAL/PERSONAL PROPERTY TAX - Senator Dean Rhoads referred the chairmanship of the now combined (sub)subcommittee to Assemblywoman Chris Giunchigliani who opened the hearing with a discussion of the four legislatively mandated steps in the determination of real/property taxes: Determination of taxable value, determination of assessed value, determination of tax rate and determination of exemptions/split rate/roll. The (sub)subcommittee concluded with a recommendation that the split roll be given no further consideration.

(SUB)SUBCOMMITTEE ON TAX INITIATIVES - Assemblyman Dean Heller opened the hearing with a discussion of expected results and possible legislative action that may be required if one of the three (Gibbons, Clark and Citizens Tax Control) Initiatives were to qualify for the ballot and ultimately be passed by the Nevada Voters. He noted that the Nevada Taxpayers Association was conducting a survey of its membership regarding the initiatives and that the (sub)subcommittee would await the results of that survey before considering recommendations.

FULL SUBCOMMITTEE - Chairman Rhoads called the full subcommittee to order and accepted a recommendation from the (Sub)subcommittee on Real/Personal Property tax that a split roll policy for real property tax not be considered which was seconded and approved. The subcommittee then heard comprehensive testimony from the deputy attorney general, Department of Taxation, on the department's proposed Omnibus "cleanup" Bill. The Chairman stated the subcommittee would hold further discussions and possibly make the recommendation on the matter at its next hearing and adjourned.

PUBLIC HEARING NO. 4

The fourth public hearing was held on Wednesday, April 27, 1994 at the Elko Convention Center in Elko, Nevada. After opening remarks from Chairman Dean Rhoads, the public hearing recessed for (sub)subcommittee hearings and reports.

(SUB)SUBCOMMITTEE ON TAX ADMINISTRATION - Assemblyman Dean Heller opened the (sub)subcommittee hearing with a discussion of Automatic Collection Programs (ACP), Electronic Funds Transfers (EFT) and lockboxes by representatives of the Department of Taxation and the Treasurer's Office. The (sub)subcommittee also received testimony from the Nevada Taxpayer's Association and the Department of Taxation regarding the cost/benefit of several specific areas regarding Tax Administration for further consideration.

(SUB)SUBCOMMITTEE ON SALES TAX - Assemblyman Dean Heller opened the hearing by a presentation by Chief Paul Delori, Tahoe-Douglas Fire Protection District with regard to problems with the Supplemental City/County Relief Tax (SCCRT) distribution formula in communities with controlled growth policies. The (sub)subcommittee heard further testimony regarding sales tax on services, food and lease/rentals. The public hearing was concluded with a discussion by city and county representatives on the distribution of revenues from the net proceeds of minerals tax.

FULL SUBCOMMITTEE - Chairman Rhoads opened the hearing with a discussion of correspondence from Reno Mayor Pete Sferrazza and Mr. Robert Campbell regarding the distribution of locally generated tax revenues and legislative procedures, respectively. Chairman Rhoads adjourned the meeting with comment that recommendations from the (sub)subcommittees would be considered at the next meeting in Las Vegas.

PUBLIC HEARING NO. 5

The last public hearing was held Friday, May 13, 1994 at the Cashman Field Center in Las Vegas, Nevada. After a brief introductory statement, Chairman Dean Rhoads recessed for (sub)subcommittee reports and recommendations.

(SUB)SUBCOMMITTEE ON TAX ADMINISTRATION - The (sub)subcommittee chaired by Assemblyman Dean Heller adopted the following recommendations for the full subcommittee:

1. A resolution urging the use of lock boxes by state agencies.

2. Establishment of a \$250,000 threshold for the use of electronic funds transfers (EFT) and the delegation and authority to review and revise the threshold to the Nevada State Tax Commission.
3. Establishment of a bad debt allowance for sales and use tax.

(SUB)SUBCOMMITTEE ON SALES TAX - The (sub)subcommittee chaired by Assemblyman Dean Heller adopted the following recommendations for the full subcommittee:

1. That the Fiscal Analysis Division provide an analysis, when the census figures become available, of the expansion of the state sales tax base including but not limited to services, food and health care.
2. A resolution that would urge the Department of Taxation to submit regulations to the legislature recommending equity in taxation of food.

(SUB)SUBCOMMITTEE ON TAX INITIATIVES - The (sub)subcommittee chaired by Assemblyman Dean Heller determined that because the only initiative (of the three proposed) qualified for the ballot would not require legislative action, no recommendation was necessary.

(SUB)SUBCOMMITTEE ON MISCELLANEOUS TAXES - The (sub)subcommittee chaired by Senator Diana Glomb adopted the following recommendations for the full committee:

1. Legislation that would phase out the prepayment of the net proceeds of mines over a five year period.
2. Legislation that would eliminate the prepayment of the insurance premium tax.
3. That no further consideration be given to the room tax.
4. A resolution to change the standing rules of the legislature to include a discussion of tax policy any time taxes or fees are to be increased or re-introduced.

(SUB)SUBCOMMITTEE ON REAL/PERSONAL TAX - The (sub)subcommittee chaired by Assemblywoman Chris Giunchigliani adopted the following recommendations for the full subcommittee.

1. Legislation to change the statutory maximum tax rate from \$3.64 to \$4.00.
2. Legislation to remove the \$.25 school tax rate, the indigent care tax rate, and the state tax rate from the calculation of the statutory tax rate cap.

FULL SUBCOMMITTEE - The full subcommittee chaired by Senator Dean Rhoads adopted the following additional recommendations.

1. A letter with the Chairman's signature be sent to the Budget Director encouraging the use of lock boxes.
2. Legislation providing that future tax increases require two votes by the Nevada Legislature with a 30 day waiting period and that no votes on tax increases will be permitted during the last 10 days of the legislative session.
3. Legislation changing the standing rules and the Nevada Constitution to reflect the requirements in recommendation number 2.

After scheduling the subcommittee's work session for June 17, 1994 in Carson City, the public hearing was adjourned.

WORK SESSION

The subcommittee work session was held on Monday, June 20, 1994 at the Legislative Building in Carson City, Nevada. The subcommittee chaired by Assemblyman Dean Heller accepted the recommendations from the various (sub)subcommittees, discussed other matters that had come before the subcommittee during its public hearings and adopted the recommendations listed in the Summary of Recommendations on page 5.

In addition to the recommendations to the subcommittee requested that the following policy statements be included in the narrative of the report.

1. That no further consideration be given to the concept of a "split roll" for assessment purposes.
2. That exemptions from the sales and use tax and property tax be subject to a means test, a start date and a review date.

3. That funding for government entities and agencies not be predicated on any ending funding balance.

Before the chairman terminated the study, he also urged the state never again attempt to balance current budgets on borrowed (prepaid) revenue. Upon declaring work completed, the chairman terminated the study.

IV. Appendices

A. Appendix A - Reference Materials

1.	Senate Concurrent Resolution No. 43	13
2.	Subcommittee's Letter requesting funding for additional meeting.	17
3.	Table of legislatively approved components of the Real Property Tax	21
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12.	Subcommittee letter of intent to Director of Administration regarding lock boxes	69

1. Senate Concurrent Resolution No. 43

Senate Concurrent Resolution No. 43—Senators Glomb,
Brown and Titus

FILE NUMBER 183

SENATE CONCURRENT RESOLUTION—Directing the legislative commission to conduct an interim study on the revenue structure in Nevada.

WHEREAS. The population of the State of Nevada is increasing rapidly resulting in the proportionate growth of the diverse services provided by the State of Nevada to its residents; and

WHEREAS. The growth in the services provided by the State of Nevada often requires an increase in the expenditures of the state general fund; and

WHEREAS. The present revenue structure for this state and for its local governments lacks stability and has made the budgeting process difficult and in some circumstances fails to meet the demands of the rapidly increasing population of this state; and

WHEREAS. The present revenue structure in this state has limited flexibility and may be inadequate in addressing the changing needs of the residents of this state; and

WHEREAS. The creation of a flexible and adequate revenue structure for the state and local governments is necessary for the fiscal well-being of the State of Nevada; and

WHEREAS. An analysis of the existing revenue structure of the state and its local governments using principles of taxation would assist the legislature in establishing a tax structure for this state that is flexible and stable and provides adequate revenues for this state to meet the changing needs of its residents; now, therefore, be it

RESOLVED BY THE SENATE OF THE STATE OF NEVADA. THE ASSEMBLY CONCURRING. That the Legislative Commission is hereby directed to appoint a committee to conduct an interim study of the revenue structure of this state and its local governments and make recommendations for legislation to improve that structure; and be it further

RESOLVED. That the committee appointed by the Legislative Commission to conduct the study consist of:

1. Two members of the senate who belong to different political parties;
2. Two members of the assembly who belong to different political parties;
3. One member of the local governmental advisory committee;
4. One member who is an expert in economic development; and
5. One member who is a representative of the general public;

and be it further

RESOLVED. That the members of the committee who are not legislators are entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally for each day's attendance at a meeting of the committee; and be it further

RESOLVED. That the per diem allowances and travel expenses must be paid from the legislative fund; and be it further

RESOLVED. That the committee may appoint such subcommittees as it deems necessary to carry out the purposes of the study; and be it further

RESOLVED. That the committee shall use the following principles of taxation to analyze the revenue structure of the state and its local governments:

1. Equity: Each tax that is imposed by the state or authorized for imposition by a local government should provide equal liabilities for similarly situated taxpayers;

2. Neutrality: Taxes should not negatively impact decisions regarding earning and spending;

3. Adequacy: The basis for the taxes imposed by the state and local governments should be stable and predictable to ensure adequate revenue and accurate budgeting;

4. Broad Based: All taxes authorized or imposed by the state legislature should have as few exemptions as practicable;

5. Simplicity: The provisions governing the administration of each tax should be easy to comply with and understand;

6. Compatibility: The taxes imposed by the state should be compatible with those levied by local governments, the Federal Government and other states;

7. Predictability: The taxes which each person is required to pay should be definite and not arbitrary;

8. Exemptions: All exemptions should be based on economic criteria and should apply for a specific time;

9. Convenience: The manner of payment of taxes should be based on convenience to the taxpayer;

10. Efficiency: All taxes should be collected in the most efficient manner possible which requires the least amount of paperwork for both the tax collector and the taxpayer; and

11. Earmarking: The use of the proceeds from a particular tax should not be dedicated to a specific purpose unless there is a direct causal relationship between the activities of the persons upon whom the tax is imposed and the need for the revenue;
and be it further

RESOLVED. That the committee shall review the effect of competition between the state and its local governments for the same sources of revenue and the effect that exemptions in existing taxes may have on the revenue structure; and be it further

RESOLVED. That the committee is directed to prepare one or more proposals for the revision of the revenue structure of this state and its local governments to make that structure more consistent with the principles of taxation set forth in this resolution, while maintaining the economic well-being of the residents and businesses of this state and providing an adequate and stable source of revenue for the support of the state and its local governments; and be it further

RESOLVED. That the Legislative Commission report the results of the study and recommended legislation to the 68th session of the Nevada Legislature.

- 2. Subcommittee's Letter requesting funding for additional meeting.**



Nevada Legislature

SENATE

March 3, 1994

The Honorable Joseph E. Dini, Jr.
Legislative Commission
Legislative Counsel Bureau
401 South Carson Street
Carson City, NV 89710

Dear Assemblyman Dini:

On behalf of the Legislative Commission's Subcommittee Reviewing Revenue and Tax Structure in Nevada authorized pursuant to Senate Concurrent Resolution No. 43 (S.C.R. 43), I respectfully request the Legislative Commission approve funding for one additional meeting of the subcommittee.

As you know the S.C.R. 43 Subcommittee is budgeted for a total of five meetings. The subcommittee has met twice to review the process and recommendations of the several previous tax studies authorized by the Legislative Commission and to determine what areas of revenue and tax structure should be addressed. At the second subcommittee meeting, it was determined that the scope and number of areas needed to be addressed would require study at the (sub)subcommittee level. Six (sub)subcommittees were organized with strictly established scope and goals. However, some of the budget that was allocated for the subcommittee will have to be used to facilitate the meetings of these (sub)subcommittees.

The subcommittee budget is currently \$4,650 which was intended to cover the cost of five meetings. An additional \$1,170 would be required to fund one additional subcommittee meeting which would increase the budget to a total of \$5,820.

If you have any further questions, regarding this request, please contact me.

Sincerely,

Senator Dean A. Rhoads, Chairman
S.C.R. 43 Subcommittee

scr43 addmtg/nw
REV/TAX

3. Table of legislatively approved components of the Real Property Tax.

**Ad Valorem Tax
Real Property**

(I)
Determination of
Taxable Value

Land: Full Cash Value
Improvements: Replacement cost less
depreciation and
obsolescence.

(II)
Determination of
Assessed Value

Set by Legislature at 35%
of Taxable Value

(III)
Determination of Tax Rate

Limited by Legislature at
\$3.64/\$100 limited by
Constitution at \$5/\$100

(IV)
Determination of
Exemptions/Split Rate/Roll

Exemptions determined by
Legislative/Split Rate/Roll
determined by Constitution

Notes:

Assessed Value = \$26,132,982,325
\$/1¢ Statewide Tax = \$2,613,000
\$/1% Statewide Assessed Value/1¢ = \$74,657/1¢

scr43 rptrev/nw
REV/TAX

4. Nevada Taxpayers Association analysis of initiative.

NEVADA TAXPAYERS ASSOCIATION

NEVADA TAX INITIATIVES ANALYZED

Currently there are three initiative petitions being circulated in Nevada that are aimed at the same problem proposals to increase existing taxes and/or add new taxes. The petitions are proposed constitutional amendments. One provides for a two-thirds vote of the Legislature or majority vote by the general electorate. One requires a two-thirds vote by the Legislature and a majority of the general electorate. The other requires a two-thirds vote by the general electorate (presumably after a majority vote by the governing body to place the question on the ballot).

The chart below attempts to outline the features of each petition. Because of the similarity of some parts of the petitions to question 12 which appeared on the November, 1984 ballot, that proposal is also analyzed. (Question 12 was defeated by a vote of 143,874 "no" votes to 132,688 "yes" votes.)

	GIBBONS INITIATIVE	CITIZENS TAX CONTROL INITIATIVE	CLARK INITIATIVE	QUESTION 12 (1984)
Level of Government	State Legislation increasing any public revenue.	State Legislation or local ordinance creating new or increasing any...	State of Nevada or any local government	State Legislation or local ordinance creating any new or increasing any...
Type of Revenue	Taxes, fees, assessments and rates or changes in computation of taxes, fees, assessments, and rates.	Tax, tax rate, levy, fee, charge, or monetary obligation.	Tax rate increase or new tax.	Tax, fee, license.
Approval Required	$\frac{2}{3}$'s majority of each house of the Legislature OR simple majority of each house and simple majority of voters at a general election.	$\frac{2}{3}$'s majority of each house of the Legislature or $\frac{2}{3}$'s majority of the local governing board AND simple majority of voters at a general election.	$\frac{2}{3}$'s majority of the voters at next general election.	$\frac{2}{3}$'s majority of each house of the Legislature or $\frac{2}{3}$'s vote of local governing body AND simple majority of voters at a regular or special election.
Exemptions	None	Rates and fees controlled by Public Service Commission.	None.	Property tax levied for debt, service fees and service charges reasonably necessary for increased cost of providing service.
Miscellaneous Features		Revenue collection may commence when approved by governing body, but must cease if not approved by voters.	The questions of new taxes or tax rate increases would have to be approved by majority of governing body in order to be placed on ballot.	Future state indebtedness must be approved by voters or $\frac{2}{3}$'s majority of both houses of Legislature. Property tax revenue (except for debt service) cannot increase more than 5% per year unless approved by voters.

Prepared by Howard Barrett, Research Director of Nevada Taxpayers Association

2/15/94

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**5. Report by Tahoe Douglas Fire Department,
Chief Paul DeLorey.**

Presentation for Nevada Legislative Committee

Revenue and Tax Structures in Nevada

Subject: The negative impact on local government revenue calculations
when controlled growth restrictions are imposed on a community.

Presented by: Paul De Lorey
Fire Chief
Tahoe Douglas Fire
Lake Tahoe
Douglas County



Tahoe-Douglas Fire Protection District

Paul De Lorey
Fire Chief

Revenue and Tax Structures in Nevada

April 26, 1994

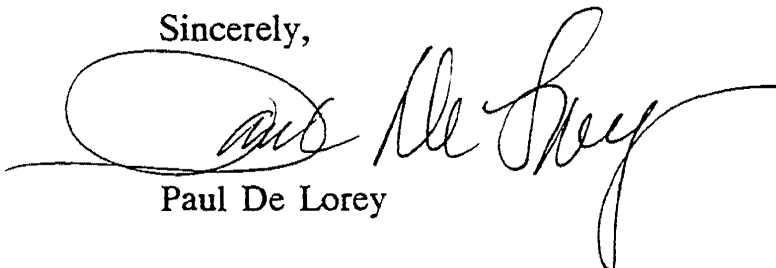
Dear Committee Member:

Stateline (Lake Tahoe) Nevada, is a vibrant and active community with a "controlled growth" policy imposed for reasons of conservation. Nevada supports these conservation efforts for Lake Tahoe through funding of the Tahoe Regional Planning Agency (TRPA).

What concerns the Tahoe Douglas Fire Protection District is the contradiction between the controlled growth, or no growth, policies for Tahoe and the use of growth statistics by the State of Nevada to calculate local government revenue. The community of Stateline anticipates a growing demand for services, especially in the area of hazardous material issues and emergency medical services as our casino core seeks to increase the number of tourist visits, yet the calculation of SCCRT will slowly level off and fall for our fire district based on Nevada's formula using growth.

While our fire district has been and is currently positioning itself to deal with a gradual reduction of revenues there will come a point we simply will drop below an effective service level for our community resulting from Nevada's diminishing revenue formula. Our desire is that an alternative method of compensation should be considered by the Nevada Legislature for communities who have "controlled growth" policies imposed on them.

Sincerely,



Paul De Lorey

P.O. BOX 919 • ZEPHYR COVE, NEVADA 89448 • TELEPHONE (702) 588-3591

Do your part - Be Concerned Be Fire Safe

ASSESSED VALUATION COMPARISON

PREPARED APRIL 1994

<u>FISCAL YEAR</u>	<u>DOUGLAS COUNTY</u>	<u>EAST FORK FIRE</u>	<u>TAHOE DOUGLAS FIRE</u>
1994/95	\$1,043,966,818	\$440,073,122	\$491,331,500
1993/94	1,002,902,834	403,913,184	488,905,206
1992/93	992,762,652	354,394,064	478,075,732
1991/92	898,658,937	324,964,689	482,123,209
1990/91	823,540,358	292,117,990	446,093,243
1989/90	752,155,896	246,620,311	428,353,984
1988/89	724,203,813	223,950,507	428,538,424

SCCRT COMPARISON

<u>FISCAL YEAR</u>	<u>EAST FORK FIRE</u>	<u>TAHOE DOUGLAS FIRE</u>
1994/95	\$522,803	\$1,965,655
1993/94	502,091	2,049,089
1992/93	446,747	2,008,866
1991/92	421,403	2,099,457
1990/91	402,714	2,064,016
1989/90	400,082	2,134,750
1988/89	312,171	1,991,173

Tahoe Douglas Fire Protection District Lake Tahoe (Douglas County) Nevada

The Tahoe Douglas Fire Protection District was formed under NRS 318 as an autonomous fire district within Douglas County in February 1980. As a matter of economy, the Kingsbury Fire Protection District was merged into the Lake Tahoe Fire Protection District forming Tahoe Douglas Fire Protection District.

The Tahoe Douglas Fire Protection District currently consists of fifty two personnel including chief officers with fifteen personnel on duty per 24 hr. shift.

Four Fire Stations with a first line 1500 gallon pumper responding out of each station. Stations are located at the top of Kingsbury Grade, Round Hill, Zephyr Cove and Glenbrook.

Two water tenders, one 2000 gallon tender stationed at Zephyr Cove and one 4000 gallon tender and a brush patrol stationed at Glenbrook.

A bomb disposal squad, vehicle and equipment are stationed at Glenbrook.

A light weight boat for quick surface water rescue is stationed at Zephyr Cove, along with a paramedic ambulance and a multiple casualty supply trailer.

A Paramedic ambulance stationed at Round Hill along with a reserve ambulance, aerial truck, reserve engine, a squad and brush patrol.

The Kingsbury station also houses a reserve hose tender and brush patrol.

6. Letter from Reno Mayor Pete Sferrazza regarding Nevada taxes.



City of Reno

POST OFFICE BOX 1900 • RENO, NEVADA 89505 • (702) 785-2020
March 31, 1994

Senator Dean Rhoads
Chairman, SCR 43
Legislative Interim Study Committee
Legislative Counsel Bureau
Carson City, Nevada 89710

Dear Senator Rhoads:

I am requesting that the Legislature's Interim Subcommittee Studying Tax Structure in Nevada consider the following issues in your review of taxes in the State of Nevada.

1. Uniformity of Property Taxes

Most people assume that everyone's property tax assessments are fair and uniform throughout the state of Nevada and Washoe County. However, a review of the property tax system in the state of Nevada will show that this is not true.

The law in the state of Nevada provides for an arbitrary depreciation factor of 1.5% of the cost of replacement for each year of the age of a building up to a maximum of 50 years.

What this means is that every house and every commercial building in the City of Reno, Washoe County, and the State of Nevada is depreciated 1.5% for every year of its age up to a total of 75%.

In 1990 I did a ratio study of all sales of single family houses in Washoe County, comparing the ratio of the appraised value to the selling price for all ages of homes from the 1940's through 1990's.

Homes built during the 1940's were on average appraised at only 52% of their selling price, whereas homes built during the 80's were appraised at 86% of their selling price. Therefore, homes built subsequent to 1980 are valued at 165% of homes built subsequent to the 1940's.

These are the average differences, but the actual differences are even worse. Many homes built prior to 1940 are appraised at 26% of their selling price, whereas some homes built subsequent to 1990 are appraised in excess of 100% of their selling price. There is an almost 300% difference!

What this means is that a home built in 1940 which sells for \$500,000 in 1993 will be appraised at \$125,000 and assessed at \$43,750. On the other hand, a home built in 1993 which sells for \$125,000 will be appraised at \$125,000 and assessed at \$43,750. Both homes will pay the same property taxes even though one home has a sales price four times as much as the other.

Legislators argued that this was to give a tax break to senior citizens who had lived in their houses for a long period of time and paid taxes for all the time they lived in Nevada. This sounds good, but the fact is that many of those older homes have been sold many times and have been purchased by people who did not grow up in this community or pay taxes.

Under this system an owner of an older mansion, an older hotel/casino, or an out of state apartment house owner pays proportionally less taxes than a homeowner.

I would propose that the tax break should be limited to homeowners for the period of time during which they live in Nevada. Homeowners, not buildings, should receive 1-1/2% off their taxes for every year of residence in the state of Nevada.

2. Fiscal Equity

Fiscal Equity means that people should pay for the services they receive. The people who live in Reno should pay for the services they receive, the people who live in Sparks should pay for the services they receive, and the people who live in unincorporated Washoe County should pay for the services they receive.

145,405 people live in Reno (53% of the population), 56,082 people live in Sparks (20% of the population), and 74,498 live in the unincorporated county (27% of the population).

Based on population, Reno should get 53% of the revenues, Sparks should get 20%, and the unincorporated county should get 27%.

a. Gas Tax Equity

In this fiscal year approximately \$13.6 million dollars will be collected through gas tax locally. Of this approximately \$4.3 million goes to Washoe County, \$2.9 million to the City of Reno, \$1 million goes to City of Sparks, and \$5.4 million to R.T.C. Reno should receive 53% based on population.

The overwhelming majority of jobs are in the City of Reno and most people travel from the unincorporated area of the County and the City of Sparks on Reno streets to go to their jobs. At the end of the day those same people travel on Reno streets to return to their homes. It is appropriate that a regional solution should be developed to maintain the regional streets which are used by all of us.

b. Property Tax Equity

Property taxes are contributed based on total assessed valuation. The City of Reno has 51% of assessed valuation and contributes 51% of the property taxes, City of Sparks has 17% of the assessed valuation and contributes 17% of the property taxes, and the unincorporated county has 32% of the assessed valuation and contributes 32% of the property taxes. If property taxes were distributed based upon where they were raised, Reno would get 51%, Sparks would get 17%, and unincorporated county would get 32%.

A total of 158.7 million dollars was raised in property taxes in the study year 1992-93. Of that amount the State of Nevada received \$7,068,471 and the Washoe County School District \$53,185,339. The balance of \$98,468,100 was distributed to the City of Reno, the Reno Redevelopment Agency, the City of Sparks, the Sparks Redevelopment Agency, Washoe County and the Washoe County special taxing districts.

The City of Reno received \$17,984,429 and the City of Reno Redevelopment Agency \$4,410,231 for a total of \$22,394,660 which is 22.74% of the total property tax distributed to local government entities in Washoe County. Based on where property taxes are raised, Reno should have received 51%.

The City of Sparks received \$6,738,529 and the City of Sparks Redevelopment Agency \$2,943,902 for a total of \$9,682,431 which is 9.84% of the total property tax distributed to local government entities in Washoe County. Based on where property taxes are raised, Sparks should have received 17%.

Washoe County received \$59,139,544 and the special taxing districts in Washoe County received \$7,251,465 for a total of \$66,391,009 which is 67.42% of the total property tax distributed within those areas. Based on where property taxes are raised, Washoe County should have received 32%.

c. Sales Tax Equity

Another major source of revenue is sales tax. A total of \$69,542,882 in sales tax was distributed to Reno, Sparks and Washoe County.

The City of Reno received \$11,061,564 in Basic City/County Relief Tax and \$9,100,945 in Supplemental City/County Relief Tax for a total of \$20,162,509 which is 28.99%. Based on population, Reno should have received 53% of sales tax.

The City of Sparks received \$4,326,593 in Basic City/County Relief Tax and \$4,176,138 in Supplemental City/County Relief Tax for a total of \$8,502,731 which is 12.23%. Based on population, Sparks should have received 20%.

Washoe County received \$36,082,146 plus the special taxing districts from unincorporated Washoe County received \$4,795,496 for a total of \$40,877,642 which is 58.78% of the total amount. Based on population, Washoe County should have received 27%.

d. Fiscal Equity - Provision of Services

It is very apparent that Washoe County is receiving a disproportionate amount of the gas, sales and property tax revenues generated in Washoe County.

This allocation of gas, property taxes and sales taxes to Washoe County would not be objectionable if Washoe County only spent its gas, property tax and sales tax on services that were provided county-wide to all residents of Washoe County. The problem is that Washoe County does not fund all services equally.

For example, the various fire protection districts in unincorporated Washoe County receive almost \$4 million in sales tax revenues. The City of Reno Fire Department and the City of Sparks Fire Department do not receive a separate allocation of sales tax revenues for fire protection.

Another example is public safety. Washoe County spends \$49.5 million per year on public safety. Of that amount, money is used for the jails, the District Attorney's Office and other services that are provided to all residents of Washoe County on an equal basis.

However, a substantial portion of that money is used to fund sheriff patrols in the unincorporated area. Either these sheriff patrols should be provided to the citizens of Reno and Sparks as well as the unincorporated area of Washoe County, or Reno and Sparks should receive a reimbursement of 70% of the money that is spent only for sheriff patrols in the unincorporated area.

Another example is public works. Washoe County provides road maintenance and snow plowing only to the residents of the unincorporated area of Washoe County. Approximately \$9 million is

spent for these services, yet the money is raised from all the residents of Washoe County. If there was true fiscal equity, 70% of that amount or \$6.3 million would be spent in Reno and Sparks.

e. Fiscal Equity - Conclusion

How do we correct this fiscal inequity? If we redistribute revenues and services based on population or where the revenues are generated, Reno and Sparks would realize more revenues and services, but it would be at the expense of the unincorporated area in Washoe County.

In order to resolve this problem on a fair basis, we are looking at a county-wide property tax rate to pay for services that are provided county-wide to all residents and a suburban tax rate to be charged to the unincorporated area for services that are only provided to the unincorporated area.

If these two programs are implemented, true fiscal equity can be achieved throughout the county and residents will only pay for the services they receive.

3. Room Tax

Many people are not aware that the room tax is imposed by Washoe County and the cities of Reno and Sparks.

The county and cities have adopted ordinances assigning the room taxes to the Reno Sparks Convention & Visitors Center. These taxes are only pledged to the Reno-Sparks Convention & Visitors Center until the year 2010. When this first came before the City Council, I opposed extending the expiration date until 2010 because I felt that the City of Reno should use part of those funds for public safety and other city services.

In the City of Reno the current room tax levy is 9%. Of that amount, 6% is pledged to the Reno-Sparks Convention & Visitors Center until 2010, 3/8% goes to the State of Nevada, an additional 5/8% goes to the Reno-Sparks Convention and Visitors Center for tourism promotion, 1% goes to the City of Reno and 1% to the National Bowling Stadium.

In 2010 the City will have the ability to take back the 6% room tax which is currently pledged to the Reno-Sparks Convention & Visitors Authority.

I would propose that rather than wait until 2010 we negotiate an agreement with the Reno-Sparks Convention & Visitors Center that the existing room tax funds Reno-Sparks Convention & Visitors Center receives will be pledged indefinitely. In return, any new revenues received from this date forward would be shared 50/50 between the City and the Reno-Sparks Convention & Visitors Center. In this way we would realize the benefit of any growth in the community with respect to room taxes and would realize revenues immediately instead of waiting until 2010.

Under this agreement, both the cities of Reno and Sparks would benefit. The room tax money distributed to the cities could be used for public safety.

In the City of Reno the current revenue generated from the 6% room tax is \$9.6 million. With additional rooms being built in the City of Reno, there are projections that the room tax could double within the next ten years.

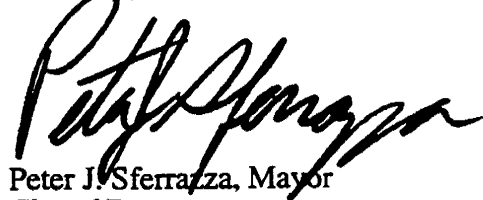
Senator Rhoads
Page 5

Assuming that this were to happen, under this proposal, the City of Reno would receive an additional \$4.8 million dollars that could be used on an annual basis for police and fire protection in the City of Reno. Sparks would also receive a significant amount of revenues.

I believe this is a fair proposal which will insure that the Reno-Sparks Convention & Visitors Center will have a guaranteed source of revenue for its bonds, development of special events, and advertising and marketing Reno. At the same time, local governments will have critical revenue to fund additional police and fire that will be necessary as a result of growth of our tourism industry.

Thank you for your consideration of these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter J. Sferrazza".

Peter J. Sferrazza, Mayor
City of Reno

PJS/ac

cc: Committee Members
Reno City Council
Media

**7. Nevada Taxpayers Association memo regarding
Robert Campbell response to survey.**



Serving the citizens of Nevada since 1922

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Executive

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James Y. Robertson

To: Kevin Welsch

From: Carole Vilardo

Date: April 19, 1994

The following suggestion is extracted from a letter attached to the survey response received from NTA board member Robert Campbell.

"...There needs to be some sort of immediate check and balance on tax proposals..."

"More specifically, maybe we require that tax initiatives be required to receive two votes of the legislature, with the second vote required to occur thirty days after the first vote, in both houses. As part of this, it would be obvious, and required, that no such issue receive the initial approval vote within thirty days of the end of the Legislative Session."

"My theory is that if there is a huge public outcry from those who slept through the first vote, there is certainly time to be heard prior to the final and validating vote; if the votes stick, then it will have passed a major test. In addition, passing tax increases in the final days of the Session would no longer be permitted, thus enhancing the budgeting process."

Carole Vilardo
President

8. Report on "Lock Boxes" and electric funds transfer (EFT) by Bank of America, Nevada.

STATE OF NEVADA TAX COLLECTIONS

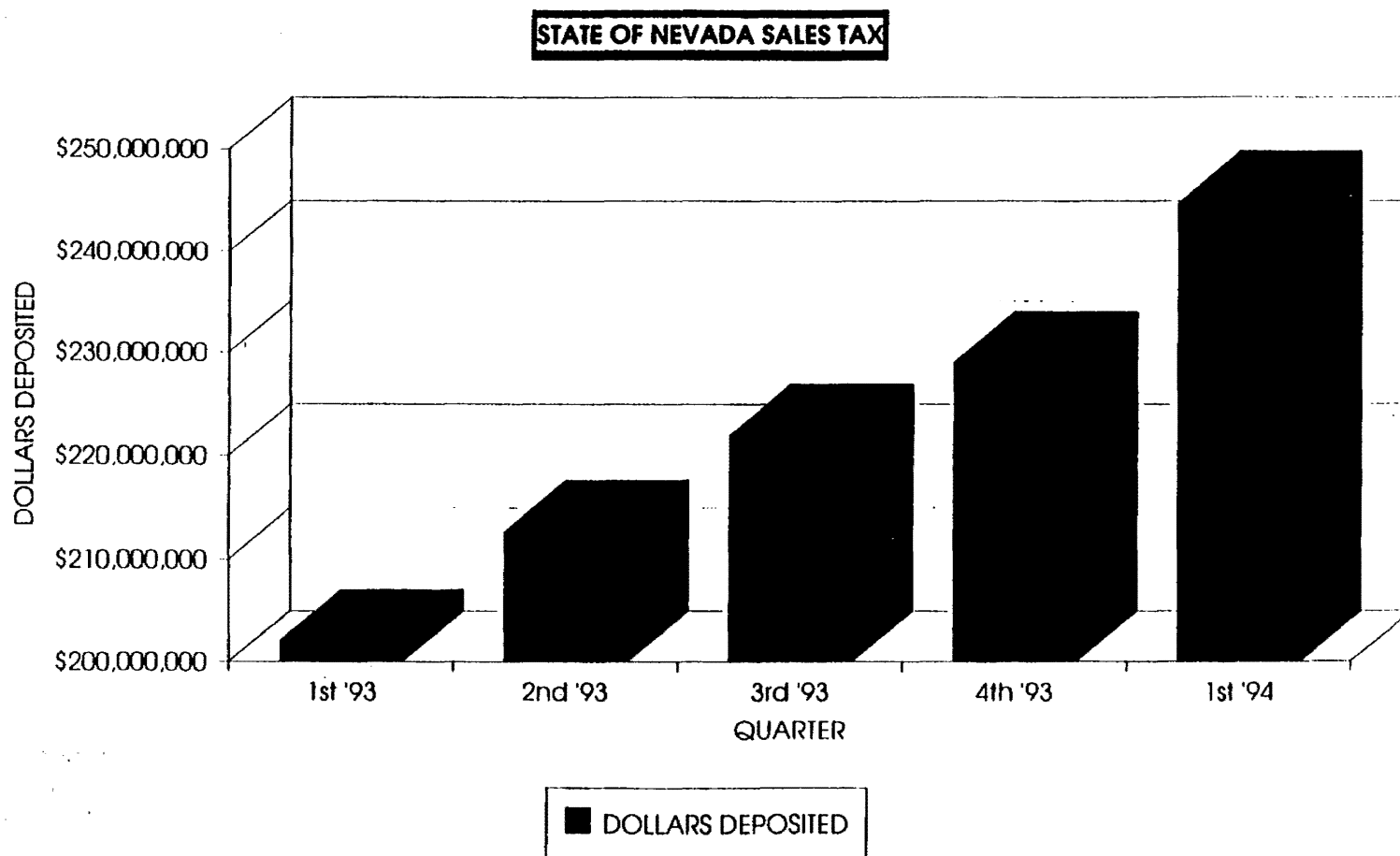
Bank of America Nevada has been providing lockbox services for the State of Nevada since July 1989. Sales tax collections were the first receipts to be processed with an average of 23,000 items per month. Since this time, we have added additional tax collections that includes business tax and agricultural taxes. The State of Nevada also utilizes Bank of America lockbox for the processing of prisoner receipts for the Nevada State Prison.

On average we are currently collecting 31,000 items which have accelerated the collection process from approximately ten (10) days to three (3) days which includes mail float. This collection process encompasses a time a tax payer places his payment into the mailbox to the time the dollars are deposited into the State of Nevada account. In current day dollar figures, an average of \$73 million dollars per month is processed through the State's lockbox. This has placed an additional \$49,000 to the State in interest income at a conservative rate of 3.5%. The State sales tax division has saved six (6) temporary workers for ten (10) days per month and has freed their office staff to complete research and customer inquiries. The cost to the State on average for all lockbox operations is between \$3,000 to \$5,000 per month. To accelerate the collection process, the next step would be to enact electronic tax collections which would lower the float from three (3) days to a one (1) day in the collection process.

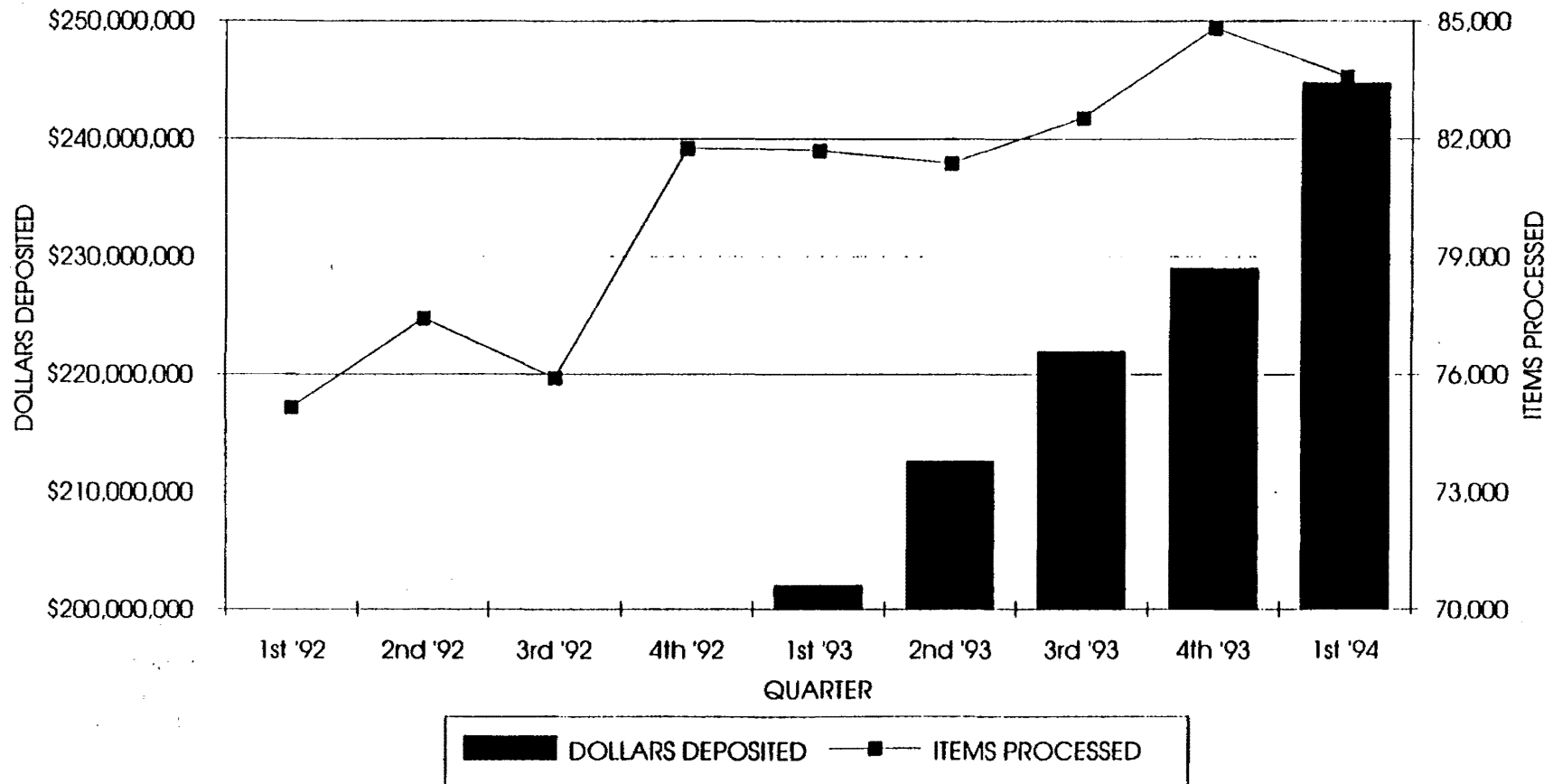
The Electronic Funds Transfer tax collection is currently being used by 41 states for a multitude of purposes ranging from state income to collecting gasoline and cigarette taxes. Each state has set a differing threshold of a yearly tax amount to require their clients to pay electronically. This will accelerate the collection process and lowers the transactional cost in processing the received payments. The transactional cost includes handling time, processing of tax forms and float of checks deposited.

The tax payer would utilize the automated clearing house (ACH) debits or credits depending upon the desire and capabilities of the business. ACH debit origination is where the State would initiate the transaction on behalf of the business. ACH credit is where the business initiates its own payment to the state. The State would utilize a vendor to support the ACH credit product for answering income tranfers and acceptance of the tax payment information.

Attached is a chart indicating the growth of lockbox between 1993 and 1994. These figures include the number of items for the first part of 1993 compared to the first part of 1994.



STATE OF NEVADA SALES TAX: DEPOSITS vs ITEMS PROCESSED



9. Letter from NACO regarding net proceeds of minerals.



NEVADA ASSOCIATION OF COUNTIES

308 NORTH CURRY STREET, SUITE 205 • CARSON CITY, NEVADA 89703 (702) 883-7863



April 22, 1994

Senator Dean Rhoads, Chairman
and Members of the Committee to Study Revenue
and Tax Structure in Nevada (SCR43)

Dear Chairman Rhoads and Committee Members,

At your March 25, 1994 Committee meeting, the issue of net proceeds of minerals was discussed and you requested me to prepare some comments on this particular revenue source. As a representative of county government, my comments are therefore based on a county perspective.

Article 10, Section 5 of the Nevada Constitution provides the Legislature to enact, by laws, a tax on the net proceeds of all minerals, including oil, gas, and other hydrocarbons extracted from this state at a rate not to exceed 5 percent of the proceeds.

The net proceeds of mineral tax for purpose of taxation are to be determined by ascertaining the gross yield and deducting therefrom deductions authorized by statute. The Constitution further requires the Legislature to appropriate, to each county, that sum which would be produced by levying a tax upon the entire amount of net proceeds taxed in each taxing district in the county at the rate levied in that district upon the assessed valuation of real property. The total amount, so appropriated, to each county must be apportioned among the respective governmental units and districts within it, including the county itself and the school district, in the same proportion as they share in the total taxes collected on property according to value. The total of the amount is obtained by multiplying, for each extractive operation situated within its jurisdiction, the net proceeds of that operation, including royalty payments, by the rate levied on behalf of that local government or other local entity less a percentage commission of 3 percent which must be deposited in the county general fund.

Over the past 15 years, there have been a series of legislative enactments that have had the combined effect of diminishing the net proceeds of minerals revenue base for county government while at the same time creating a complicated administrative process. For the most part, these changes have occurred in conjunction with tax reform and efforts by the State to increase their own revenue. The following is a brief history of these changes and their impact on county government.

In 1979, the Nevada Legislature revised Chapter 361 of the NRS to reduce the ad valorem rate from \$5.00 on each \$100 of assessed valuation to \$3.64. Debt rate was excluded from the reduction in the event of a combined rate exceeding \$3.64 thus requiring a reduction of operating levies be made. This rate reduction had the effect of reducing the rate that could be applied to the net proceeds of minerals by \$1.36 per \$100 assessed value.

In 1981, the passage of Senate Bill 411 created the Supplemental City County Relief Tax and established the maximum combined allowable revenue base and a cap on ad valorem of 1.045 percent. In enacting the replacement revenue, the county rate was based on a 12 percent increase over the actual 1980-81 revenue and assessed valuation adjustments were made which had the effect of lowering the ad valorem levy. School districts were mandated a school support ad valorem rate of \$0.50. The combined effect of these measures reduced the net proceeds of minerals revenue base for county government and removed the ability of County Commissioners to levy additional ad valorem revenue without legislative or voter approval.

In 1983, the Legislature, recognizing that local governments had not received the revenue projected, allowed for governing bodies to levy a make ad valorem subject to negative referendum. At the same time, school districts were allowed a \$0.25 voter approved pay as you go and the mandated \$0.50 school support levy was increased to \$0.75 in an effort to balance the State budget. The net effect of these changes further reduced the county ability to derive net proceeds of minerals within the \$3.64 ad valorem cap.

Another major change in the management of the net proceeds of minerals tax took place in 1987 when the Legislature directed the State to take over the administration of the net proceeds of minerals as an element of an overall revenue raising program for state government. In anticipation of a voter approved constitutional change, the Legislature required estimated advance payments of the tax with the State receiving the one year accelerated payment. The Legislature also increased the voter approved capital projects tax from \$0.25 to \$0.50 for school districts with fewer than 25,000 pupils and established a \$0.35 rate for larger districts. This further eroded the county net proceeds of minerals tax base.

In 1989, the State of Nevada became a major recipient of net proceeds of minerals with the passage of S.B. 61, which authorized up to a 5 percent tax and provided for the state appropriation of revenue to counties and other receiving entities based on ad valorem rates. This allows the State to receive interest on the local entities share pending distribution. At the counties urging, the Legislature deleted the maximum allowable revenue linkage of sales and ad valorem taxes. This was necessary to stop the decline in the counties' net proceeds revenue base caused by reduced tax rates as a result of increasing sales tax revenue.

This marked the first State acknowledgment that the declining net proceeds of revenue base was adversely affecting counties. Unfortunately, the advance estimate enacted by the State in the one year prepayment also established a credit or refund option which may be exercised after the revenue has been apportioned and lawfully appropriated. The net affect was to ease

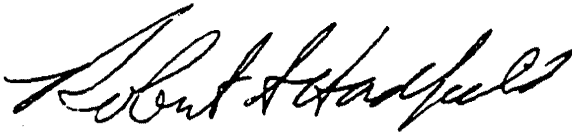
the mounting losses to counties and to create an unstable revenue subject to rebate.

Again in 1991, the Legislature negatively impacted on the county net proceeds revenue base with the passage of SB 241 which increased pay as you go to school districts with enrollments exceeding 25,000 pupils from \$0.35 to \$0.50 and smaller districts from \$0.50 and \$0.75. Thus school districts were given a greater non negotiable share of the \$3.64 rate. It is important to note that the State receives all net proceeds revenue up to the 5 percent in excess of the combined entity tax rate for those units of government whose boundaries encompass the extraction of minerals.

During the 1993 session, the Legislature enacted the Governor's recommended administrative charge to county government for providing the administration of the net proceeds of minerals. The administrative fee charged in the current year is \$300,000. The State is estimated to receive \$18,142,694 in net proceeds of minerals revenue while all other entities combined are estimated at \$14,357,912 apportioned to each receiving entity based on ad valorem tax rates. Currently, school districts receive the largest share of the local net proceeds revenue due to these higher debt service, pay as you go, and school support combined tax rates.

Clearly, the changes made over the past eight sessions of the Nevada Legislature have for the most part had a profound negative effect on the net proceeds of minerals revenue base of county government in Nevada.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert S. Hadfield".

Robert S. Hadfield
Executive Director

10. Letter from Nevada League of Cities regarding net proceedings of minerals.



MEMBER — NATIONAL LEAGUE OF CITIES

HUGH MONTROSE
President

THOMAS J. GRADY
Executive Director

NANCY HOWARD
Administrative Assistant

P.O. BOX 2307, CARSON CITY, NV 89702-2307 • 1050 E. WILLIAM, SUITE 405A, CARSON CITY, NV 89701 • (702) 882-2121 • FAX: (702) 882-2813

MEMBER CITIES: BOULDER CITY — CALIENTE — CARLIN — ELKO — ELY — FALLON — GABBS — HENDERSON — LAS VEGAS
LOVELOCK — MESQUITE — NORTH LAS VEGAS — RENO — SPARKS — WELLS — WINNEMUCCA — WEST WENDOVER — YERINGTON

Nevada's Revenue and Tax Structure Sub Committee (SCR43)
Attention: Senator Diana Glomb (Sub) Sub Committee Chairman on Net Proceeds of Mines
Legislative Building
Carson City, NV 89710

Dear Senator Glomb and Committee Members:

At the last sub committee meeting of SCR 43 on March 25th, in Reno we were asked to emphasize our concerns. We want to make it clear that we do not support any additional special fees, taxes or assessments on mining. They have been supportive of rural cities and are a major employer in north eastern Nevada. We do not want to enter into a further erosion of county taxes either. They face the same problems as cities with state and federal unfunded mandates, which are forced upon local governments with no new revenue sources.

Please review the ad-valorem tax rates and how cities share in this major source of revenue.

The following information lists only counties where cities are located and rates have been rounded (.01) for easier review.

	City	County	School	State	other	Combined Rate
Fallon	.47	.75	1.37	.15	.01	2.75
Boulder City	.19	.71	1.19	.15	.07	2.31
Henderson	.72	.71	1.19	.15	.15	2.92
Las Vegas	.73	.71	1.19	.15	.25	3.03
Mesquite	.11	.71	1.19	.15	.13	2.29
No. Las Vegas	1.00	.71	1.19	.15	.16	3.21
Carlin	1.20	.79	1.50	.15	.0	3.64
Elko	.55	.79	1.50	.15	.12	3.11
Wells	.95	.79	1.50	.15	.0	3.39
W. Wendover	.61	.79	1.50	.15	.0	3.05
Winnemucca	1.01	.69	1.34	.15	.31	3.50
Caliente	.86	1.07	.99	.15	.39	3.46
Yerington	.23	.67	1.54	.15	.56	3.15
Gabbs	.81	1.16	1.33	.15	.19	3.64
Lovelock	.55	.94	1.64	.15	.36	3.64
Reno	.74	1.21	1.11	.15	.01	3.22
Sparks	.83	1.21	1.11	.15	.01	3.31
Ely	.22	1.23	1.75	.15	.29	3.64

Also please notice Carlin, Gabbs, Lovelock and Ely are at the \$3.64 cap. Remember the state and school districts do not negotiate rates at budget time, this is required only of local government.

The concern is not only net proceeds of mines, it is the inability to operate our local jurisdiction because of the state depleting our revenue source. Examples would be the state getting back into the ad-valorem tax rate. Return the fifteen cent state rate to local

governments, as was the intent with the \$3.64 tax cap. Re-distribute that portion of the state and school districts share of net proceeds tax with impacted cities. Cities are impacted in the same manner as the state and schools. Why should one receive revenue and the other not be included? Local governments already pay for operation of the department of taxation. Last legislative session the administrative fee for sales tax to the state was raised from one half percent to one percent. This was not done to support the department of taxation, but to balance the budget and fund the general fund, at the expense of local governments.

If the state does not re-evaluate the impact they are having on local governments and consider cities, counties, school districts and the state so we all receive a just portion of the tax base we will see more special legislation like the 1993 White Pine issue (SB 501) next session. Do not put one entity against another, make the "playing field level". If the state raises the ad-valorem for their share, fund local governments who are at the "cap" in some other manner. All participants must negotiate a settlement, not just counties & cities.

Do not exempt the state and school districts from negotiating combined rates, lets all come to the table to face the problem.

In conclusion, if the net proceeds of mines are to be reapportioned, share with the impacted cities that portion of the state and school rate, as they all serve the same growth areas. The state should get out of the ad valorem rate as originally intended and finally don't balance the state budget or fund the general fund with an assessment on sales tax revenue under pretense of funding the department of taxation.

11. Report by Deputy Attorney General requesting passage of Omnibus Tax Bill.

PURPOSE OF OMNIBUS TAX BILL

1. Consolidation of Repetitive Statutes in chapter 360.

One of the primary purposes of this bill is to complete the consolidation of those statutory provisions that pertain to the administration and collection of taxes presently existing throughout Title 32 into chapter 360.

For example, chapters 372 and 374 contain statutory provisions that specify how the Department of Taxation is to make a deficiency determination against a person for tax that is due, as well as the procedure for a person to contest that deficiency determination, that are nearly identical to statutory provisions already existing in chapter 360. This bill removes those repetitive provisions from chapters 372 and 374, and clarifies that the provisions in chapter 360 apply to all the taxes administered by the Department of Taxation.

This bill does the same thing with several repetitive statutory provisions having to do with the Department's remedies to collect delinquent taxes.

2. Clarification of Taxpayer Rights and Remedies.

Another primary purpose of this bill is to clarify the rights and remedies available to a taxpayer to contest a deficiency determination, or other assessment of tax by the Department. For example, the bill specifies that a taxpayer that is served with a deficiency notice has a choice of two distinct remedies to contest it. The person can either file a petition for redetermination of the tax assessment and obtain an administrative hearing, or the person can pay the tax and file a claim for refund. The bill cross references the two remedies in one place, as opposed to the current process of having to search throughout the code to find the applicable remedies.

3. Clarification of Collection Remedies of the Department.

This bill also clarifies the procedure the Department is to follow in exercising some of their collection remedies for the benefit of all parties. For example, the bill makes clearer how the current statutory withhold practice is to work. The withhold practice is used by the Department as a collection device to direct parties owing money to the account debtor to send it to the Department instead.

The bill also specifies that the sales tax and fuel tax are trust fund taxes. This is a benefit to the state in cases where an account debtor files bankruptcy, or where an account debtor attempts to abscond with tax revenues collected from third parties, as in the case of the sales tax and fuel tax. The bill does not require anyone to open a separate bank account for the deposit of these funds or incur any additional bookkeeping expense, unless they have already been identified as a habitual tax delinquent and the Department desires extra security that the taxes collected will be paid over to the state.

4. Close a loophole in the calculation of the tax on the occasional sale of a motor vehicle.

This bill amends NRS 374.112(6) to close a loophole that currently exists in the way the tax is calculated on the occasional sale of a motor vehicle. Under current law, a vehicle purchased for \$1,000,000 is taxed the same or less than a vehicle purchased for \$5,000. This is simply unfair and unequalled in our tax code.

5. Require brewers and vintners to post a liquor excise tax bond the same as importers do.

This bill amends NRS 369.350 to require Nevada brewers and vintners, who are required to remit liquor excise taxes on their sales the same as licensed importers do, to post a bond with the Department, as importers are required to do now. This again is simply a matter of equity among those persons who are required to pay the liquor excise tax to the state.

- 12. Subcommittee letter of intent to Director of Administration regarding lock boxes.**



Nevada Legislature

September 20, 1994

John P. Comeaux, Director
Department of Administration
Capitol Complex
Carson City, NV 89710

Dear Mr. Comeaux:

The Legislative Commission's Interim Study Committee on Revenue and Tax Structure in Nevada (S.C.R. 43) has requested a bill draft request (BDR) and recommended that subsequent legislation be adopted during the 1995 Legislative Session directing the appropriations committees during that session to require state agencies to use lock boxes unless such use has shown to be impractical. If such legislation is adopted as anticipated, it could result in some budgetary implications for the agencies affected.

Therefore, this is to inform you of the subcommittee's recommendation for your consideration in the preparation of agency budgets for the 1995 Session. If you have any further questions regarding this matter, please contact me or Kevin D. Welsh in the Fiscal Analysis Division at 687-6821.

Sincerely,

A handwritten signature in cursive script that reads "Dean A. Rhoads".

Senator Dean A. Rhoads, Chairman
S.C.R. 43 Subcommittee

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10. The 1995 Session of the Nevada Legislature should consider legislation directing the appropriation committees of the 1995 Session to require state agencies to use lock boxes unless such use is shown to be impractical. (BDR R-603) 165
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21. The 1995 Session of the Nevada Legislature should consider legislation providing for a constitutional change that would require any proposed tax increase to be approved by two final floor votes of the legislature in each house within at least 15 days but not later than 30 days. (BDR C-614) 231

- 1. The 1995 Session of the Nevada Legislature should consider legislation achieving assessment equity between manufactured homes and site built homes . (BDR 32-594)**

SUMMARY--Provides uniform method of depreciation for homes.
(BDR 32-594)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation; providing a uniform method of depreciation for all homes; providing separately for mobile homes already depreciated below the uniform rate; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 361 of NRS is hereby amended by adding thereto a new section to read as follows:

If the assessed valuation of a particular mobile home established pursuant to the provisions of NRS 361.325 for the fiscal year 1994-1995 is lower than its assessed valuation would have been if established for that fiscal year pursuant to the provisions of NRS 361.227, that lower assessed valuation must not be increased except to recognize an addition or renovation, but must not be reduced below the assessed valuation computed according to the provisions of NRS 361.227 for a later year for which an assessment is made.

Sec. 2. NRS 361.227 is hereby amended to read as follows:

361.227 1. Any person determining the taxable value of real property shall appraise:

(a) The full cash value of:

(1) Vacant land by considering the uses to which it may lawfully be put, any legal or physical restrictions upon those uses, the character of the terrain [,] and the uses of other land in the vicinity.

(2) Improved land consistently with the use to which the improvements are being put.

(b) Any improvements made *or placed* on the land by subtracting from the cost of replacement of the improvements all applicable depreciation and obsolescence. Depreciation of an improvement made *or placed* on real property must be calculated at 1.5 percent of the cost of replacement for each year of adjusted actual age of the improvement, up to a maximum of 50 years.

2. The unit of appraisal must be a single parcel unless:

(a) The location of the improvements causes two or more parcels to function as a single parcel; or

(b) The parcel is one of a group of contiguous parcels which qualifies for valuation as a subdivision pursuant to the regulations of the Nevada tax commission.

3. The taxable value of a leasehold interest, possessory interest, beneficial interest or beneficial use for the purpose of NRS 361.157 or 361.159 must be determined in the same manner as the taxable value of the property would otherwise be determined if the lessee or user of the property was the owner of the property and it was not exempt from taxation, except that the taxable value

so determined must be reduced by a percentage of the taxable value that is equal to the:

(a) Percentage of the property that is not actually leased by the lessee or used by the user during the fiscal year; and

(b) Percentage of time that the property is not actually leased by the lessee or used by the user during the fiscal year.

4. The taxable value of other taxable personal property [, except mobile homes,] must be determined by subtracting from the cost of replacement of the property all applicable depreciation and obsolescence. Depreciation of a billboard , *manufactured home or mobile home* must be calculated at 1.5 percent of the cost of replacement for each year after the year of acquisition of the billboard [,] *or each year of adjusted actual age of the manufactured home or mobile home*, up to a maximum of 50 years.

5. The computed taxable value of any property must not exceed its full cash value. Each person determining the taxable value of property shall reduce it if necessary to comply with this requirement. A person determining whether taxable value exceeds full cash value or whether obsolescence is a factor in valuation may consider:

(a) Comparative sales, based on prices actually paid in market transactions.

(b) A summation of the estimated full cash value of the land and contributory value of the improvements.

(c) Capitalization of the fair economic income expectancy or fair economic rent.

A county assessor is required to make the reduction prescribed in this subsection if the owner calls to his attention the facts warranting it, if he discovers those facts during physical reappraisal of the property or if he is otherwise aware of those facts.

6. The taxable value of property is not subject to challenge pursuant to subsection 5 on the basis that the right to the use and enjoyment of property that is owned by an entity exempt from taxation but is leased to or used by a person who is not exempt from taxation pursuant to a leasehold interest, possessory interest, beneficial interest or beneficial use has a lesser full cash value than the same right pursuant to an ownership interest.

7. The Nevada tax commission shall by regulation establish:

(a) Standards for determining the cost of replacement of improvements of various kinds.

(b) Standards for determining the cost of replacement of personal property of various kinds. The standards must include a separate index of factors for application to the acquisition cost of a billboard to determine its replacement cost.

(c) Schedules of depreciation for personal property based on its estimated life.

(d) Criteria for the valuation of two or more parcels as a subdivision.

8. In determining the cost of replacement of personal property for the purpose of computing taxable value, the cost of all improvements of the personal property, including any additions to or renovations of the personal

property but excluding routine maintenance and repairs, must be added to the cost of acquisition of the personal property.

9. The county assessor shall, upon the request of the owner, furnish within 15 days to the owner a copy of the most recent appraisal of the property.

10. The provisions of this section do not apply to property which is assessed pursuant to NRS 361.320.

Sec. 3. NRS 361.320 is hereby amended to read as follows:

361.320 1. At the regular session of the Nevada tax commission commencing on the [1st] *first* Monday in October of each year, the [Nevada tax] commission shall establish the valuation for assessment purposes of any property of an interstate and intercounty nature, which must in any event include the property of all interstate or intercounty railroad, sleeping car, private car, street railway, traction, telegraph, water, telephone, air transport, electric light and power companies, together with their franchises, and the property and franchises of all railway express companies operating on any common or contract carrier in this state. This valuation must not include the value of vehicles as defined in NRS 371.020.

2. Except as otherwise provided in subsection 3 and NRS 361.323, the commission shall establish and fix the valuation of the franchise, if any, and all physical property used directly in the operation of any such business of any such company in this state, as a collective unit. If the company is operating in more than one county, on establishing the unit valuation for the collective property, the commission shall then determine the total aggregate mileage operated within the state and within its several counties, and apportion the

mileage upon a mile-unit valuation basis. The number of miles apportioned to any county are subject to assessment in that county according to the mile-unit valuation established by the commission.

3. After establishing the valuation, as a collective unit, of a public utility which generates, transmits or distributes electricity, the commission shall segregate the value of any project in this state for the generation of electricity which is not yet put to use. This value must be assessed in the county where the project is located and must be taxed at the same rate as other property.

4. The Nevada tax commission shall adopt formulas, and cause them to be incorporated in its records, providing the method or methods pursued in fixing and establishing the taxable value of all franchises and property assessed by it. The formulas must be adopted and may be changed from time to time upon its own motion or when made necessary by judicial decisions, but the formulas must in any event show all the elements of value considered by the commission in arriving at and fixing the value for any class of property assessed by it. These formulas must take into account, as indicators of value, the company's income, stock and debt, and the cost of its assets.

5. As used in this section , the word "company" means any person, company, corporation or association engaged in the business described.

6. All other property must be assessed by the county assessors, except as provided in NRS 361.321 and 362.100 and except that the valuation of land [and mobile homes] must be established for assessment purposes by the Nevada tax commission as provided in NRS 361.325.

7. On or before November 1 of each year the department shall forward a tax statement to each private car line company based on the valuation established pursuant to this section and in accordance with the tax levies of the several districts in each county. The company shall remit the ad valorem taxes due on or before December 15 to the department which shall allocate the taxes due each county on a mile-unit basis and remit the taxes to the counties no later than January 31. The portion of the taxes which is due the state must be transmitted directly to the state treasurer. A company which fails to pay the tax within the time required shall pay a penalty of 10 percent of the tax due or \$5,000, whichever is greater, in addition to the tax. Any amount paid as a penalty must be deposited in the state general fund. The department may, for good cause shown, waive the payment of a penalty pursuant to this subsection. As an alternative to any other method of recovering delinquent taxes provided by this chapter, the attorney general may bring a civil action in a court of competent jurisdiction to recover delinquent taxes due under this subsection in the manner provided in NRS 361.560.

Sec. 4. NRS 361.325 is hereby amended to read as follows:

361.325 1. On or before the [1st] *first* Monday in June of each year, the Nevada tax commission shall [:

(a) Fix and establish the valuation for assessment purposes of all mobile homes in the state.

(b) Classify] *classify* land and fix and establish the valuation thereof for assessment purposes. The classification of agricultural land must be made on the basis of crop, timber or forage production, either in tons of crops per acre,

board feet or other unit, or animal unit months of forage. An animal unit month is the amount of forage which is necessary for the complete sustenance of one animal unit for 1 month. One animal unit is defined as one cow and calf, or its equivalent, and the amount of forage necessary to sustain one animal unit for 1 month is defined as 900 pounds of dry weight forage.

2. The valuation [of mobile homes and land] so fixed and established is for the next succeeding year and is subject to equalization by the state board of equalization.

3. [In establishing the value of new mobile homes sold on or after July 1, 1982, the Nevada tax commission shall classify them according to those factors which most closely determine their useful lives. In establishing the value of other mobile homes, the commission shall begin with the retail selling price and depreciate it by 5 percent per year, but not below 20 percent of its original amount.

4.] The Nevada tax commission shall cause to be placed on the assessment roll of any county property found to be escaping taxation coming to its knowledge after the adjournment of the state board of equalization. This property must be placed upon the assessment roll prior to the delivery thereof to the ex officio tax receiver. If such property cannot be placed upon the assessment roll of the proper county within the proper time, it must be placed upon the tax roll for the next ensuing year, in addition to the assessment for the current year, if any, and taxes thereon must be collected for the prior year in the same amount as though collected upon the prior year's assessment roll.

[5.] 4. The Nevada tax commission shall not raise or lower any valuations established by the state board of equalization unless, by the addition to any assessment roll of property found to be escaping taxation, it is necessary to do so.

[6. Nothing in this section provides]

5. *This section does not provide* an appeal from the acts of the state board of equalization to the Nevada tax commission.

Sec. 5. NRS 473.050 is hereby amended to read as follows:

473.050 1. For the consideration and approval of the district board of directors, the state forester firewarden shall annually:

(a) Prepare a budget estimating the amount of money which will be needed to defray the expenses of the district organized under the provisions of NRS 473.020 and 473.030.

(b) Determine the amount of a special tax sufficient to raise the sum estimated to be necessary. The amount of the tax to be collected for the purposes of this section must not exceed, in any 1 year, 1 percent of the assessed value of the property described in subsection 2.

2. When so determined, the state forester firewarden shall certify the amount of the estimated sum and the estimated tax to the board of county commissioners in the county or counties wherein the district or portion thereof is located. At the time of making the levy of county taxes for that year, the board of county commissioners may levy the tax certified, or a tax determined by the board of county commissioners to be sufficient for the purpose, upon all the real property, together with improvements thereon, *all manufactured*

homes or mobile homes classed as personal property, and all property valued by the Nevada tax commission pursuant to NRS 361.320 [, 361.323 or 361.325] or 361.323 and similar intracounty properties in the district within its county.

3. If levied the tax must be assessed and collected in the same manner, at the same time and by the same officers as are state and county property taxes, and must be paid to the county treasurer. The county treasurer shall keep the money in a separate fund designated by district name and it must be used only for fire protection purposes.

4. Any tax money or county general fund money provided for support of the district may be used to provide structural as well as forest or watershed fire protection if deemed necessary. All funds must be expended in accordance with an annual budget prepared by the state forester firewarden and approved by the board of directors. The money so provided must be disbursed by the county treasurer to the responsible protecting agencies in accordance with the budget. All claims must be:

- (a) Certified by a responsible officer of the protecting agency.
- (b) Subject to approval and audit as are other claims against the agency.
- (c) Subject to inspection and audit by the state forester firewarden and the board of county commissioners.

5. Any money budgeted for forest and watershed protection must be deposited in the state treasury to the credit of the division of forestry account within the state general fund and may be disbursed by the state forester firewarden in accordance with the district budget, and shall be used for the

sole purpose of the prevention and suppression of fires in such organized fire protection districts in accordance with state law and regulations.

Sec. 6. 1. The legislature finds that to maintain a just valuation of mobile homes for taxation while providing generally for a uniform method of computing depreciation for all homes, it is necessary to provide specially for those mobile homes, primarily those sold before July 1, 1982, whose present assessed value is lower than the value computed pursuant to the method applied to conventional homes. Section 1 of this act therefore allows a particular home in the described category to retain its present assessed value until its value under the new, uniform rate of depreciation falls below the old value or the particular mobile home ceases to be assessed.

2. The legislature hereby declares that because of its obligation to secure a just valuation, it would not have enacted sections 2 and 4 of this act without section 1 of this act.

Sec. 7. This act becomes effective on July 1, 1995.

- 2. The 1995 Session of the Nevada Legislature should consider legislation providing that the sales tax be paid on items for rent or lease at the time of rental or lease and eliminating the option of payment at time of original sale. (BDR 32-595)**

SUMMARY--Revises provision governing collection of sales and use tax on property which is leased or rented. (BDR 32-595)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation; revising the provision governing the collection of the sales and use tax on property which is leased or rented; making the same revision regarding the collection of analogous taxes; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 372.385 is hereby amended to read as follows:

372.385 1. For the purposes of the sales tax, gross receipts from rentals or leases of tangible personal property must be *collected on the amount charged for the lease or rental of the property*, reported and the tax paid in accordance with such regulations as the department may prescribe.

2. *Subsection 1 does not apply to property which is leased or rented on which sales or use tax was paid at the time of purchase on or before July 1, 1995, by the person who leases or rents it.*

Sec. 2. NRS 374.390 is hereby amended to read as follows:

374.390 1. For the purposes of the sales tax, gross receipts from rentals or leases of tangible personal property [shall] *must be collected on the amount charged for the lease or rental of the property*, reported and the tax paid in accordance with such regulations as the department may prescribe.

2. *Subsection 1 does not apply to property which is leased or rented on which sales or use tax was paid at the time of purchase on or before July 1, 1995, by the person who leases or rents it.*

Sec. 3. This act becomes effective on July 1, 1995.

3. **The 1995 Session of the Nevada Legislature should consider legislation providing for various changes regarding the collection of taxes. (Department of Taxation Omnibus Bill) (BDR 32-596)**

SUMMARY--Makes various changes relating to collection of taxes.

(BDR 32-596)

FISCAL NOTE: Effect on Local Government: Yes.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation; clarifying and expanding the procedures available for the collection of taxes; providing that all taxes collected by a person for the state are held in trust for the state; requiring certain brewers and wine makers to post a bond to ensure the payment of excise taxes; revising the procedures for appealing certain decisions of the department of taxation; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 360 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 12, inclusive, of this act.

Sec. 2. *As used in this chapter, "retailer" has the meaning ascribed to it in NRS 372.055.*

Sec. 3. *A petition for redetermination must:*

1. Set forth the amount of the determination being contested and the grounds for seeking a redetermination; and

2. If an oral hearing is not requested, be accompanied by the books and records and other evidence which support the petition.

Sec. 4. 1. Before a person may seek judicial review pursuant to NRS 233B.130 from a final order of the department upon a petition for redetermination, he must:

(a) Pay the amount of the determination; or

(b) Enter into a written agreement with the department establishing a later date by which he must pay the amount of the determination.

2. If a court determines that the amount of the final order should be reduced or that the person does not owe any taxes, the department shall credit or refund any amount paid by the person that exceeds the amount owed.

Sec. 5. 1. If a person is delinquent in the payment of any tax or fee administered by the department or has not paid the amount of a deficiency determination, the department may bring an action in a court of this state, a court of any other state or a court of the United States to collect the delinquent or deficient amount, penalties and interest. The action must be brought not later than 3 years after the payment became delinquent or the determination became final or within 5 years after the last recording of an abstract of judgment or of a certificate constituting a lien for tax owed.

2. The attorney general shall prosecute the action. The provisions of NRS and the Nevada Rules of Civil Procedure and Nevada Rules of Appellate Procedure relating to service of summons, pleadings, proofs, trials and appeals are applicable to the proceedings. In the action, a writ of attachment may issue. A bond or affidavit is not required before an attachment may be issued.

3. *In the action, a certificate by the department showing the delinquency is prima facie evidence of:*

- (a) The determination of the tax or fee or the amount of the tax or fee;*
- (b) The delinquency of the amounts; and*
- (c) The compliance by the department with all of the procedures required by law related to the computation and determination of the amounts.*

Sec. 6. *1. In an action relating to use tax, process may be served:*

- (a) According to the Nevada Rules of Civil Procedure; or*
- (b) By serving an agent or clerk of a retailer in this state at a place of business maintained by the retailer in this state.*

2. If process is served in the manner set forth in paragraph (b) of subsection 1, a copy of the process must be sent by registered or certified mail to the retailer at his principal or home office.

Sec. 7. *1. If any tax or fee administered by the department is not paid when due, the department may, within 3 years after the date that the tax or fee was due, file for record a certificate in the office of any county recorder which states:*

- (a) The amount of the tax or fee and any interest or penalties due;*
- (b) The name and address of the person who is liable for the amount due as they appear on the records of the department; and*
- (c) That the department has complied with all procedures required by law for determining the amount due.*

2. From the time of the filing of the certificate, the amount due, including interest and penalties, constitutes a lien upon all real and personal property in

the county owned by the person or acquired by him afterwards and before the lien expires. The lien has the effect and priority of a judgment lien and continues for 5 years after the time of the filing of the certificate unless sooner released or otherwise discharged.

3. Within 5 years after the date of the filing of the certificate or within 5 years after the date of the last extension of the lien pursuant to this subsection, the lien may be extended by filing for record a new certificate in the office of the county recorder of any county. From the time of filing, the lien is extended to all real and personal property in the county owned by the person or acquired by him afterwards for 5 years, unless sooner released or otherwise discharged.

Sec. 8. 1. The department may release all or any portion of the property subject to a lien imposed by the department or subordinate the lien to other liens and encumbrances if it determines that the amount, interest and penalties are secured sufficiently by a lien on other property or that the release or subordination of the lien will not jeopardize the collection of the amount, interest and penalties.

2. A certificate by the department stating that any property has been released from the lien, or that the lien has been subordinated to other liens and encumbrances, is conclusive evidence that the property has been released, or that the lien has been subordinated.

Sec. 9. 1. The department or its authorized representative may issue a warrant for the enforcement of a lien and for the collection of any delinquent tax or fee which is administered by the department:

(a) *Within 3 years after the person is delinquent in the payment of the tax or fee; or*

(b) *Within 5 years after the last recording of an abstract of judgment or of a certificate constituting a lien for the tax or fee.*

2. *The warrant must be directed to a sheriff or constable and has the same effect as a writ of execution.*

3. *The warrant must be levied and sale made pursuant to the warrant in the same manner and with the same effect as a levy of and a sale pursuant to a writ of execution.*

Sec. 10. 1. *The department may pay or advance to the sheriff or constable the same fees, commissions and expenses for acting upon the warrant as are provided by law for acting upon a writ of execution. The department must approve the fees for publication in a newspaper. Approval from a court is not required for such publication.*

2. *The fees, commissions and expenses are the obligation of the person against whom the warrant is issued.*

Sec. 11. 1. *If a person who is liable for any tax or fee administered by the department sells any portion of his business or stock of goods not in the ordinary course of business or quits the business, his successors or assignees shall:*

(a) *If the business or stock of goods was purchased for money, withhold from the purchase price the amount due; or*

(b) If the business or stock of goods was not purchased for money, withhold a sufficient portion of the assets of the business or stock of goods which, if sold, would equal the amount due, until the former owner provides the successors or assignees with a receipt or certificate from the department showing that he paid the amount due.

2. A successor or assignee who fails to withhold the amount required pursuant to subsection 1 becomes personally liable for the payment of the amount required to be withheld by him to the extent of the consideration paid for the business or stock of goods, valued in money.

3. The department shall issue a certificate of the amount due to the successor or assignee:

(a) Not later than 60 days after receiving a written request from the successor or assignee for such a certificate; or

(b) Not later than 60 days after the date the former owner's records are made available for audit, whichever period expires later, but not later than 90 days after receiving the request.

4. If the department fails to mail the certificate, the successor or assignee is released from any further obligation to withhold any portion of the purchase price, business or stock of goods.

5. The time within which the obligation of the successor or assignee may be enforced begins at the time the person who is liable for the tax or fee sells or assigns all or any portion of his business or stock of goods or at the time that

the determination against the person becomes final, whichever event occurs later.

Sec. 12. *The department may adopt regulations which set forth the manner in which a person who does not owe any tax to the department may claim an ownership interest in property transmitted to or seized by the department. The regulations must set forth:*

- 1. The procedures the person must follow to assert such a claim; and*
- 2. The circumstances under which the department will honor the claim.*

Sec. 13. NRS 360.279 is hereby amended to read as follows:

360.279 1. Three years after the service of notice upon any person who has deposited security with the department pursuant to the provisions of NRS 372.510 or 374.515 that any liability for the payment of sales and use taxes has been extinguished or satisfied and that his account has been closed and his security is eligible for return, the department shall, upon the failure of the person to claim the security, direct the state controller to:

(a) Transfer all or any part of the security to the state general fund, if the security is in the form of a cash deposit; or

(b) Sell the security in the manner prescribed in NRS 372.510 or 374.515 and deposit the proceeds thereof in the state general fund, if the security is in the form of a United States bearer bond.

2. The notice mentioned in this section must be given as provided in NRS [372.425.] 360.350.

Sec. 14. NRS 360.300 is hereby amended to read as follows:

360.300 1. If *a person fails to file a return* or the department is not satisfied with the return or returns of any tax, contribution or premium or amount of tax, contribution or premium required to be paid to the state by any person, in accordance with the applicable provisions of this [Title,] *chapter* or chapter [612 or 616] 362, 364A, 365, 369, 370, 372, 372A, 373, 374, 377, 377A, 444A, 585, 590 or 680B of NRS as administered or audited by the department, it may compute and determine the amount required to be paid upon the basis of [the] :

(a) *The facts contained in the return [or upon the basis of any] ;*

(b) *Any information within its possession or that may come into its possession [.] ; or*

(c) *Reasonable estimates of the amount.*

2. One or more deficiency determinations may be made of the amount due for one or for more than one period.

3. *When a business is discontinued, a determination may be made at any time thereafter within the time prescribed in NRS 360.355 as to liability arising out of that business, irrespective of whether the determination is issued before the due date of the liability.*

Sec. 15. NRS 360.340 is hereby amended to read as follows:

360.340 If any part of the deficiency for which a deficiency determination is made is due to fraud or an intent to evade the [provisions of this Title,] *payment of a tax or fee administered by the department* or the authorized regulations of the department, a penalty of :

1. *Except as otherwise provided in subsection 2, 25 percent of the amount of the determination [shall] must be added thereto.*

2. *In the case of a tax imposed pursuant to chapter 372 or 374 of NRS with respect to the sale, storage, use or other consumption of any vehicle, vessel or aircraft, three times the amount of the determination must be added thereto.*

Sec. 16. NRS 360.350 is hereby amended to read as follows:

360.350 1. The department shall give [the taxpayer] *a person against whom a determination has been made* written notice of its determination.

2. The notice may be served personally or by mail . [; if] *If served by mail, the notice must be addressed to the [taxpayer] person at his address as it appears in the records of the department.*

3. [In the case of service] *If notice is served by mail , [of any notice required, the] service is complete at the time of deposit with the United States Postal Service.*

4. [The service of this written] *Service of notice tolls any limitation for the determination of a further deficiency.*

Sec. 17. NRS 360.360 is hereby amended to read as follows:

360.360 1. Any person against whom a deficiency determination is made [may] *who believes that the determination is incorrect must petition the department for a redetermination within [30] 45 days after he is served with notice of [such] the determination.*

2. If a petition *for redetermination* is not filed within the [30-day] *45-day* period, *the person is deemed to have waived his right to contest the*

determination [becomes final at the expiration of the period.] *or recover a refund.*

3. For good cause shown, the department may extend the time within which a petition for redetermination must be filed.

Sec. 18. NRS 360.370 is hereby amended to read as follows:

360.370 1. If a petition for redetermination is filed within the [30-day] 45-day period, the department shall reconsider the determination and, if the person has so requested in his petition, grant the person an oral hearing and give him 10 days' notice of the time and place of the hearing.

2. The department may continue the hearing from time to time as may be necessary.

Sec. 19. NRS 360.390 is hereby amended to read as follows:

360.390 1. The order *entered by an officer* of the department upon a petition for redetermination becomes final 30 days after service upon the petitioner of notice thereof [.], *unless an appeal of the order is filed within that time with the Nevada tax commission.*

2. *On appeal, the Nevada tax commission shall comply with the standards for review set forth in subsection 3 of NRS 233B.135. The decision of the commission upon an appeal becomes final 30 days after service upon the petitioner and the department of its written order.*

Sec. 20. NRS 360.400 is hereby amended to read as follows:

360.400 1. All determinations made by the department under the authority of NRS 360.300 to 360.410, inclusive, are due at the time they become final . [, except that the department may grant an extension of up to

15 days for good cause if the taxpayer makes a written application to the Nevada tax commission before the time the determination becomes final.]

2. If the determination is not paid when it becomes final and the taxpayer has not entered into a written agreement with the department for the payment of the determination, the department shall impose a penalty of 10 percent of the amount of the determination, exclusive of interest and penalties.

Sec. 21. NRS 360.420 is hereby amended to read as follows:

360.420 *1. If [any amount required to be paid to the state or remitted to the department under the provisions of this Title is not paid] , with respect to any tax or fee administered by the department, a person:*

(a) Fails to pay the tax or fee when due [,] according to his own return filed with the department;

(b) Fails to pay a deficiency determination when due; or

(c) Defaults on a payment pursuant to a written agreement with the department,

the department may, within 3 years after the amount is due, file in the office of the clerk of any court of competent jurisdiction an application for the entry of a summary judgment for the amount due.

2. The application must be accompanied by a certificate specifying [the] :

(a) The amount required to be paid, including any interest and penalties due [, the] ;

(b) The name and address of the person liable for the payment, as [it appears] they appear on the records of the department [, the department's compliance] ;

(c) *The basis for the determination of the department of the amount due; and*

(d) *That the department has complied with the applicable provisions of [this Title] law in relation to the determination of the amount required to be paid .
[, and]*

3. *The application must include a request that judgment be entered against the person in the amount required to be paid, including any interest and penalties [,] due, as set forth in the certificate.*

Sec. 22. NRS 360.510 is hereby amended to read as follows:

360.510 1. If any person is delinquent in the payment of [the amount of any sales or use tax or other excise required to be paid by him] *any tax or fee administered by the department or if a determination has been made against him which remains unpaid, the department may [, not] :*

(a) *Not later than 3 years after the payment became delinquent or [within 3] the determination became final; or*

(b) *Not later than 5 years after the last recording of an abstract [under NRS 372.555] of judgment or of a certificate [under NRS 372.570,] constituting a lien for tax owed,*

give a notice [of it] of the delinquency and a demand to transmit personally or by registered or certified mail to [all persons,] any person, including , without limitation, any officer or department of the state or any political subdivision or agency of the state, who [have in their] has in his possession or under [their] his control any credits or other personal property belonging to the delinquent, or owing any debts to the delinquent or person against whom a determination has been made which remains unpaid, or owing any debts to the delinquent or

that person. In the case of any state officer, department or agency, the notice must be given to the officer, department or agency before it presents the claim of the delinquent taxpayer to the state controller.

2. A state officer, department or agency which receives such a notice may satisfy any debt owed to it by that person before it honors the department's notice.

3. After receiving the [notice,] *demand to transmit*, the persons so notified may not transfer or otherwise dispose of the credits, other personal property, or debts in their possession or under their control at the time they received the notice until the department consents to a transfer or other disposition . [, or until 60 days after the receipt of the notice, whichever period expires earlier.]

4. All persons so notified shall, within 10 days after receipt of the [notice,] *demand to transmit*, inform *the department of, and transmit to* the department [of] all such credits, other personal property, or debts in their possession, under their control or owing by them [.] *within the time and in the manner requested by the department. Except as otherwise provided in subsection 5, no further notice is required to be served to such persons.*

5. *If the property of the delinquent taxpayer consists of a series of payments owed to him, the person who owes or controls the payments shall transmit the payments to the department until otherwise notified by the department. If the debt of the delinquent taxpayer is not paid within 1 year after the department issued the original demand to transmit, it shall issue another demand to transmit to the person responsible for making the payments informing him to*

continue to transmit payments to the department or that his duty to transmit the payments to the department has ceased.

6. If the notice *of the delinquency* seeks to prevent the transfer or other disposition of a deposit in a bank or other credits or personal property in the possession or under the control of a bank [,] *or other depository institution*, the notice must be delivered or mailed to the branch or office of the bank *or other depository institution* at which the deposit is carried or at which the credits or personal property is held.

[6. If, during the effective period of the notice to withhold,]

7. If any person so notified makes any transfer or other disposition of the property or debts required to be withheld [,] *or transmitted*, to the extent of the value of the property or the amount of the debts thus transferred or paid, he is liable to the state for any indebtedness due under this [Title] *chapter* or chapter 362, 364A, 365, 369, 370, 372, 372A, 373, 374, 377, 377A, 444A, 585 , 590 *or 680B* of NRS from the person with respect to whose obligation the notice was given if solely by reason of the transfer or other disposition the state is unable to recover the indebtedness of the person with respect to whose obligation the notice was given.

Sec. 23. NRS 360.520 is hereby amended to read as follows:

360.520 In administering the provisions of NRS 360.510, the department shall determine as early as possible whether there have been withheld *or transmitted sufficient* liquid assets [sufficient] to satisfy the claim of the state. As soon as the department determines that [such] *the* assets have been

withheld [,] *or transmitted*, it shall consent to a transfer or other disposition of all assets in excess of that amount.

Sec. 24. NRS 364A.250 is hereby amended to read as follows:

364A.250 1. Except as otherwise provided in NRS 360.235 [:] *and section 4 of this act*:

(a) No refund may be allowed unless a claim for it is filed with the department within 3 years after the last day of the month following the close of the period for which the overpayment was made . [, or, with respect to determinations made pursuant to NRS 360.300 to 360.416, inclusive, within 6 months after the determination becomes final, or within 6 months after the date of overpayment, whichever period expires later.]

(b) No credit may be allowed after the expiration of the period specified for filing claims for refund unless a claim for credit is filed with the department within that period.

2. Each claim must be in writing and must state the specific grounds upon which the claim is founded.

3. Failure to file a claim within the time prescribed in this chapter constitutes a waiver of any demand against the state on account of overpayment.

4. Within 30 days after [disallowing] *rejecting* any claim in whole or in part, the department shall serve notice of its action on the claimant in the manner prescribed for service of notice of a deficiency determination.

Sec. 25. Chapter 365 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A responsible person who willfully fails to collect or pay to the department the tax imposed by this chapter or who willfully attempts to evade the payment of the tax is jointly and severally liable with the dealer for the tax owed plus interest and all applicable penalties. The responsible person shall pay the tax upon notice from the department that it is due.

2. As used in this section, "responsible person" includes:

(a) An officer or employee of a corporation; and

(b) A member or employee of a partnership or limited-liability company, whose job or duty it is to collect, account for or pay to the department the tax imposed by this chapter.

Sec. 26. NRS 365.170 is hereby amended to read as follows:

365.170 1. Every dealer shall, not later than the 25th day of each calendar month:

(a) Render to the department a statement of all motor vehicle fuel and fuel for jet or turbine-powered aircraft sold, distributed or used by him in the State of Nevada, as well as all such fuel sold, distributed or used in this state by a purchaser thereof upon which sale, distribution or use the dealer has assumed liability for the tax thereon under NRS 365.020, during the preceding calendar month; and

(b) Pay an excise tax on:

(1) All fuel for jet or turbine-powered aircraft in the amount of 1 cent per gallon, plus any amount imposed by the county in which the fuel is sold, distributed or used pursuant to NRS 365.203; and

(2) All other motor vehicle fuel in the amount of 17.65 cents per gallon,

so sold, distributed or used, in the manner and within the time prescribed in this chapter.

2. *A dealer shall hold the amount of all taxes collected pursuant to this chapter in a separate account in trust for the state.*

3. The department for good cause may extend for not [to exceed] *more than* 30 days the time for making any report or return required under this chapter. The extension may be granted at any time if:

(a) A request therefor has been filed with the department within or before the period for which the extension may be granted; and

(b) A remittance of the estimated tax is made when due.

[3.] 4. Any report, return, remittance to cover a payment or claim for credit or refund required by this chapter which is transmitted through the United States mail shall be deemed filed or received by the department on the date shown by the post office cancellation mark stamped upon the envelope containing it, or on the date it was mailed if proof satisfactory to the department establishes that the document or remittance was timely deposited in the United States mail properly addressed to the department.

Sec. 27. NRS 365.530 is hereby amended to read as follows:

365.530 1. Every person transporting on any highway of the State of Nevada motor vehicle fuel or fuel for jet or turbine-powered aircraft or other inflammable or combustible liquids in an amount of 25 gallons or more [must] *shall* have in his possession at all times during such transportation an invoice, bill of sale or other document showing the name and address of the seller or consignor and of the buyer or consignee, if any, of the product so transported.

[He shall produce and exhibit the same to any sheriff, deputy sheriff, police officer or authorized agent of the department upon request or demand.]

2. Any person engaged in transporting motor vehicle fuel or fuel for jet or turbine-powered aircraft or other inflammable or combustible liquids by tank truck or tank truck and trailer to be delivered to a dealer or any reseller of such products or to persons known to the trade as commercial consumers is required only to have in his possession adequate evidence showing the amount of the motor vehicle fuel, fuel for jet or turbine-powered aircraft or other inflammable or combustible liquids loaded in his conveyance at the time the conveyance left its loading point, and the name and address of the dealer who has assumed or is charged with the responsibility for the payment of the tax due thereon, if any. The date of delivery thereto must be furnished the department upon request.

3. A person shall produce and exhibit the documentation and evidence required to be in his possession by this section to any sheriff, deputy sheriff, police officer or authorized agent of the department upon request. If the person fails to produce the documentation and evidence, the sheriff, deputy sheriff, police officer or authorized agent of the department may seize and detain the truck and trailer and the fuel or other inflammable or combustible liquid until the documentation and evidence are produced and any taxes due are paid.

Sec. 28. NRS 369.350 is hereby amended to read as follows:

369.350 1. Each licensed importer , *brewer or wine maker* shall furnish a bond executed by him as principal, and by a corporation qualified under the laws of this state as surety, payable to the State of Nevada, and conditioned

upon the payment of all excise taxes due or to become due from him under the provisions of this chapter. Each bond must be in a principal sum equal to the greatest excise tax paid by the importer , *brewer or wine maker* in any quarter of the preceding year, or if such a standard is not available, then in a sum required from a licensee operating under conditions deemed comparable by the department. In no case may a bond be for an amount less than \$1,000. When cash or a savings certificate, certificate of deposit or investment certificate is used, the amount required must be rounded off to the next larger integral multiple of \$100.

2. In lieu of a bond a licensed importer , *brewer or wine maker* may deposit with the department, under such terms as the department may prescribe, a like amount of lawful money of the United States or any other form of security authorized by NRS 100.065. If security is provided in the form of a savings certificate, certificate of deposit or investment certificate, the certificate must state that the amount is unavailable for withdrawal except upon order of the department. The department shall deposit all cash and bonds of the United States or of the State of Nevada received pursuant to this subsection with the state treasurer as custodian.

3. Notwithstanding any other provision of this section, upon application and a satisfactory showing therefor, the department may, from time to time, increase or decrease the amount of the required bond, having consideration for the amount of importations made by the importer [.] *or the amount of beer or wine possessed or sold by the brewer or wine maker, respectively.*

4. Notwithstanding any other provision of this section, the department may waive the requirement of a bond pursuant to this section whenever a licensed importer , *brewer or wine maker* has maintained a satisfactory record of payment of excise taxes for a period of not less than 5 consecutive years.

Sec. 29. Chapter 372 of NRS is hereby amended by adding thereto the provisions set forth as sections 30 and 31 of this act.

Sec. 30. *1. A responsible person who willfully fails to collect or pay to the department the tax imposed by this chapter or who willfully attempts to evade the payment of the tax is jointly and severally liable with the retailer for the tax owed plus interest and all applicable penalties. The responsible person shall pay the tax upon notice from the department that it is due.*

2. As used in this section, "responsible person" includes:

(a) An officer or employee of a corporation; and
(b) A member or employee of a partnership or limited-liability company, whose job or duty it is to collect, account for or pay to the department the tax imposed by this chapter.

Sec. 31. *A retailer shall hold the amount of all taxes collected pursuant to this chapter in a separate account in trust for the state.*

Sec. 32. NRS 372.635 is hereby amended to read as follows:

372.635 Except as otherwise provided in NRS 360.235 [:] and section 4 of this act:

1. No refund may be allowed unless a claim for it is filed with the department within 3 years after the last day of the month following the close of the period for which the overpayment was made . [or, with respect to

determinations made pursuant to NRS 372.400 to 372.455, inclusive, within 6 months after the determinations become final, or within 6 months after the date of overpayment, whichever period expires later.]

2. No credit may be allowed after the expiration of the period specified for filing claims for refund unless a claim for credit is filed with the department within that period, or unless the credit relates to a period for which a waiver is given pursuant to NRS 360.355.

Sec. 33. NRS 372.750 is hereby amended to read as follows:

372.750 1. Except as otherwise provided in this section, it is a misdemeanor for any member of the Nevada tax commission or officer or employee of the department to make known in any manner whatever the business affairs, operations or information obtained by an investigation of records and equipment of any retailer or any other person visited or examined in the discharge of official duty, or the amount or source of income, profits, losses, expenditures or any particular of them, set forth or disclosed in any return, or to permit any return or copy of a return, or any book containing any abstract or particulars of it to be seen or examined by any person not connected with the department.

2. The commission may agree with any county fair and recreation board or the governing body of any county, city or town for the continuing exchange of information concerning taxpayers.

3. The governor may, by general or special order, authorize examination of the records maintained by the department under this chapter by other state officers, by tax officers of another state, by the Federal Government, if a

reciprocal arrangement exists, or by any other person. The information so obtained may not be made public except to the extent and in the manner that the order may authorize that it be made public.

4. Successors, receivers, trustees, executors, administrators, assignees and guarantors, if directly interested, may be given information as to the items included in the measure and amounts of any unpaid tax or amounts of tax required to be collected, interest and penalties.

5. Relevant information may be disclosed as evidence in an appeal by the taxpayer from a determination of tax due.

6. At any time after a determination, decision or order of the executive director or other officer of the department imposing upon a person a penalty [pursuant to NRS 372.420 or 372.450] for fraud or intent to evade the tax imposed by this chapter on the sale, storage, use or other consumption of any vehicle, vessel or aircraft becomes final or is affirmed by the [tax] commission, any member of the [tax] commission or officer or employee of the department may publicly disclose the identity of that person and the amount of tax assessed and penalties imposed against him.

Sec. 34. Chapter 374 of NRS is hereby amended by adding thereto the provisions set forth as sections 35 and 36 of this act.

Sec. 35. *A retailer shall hold the amount of all taxes collected pursuant to this chapter in a separate account in trust for the state.*

Sec. 36. 1. *A responsible person who willfully fails to collect or pay to the department the tax imposed by this chapter or who willfully attempts to evade the payment of the tax is jointly and severally liable with the retailer for the tax*

owed plus interest and all applicable penalties. The responsible person shall pay the tax upon notice from the department that it is due.

2. As used in this section, "responsible person" includes:

(a) An officer or employee of a corporation; and

(b) A member or employee of a partnership or limited-liability company, whose job or duty it is to collect, account for or pay to the department the tax imposed by this chapter.

Sec. 37. NRS 374.640 is hereby amended to read as follows:

374.640 Except as otherwise provided in NRS 360.235 [:] *and section 4 of this act:*

1. No refund may be allowed unless a claim for it is filed with the department within 3 years after the last day of the month following the close of the period for which the overpayment was made . [or, with respect to determinations made pursuant to NRS 374.405 to 374.460, inclusive, within 6 months after the determinations become final, or within 6 months after the date of overpayment, whichever period expires later.]

2. No credit may be allowed after the expiration of the period specified for filing claims for refund unless a claim for credit is filed with the department within that period, or unless the credit relates to a period for which a waiver is given pursuant to NRS 360.355.

Sec. 38. NRS 374.755 is hereby amended to read as follows:

374.755 1. Except as otherwise provided in this section, it is a misdemeanor for any member of the Nevada tax commission or official or employee of the department to make known in any manner whatever the

business affairs, operations or information obtained by an investigation of records and equipment of any retailer or any other person visited or examined in the discharge of official duty, or the amount or source of income, profits, losses, expenditures or any particular thereof, set forth or disclosed in any return, or to permit any return or copy thereof, or any book containing any abstract or particulars thereof to be seen or examined by any person not connected with the department.

2. The commission may agree with any county fair and recreation board or the governing body of any county, city or town for the continuing exchange of information concerning taxpayers.

3. The governor may, however, by general or special order, authorize examination of the records maintained by the department under this chapter by other state officers, by tax officers of another state, by the Federal Government, if a reciprocal arrangement exists, or by any other person. The information so obtained pursuant to the order of the governor may not be made public except to the extent and in the manner that the order may authorize that it be made public.

4. Successors, receivers, trustees, executors, administrators, assignees and guarantors, if directly interested, may be given information as to the items included in the measure and amounts of any unpaid tax or amounts of tax required to be collected, interest and penalties.

5. Relevant information may be disclosed as evidence in an appeal by the taxpayer from a determination of tax due.

6. At any time after a determination, decision or order of the executive director or other officer of the department imposing upon a person a penalty [pursuant to NRS 374.425 or 374.455] for fraud or intent to evade the tax imposed by this chapter on the sale, storage, use or other consumption of any vehicle, vessel or aircraft becomes final or is affirmed by the [tax] commission, any member of the [tax] commission or officer or employee of the department may publicly disclose the identity of that person and the amount of tax assessed and penalties imposed against him.

Sec. 39. NRS 360.430, 364A.200, 364A.210, 364A.220, 365.345, 365.350, 365.360, 372.400, 372.410, 372.420, 372.425, 372.435, 372.440, 372.445, 372.450, 372.455, 372.475, 372.480, 372.485, 372.490, 372.495, 372.500, 372.520, 372.525, 372.530, 372.535, 372.540, 372.545, 372.550, 372.555, 372.560, 372.570, 372.575, 372.580, 372.585, 372.590, 372.595, 372.620, 372.625, 372A.140, 372A.150, 373.078, 374.405, 374.415, 374.425, 374.430, 374.440, 374.445, 374.450, 374.455, 374.460, 374.480, 374.485, 374.490, 374.495, 374.500, 374.505, 374.525, 374.530, 374.535, 374.540, 374.545, 374.550, 374.555, 374.560, 374.565, 374.575, 374.580, 374.585, 374.590, 374.595, 374.600, 374.625 and 374.630 are hereby repealed.

LEADLINES OF REPEALED SECTIONS

360.430 Order to show cause; notice; hearing; entry of judgment.

364A.200 Successor or assignee of business to withhold tax from purchase price; liability of purchaser for failure to withhold sufficient amount; release.

364A.210 Recordation of certificate of delinquency; resulting lien; duration and extension; release or subordination of lien.

364A.220 Action for collection: Limitation on time; prosecution by attorney general; issuance of writ of attachment; effect of certificate of department showing delinquency.

365.345 Lien for amount due: Creation; effect and duration; extension; release and subordination.

365.350 Commencement and prosecution of action to collect delinquent tax, penalties and interest.

365.360 Evidentiary effect of department's certificate.

372.400 Recomputation of tax; determination on discontinuance of business.

372.410 Offsetting of overpayment; computation of interest.

372.420 Penalty for deficiency resulting from fraud or intent to evade.

372.425 Notice of determination; service by mail complete upon deposit with Postal Service.

372.435 Estimation and computation by department; discontinuance of business.

372.440 Offsets: Computation; interest.

372.445 Interest on amount of determination.

372.450 Penalty for failure to file return resulting from fraud or intent to evade.

372.455 Notice of estimate, determination and penalty: Service.

- 372.475 Petition for redetermination: Time to file.
- 372.480 Oral hearing: Notice; continuances.
- 372.485 Change in determined amount.
- 372.490 Finality of department's order or decision.
- 372.495 Date on which determined amount is due; penalty.
- 372.500 Service of notice.
- 372.520 Limitation on time.
- 372.525 Attorney general to prosecute action; provisions of NRS, N.R.C.P.
and N.R.A.P. applicable.
- 372.530 Issuance of writ of attachment without bond or affidavit.
- 372.535 Evidentiary effect of certificate showing delinquency.
- 372.540 Action for use tax: Manner of service of process.
- 372.545 Application for summary judgment: Filing of certificate of
delinquency.
- 372.550 Entry of judgment by county clerk.
- 372.555 Filing of abstract or copy of judgment with county recorder;
creation, duration and extension of lien.
- 372.560 Execution: Issuance; sale.
- 372.570 Recordation of certificate of delinquency: Resulting lien; duration
and extension.
- 372.575 Department may release or subordinate lien.
- 372.580 Evidentiary effect of certificate of release or subordination.
- 372.585 Issuance; effect; levy and sale.

372.590 Fees for services of sheriff or constable; approval of fees for publication in newspaper.

372.595 Liability for fees of sheriff or constable; collection.

372.620 Successor or assignee to withhold tax from purchase price.

372.625 Liability of purchaser for failure to withhold sufficient amount; release.

372A.140 Tax and penalty assessed by department presumed valid; admissibility and effect of certificate of delinquency.

372A.150 Lien for deficiency in payment of tax.

373.078 Lien for amount due: Creation; effect and duration; extension; release and subordination.

374.405 Recomputation of tax; determination on discontinuance of business.

374.415 Offsetting of overpayments; computation of interest.

374.425 Penalty for deficiency resulting from fraud or intent to evade.

374.430 Notice of determination; service by mail complete upon deposit with Postal Service.

374.440 Estimation and computation by department; discontinuance of business.

374.445 Offsets: Computation; interest.

374.450 Interest on amount of determination.

374.455 Penalty for failure to file return resulting from fraud or intent to evade.

374.460 Notice of estimate, determination and penalty: Service.

374.480 Petition for redetermination: Time to file.

- 374.485 Oral hearing: Notice; continuances.
- 374.490 Change in determined amount.
- 374.495 Finality of department's order or decision.
- 374.500 Date on which determined amount is due; penalty.
- 374.505 Service of notice.
- 374.525 Limitation on time.
- 374.530 Attorney general to prosecute action; provisions of NRS, N.R.C.P. and N.R.A.P. applicable.
- 374.535 Issuance of writ of attachment without bond or affidavit.
- 374.540 Evidentiary effect of certificate showing delinquency.
- 374.545 Manner of service of process.
- 374.550 Application for summary judgment: Filing of certificate of delinquency.
- 374.555 Entry of judgment by county clerk.
- 374.560 Filing of abstract or copy of judgment with county recorder; creation, duration and extension of lien.
- 374.565 Execution: Issuance; sale.
- 374.575 Recordation of certificate of delinquency: Resulting lien; duration and extension.
- 374.580 Department may release or subordinate lien.
- 374.585 Evidentiary effect of certificate of release or subordination.
- 374.590 Issuance; effect; levy and sale.
- 374.595 Fees for services of sheriff or constable; approval of fees for publication in newspaper.

374.600 Liability for fees of sheriff or constable; collection.

374.625 Successor or assignee to withhold tax from purchase price.

**374.630 Liability of purchaser for failure to withhold sufficient amount;
release.**

4. **The 1995 Session of the Nevada Legislature should consider legislation establishing a subcommittee on the consolidation of the services provided by the state, counties, cities, and special districts at the convening of the 1995 Session to report to the 1997 Session. (BDR R-597)**

SUMMARY--Creates committee to study consolidation of governmental services. (BDR R-597)

SENATE CONCURRENT RESOLUTION--Creating a legislative committee to study the consolidation of governmental services.

WHEREAS, State agencies, counties, cities and special districts provide a variety of services to the residents of this state; and

WHEREAS, Currently, no coordination of the functions and services of these entities occurs; and

WHEREAS, A lack of coordination of functions and services between state agencies, counties, cities and special districts can result in unnecessary expenditure of tax revenues for duplicated functions and services, including, but not limited to, fire protection, garbage collection and disposal, police protection, building inspection, public transportation and emergency health care; and

WHEREAS, In addition to the fiscal savings, consolidation of services will save significant amounts of staff time, which can then be dedicated to solving other pressing problems; and

WHEREAS, The elimination of the duplication of functions and services between state agencies, counties, cities and special districts would benefit the residents of Nevada; now, therefore, be it

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That:

1. The legislative committee to study the consolidation of governmental services, consisting of six members, is hereby created;

2. The membership of the committee must be determined as follows:

(a) Three members of the Senate of the 68th session of the Nevada Legislature, two members appointed by the Majority Leader of the Senate and one member appointed by the Minority Leader of the Senate; and

(b) Three members of the Assembly of the 68th session of the Nevada Legislature, two members appointed by the Speaker of the Assembly and one member appointed by the Minority Leader of the Assembly;

3. As soon as practicable after appointment, the members of the committee shall commence their study concerning the consolidation of governmental services;

4. The members of the committee shall select a chairman and vice chairman of the committee from among their members;

5. Except during a regular or special session of the Legislature, each member of the committee is entitled to receive the compensation provided for a majority of the members of the Legislature during the first 60 days of the preceding regular session for each day or portion of a day during which he attends a meeting of the committee or is otherwise engaged in the business of the committee plus the per diem allowance provided for state officers and employees generally and the travel expenses provided pursuant to NRS 218.2207; and

6. The Director of the Legislative Counsel Bureau shall provide the necessary professional staff and a secretary for the committee;

and be it further

RESOLVED, That the legislative committee to study the consolidation of governmental services shall submit to the 69th session of the Nevada Legislature a report of its findings and recommendation for legislation; and be it further

RESOLVED, That the Majority Leader of the Senate, the Minority Leader of the Senate, the Speaker of the Assembly and the Minority Leader of the Assembly appoint the members of the committee as soon as practicable after the adoption of this resolution.

- 5. The 1995 Session of the Nevada Legislature should consider legislation establishing a minimum threshold to issue tax billings. (BDR 32-598)**

SUMMARY--Proposes to amend Nevada constitution to allow legislature to exempt property from taxation if amount of tax to be collected would be less than cost to collect it. (BDR C-598)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

SENATE JOINT RESOLUTION--Proposing to amend the constitution of the State of Nevada to allow the legislature to exempt property from taxation if the amount of tax to be collected would be less than the cost to collect the tax.

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That section 1 of article 10 of the constitution of the State of Nevada be amended to read as follows:

Section 1. 1. The legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory, except mines and mining claims, which shall be assessed and taxed only as provided in section 5 of this article.

2. Shares of stock, bonds, mortgages, notes, bank deposits, book accounts and credits, and securities and choses in action of like character are deemed to represent interest in property already assessed and taxed, either in Nevada or elsewhere, and shall be exempt.

3. The legislature may constitute agricultural and open-space real property having a greater value for another use than that for which it is being used, as a separate class for taxation purposes and may provide a separate uniform plan for appraisal and valuation of such property for assessment purposes. If such plan is provided, the legislature shall also provide for retroactive assessment for a period of not less than 7 years when agricultural and open-space real property is converted to a higher use conforming to the use for which other nearby property is used.

4. Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward, shall be deemed to have acquired no situs in Nevada for purposes of taxation and shall be exempt from taxation. Such property shall not be deprived of such exemption because while in the warehouse the property is assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.

5. The legislature may exempt motor vehicles from the provisions of the tax required by this section, and in lieu thereof, if such exemption is granted, shall provide for a uniform and equal rate of assessment and taxation of motor vehicles, which rate shall not exceed five cents on one dollar of assessed valuation.

6. The legislature shall provide by law for a progressive reduction in the tax upon business inventories by 20 percent in each year following the adoption of this provision, and after the expiration of the 4th year such inventories are exempt from taxation. The legislature may exempt any other personal property, including livestock.

7. No inheritance tax shall ever be levied.

8. The legislature may exempt by law property used for municipal, educational, literary, scientific or other charitable purposes, or to encourage the conservation of energy or the substitution of other sources for fossil sources of energy.

9. No income tax shall be levied upon the wages or personal income of natural persons. Notwithstanding the foregoing provision, and except as otherwise provided in subsection 1 of this section, taxes may be levied upon the income or revenue of any business in whatever form it may be conducted for profit in the state.

10. The legislature may exempt from taxation that property for which the annual taxes due would be less than the cost of collecting those taxes.

- 6. The 1995 Session of the Nevada Legislature should consider legislation repealing NRS 354.59811. (BDR 31-599)**

SUMMARY--Revises provision governing calculation of limitation upon revenue from taxes ad valorem for local governments.
(BDR 31-599)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to local government finances; revising the provision governing the calculation of the limitation upon revenue from taxes ad valorem for local governments; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 354.59811 is hereby amended to read as follows:

354.59811 Except as otherwise provided in NRS 354.59813, 354.59815, 354.5982, 354.5987, 354.59871, 354.618, 450.425 and 543.600 for each fiscal year beginning on or after July 1, 1989, the maximum amount of money that a local government, except a school district, a district to provide a telephone number for emergencies, or a redevelopment agency, may receive from taxes ad valorem, other than those attributable to the net proceeds of minerals or those levied for the payment of bonded indebtedness and interest thereon incurred as a general or short-term obligation of the issuer, or for the payment of

obligations issued to pay the cost of a water project pursuant to NRS 349.950, or for the payment of obligations under a capital lease executed before April 30, 1981, must be calculated as follows:

1. The rate must be set so that when applied to the current fiscal year's assessed valuation of all property which was on the preceding fiscal year's assessment roll, together with the assessed valuation of property on the central assessment roll which was allocated to the local government, but excluding any assessed valuation attributable to the net proceeds of minerals, assessed valuation attributable to a redevelopment area or tax increment area and assessed valuation of a fire protection district attributable to real property which is transferred from private ownership to public ownership for the purpose of conservation, it will produce 106 percent of the maximum revenue allowable from taxes ad valorem for the preceding fiscal year . [, except that the rate so determined must not be less than the rate allowed for the previous fiscal year, except for any decrease attributable to the imposition of a tax pursuant to NRS 354.59813 in the previous year.]

2. This rate must then be applied to the total assessed valuation, excluding the assessed valuation attributable to the net proceeds of minerals and the assessed valuation of a fire protection district attributable to real property which is transferred from private ownership to public ownership for the purpose of conservation but including new real property, possessory interests and mobile homes, for the current fiscal year to determine the allowed revenue from taxes ad valorem for the local government.

Sec. 2. This act becomes effective upon passage and approval.

- 7. The 1995 Session of the Nevada Legislature should consider legislation authorizing the Commission on Economic Development to grant certain exemptions to new and expanding businesses. (BDR 18-600)**

SUMMARY--Revises provisions governing exemptions from property tax for certain businesses relating to conservation of fossil fuels.
(BDR 32-600)

FISCAL NOTE: Effect on Local Government: Yes.

Effect on the State or on Industrial Insurance: Yes.

AN ACT relating to taxation; revising provisions governing exemptions from property tax for certain businesses relating to the conservation of fossil fuels; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 361.0685 is hereby amended to read as follows:

361.0685 1. Except as otherwise provided in this section, if a [business] :

(a) Business that engages in the primary trade of preparing, fabricating, manufacturing or otherwise processing raw material or an intermediate product through a process in which at least 50 percent of the material or product is recycled on site; or

(b) Business that includes as a primary component an active system to utilize solar energy or a facility for the production of electrical energy from recycled material,

is found by the commission on economic development to have as a primary purpose the conservation of energy or the substitution of other sources of energy for fossil sources of energy and obtains certification from the commission on economic development pursuant to NRS 231.139, 75 percent of the personal and real property of the business is exempt from taxation.

2. Before an exemption may be granted pursuant to subsection 1, the business must execute an agreement with the commission on economic development which states that the business will continue in operation in Nevada for 30 or more years after the date on which the exemption is granted. The agreement must bind the successors in interest of the business. The exemption pursuant to this section continues until the expiration of the agreement or until the business discontinues in operation in Nevada, whichever occurs first.

3. The exemption provided in this section applies only to the business for which certification was granted pursuant to NRS 231.139 and the property used in connection with that business. The exemption does not apply to property in Nevada that is not related to the business for which the certification was granted pursuant to NRS 231.139 or to property in existence and subject to taxation before the certification was granted.

4. *Personal property exempted pursuant to subsection 1 may not receive an exemption for more than 10 consecutive years. Real property exempted pursuant to subsection 1 may not receive an exemption for more than 20 consecutive years.*

5. *As used in this section:*

(a) An "active system to utilize solar energy" is one which uses solar devices thermally isolated from the area where the energy is used and includes all the equipment used to collect and store solar energy, and to convert this energy into electricity, if the energy is used for:

(1) Heating water for domestic, recreational, therapeutic or commercial use;

(2) Heating or cooling air;

(3) Production of electricity;

(4) Industrial heating; or

(5) Mechanical energy.

(b) A "facility for the production of electrical energy from recycled material" is a facility which uses recycled material as its primary fuel including material from:

(1) Industrial or domestic waste, other than hazardous waste, even though it includes a product made from oil, natural gas or coal, such as plastics, asphalt shingles or tires;

(2) Agricultural crops, whether terrestrial or aquatic, and agricultural waste, such as manure and residue from crops; and

(3) Municipal waste, such as sewage and sludge.

The term includes all the equipment in the facility used to process and convert into electricity the energy derived from a recycled material fuel.

Sec. 2. NRS 231.139 is hereby amended to read as follows:

231.139 1. The commission on economic development shall certify a business for the benefits provided pursuant to NRS [361.0685 and] 704.223 if the commission finds that:

(a) The business is consistent with the state plan for industrial development and diversification and any guidelines adopted pursuant to the plan;

(b) The business is engaged in the primary trade of preparing, fabricating, manufacturing or otherwise processing raw material or an intermediate product through a process in which at least 50 percent of the material or product is recycled on site;

(c) Establishing the business will require the business to make a capital investment of \$50,000,000 in Nevada; and

(d) The economic benefit to the state of approving the certification exceeds the cost to the state.

2. The commission on economic development shall certify a business for the benefits provided pursuant to NRS 361.0685 if the commission finds that:

(a) The business is consistent with the state plan for industrial development and diversification and any guidelines adopted pursuant to the plan;

(b) [The business is engaged in the primary trade of preparing, fabricating, manufacturing or otherwise processing raw material or an intermediate product through a process in which at least 50 percent of the material or product is recycled on site;

(c)] Establishing the business will require the business to make a capital investment of \$15,000,000 in Nevada; and

[(d)] (c) The economic benefit to the state of approving the certification exceeds the cost to the state.

3. The commission on economic development may:

(a) Request an allocation from the contingency fund pursuant to NRS 353.266, 353.268 and 353.369 to cover the costs incurred by the commission pursuant to this section and NRS 704.032.

(b) Impose a reasonable fee for an application for certification pursuant to this section to cover the costs incurred by the commission in investigating and ruling on the application.

(c) Adopt such regulations as it deems necessary to carry out the provisions of this section.

Sec. 3. NRS 361.076 is hereby repealed.

Sec. 4. This act becomes effective on July 1, 1995.

TEXT OF REPEALED SECTION

361.076 Exemption of property used as active system to utilize solar energy or facility for production of electrical energy from recycled material.

1. All property, both real and personal, is exempt from taxation as set forth in this section to the extent that the property is used as:

(a) An active system to utilize solar energy; or

(b) A facility for the production of electrical energy from recycled material. If such a system is installed in a building used primarily for another purpose, any value added by the system to the building must be excluded from the assessed value of the building.

2. Personal property exempted pursuant to subsection 1 may not receive an exemption for more than 10 consecutive years. Real property exempted pursuant to subsection 1 may not receive an exemption for more than 20 consecutive years.

3. As used in this section:

(a) An "active system to utilize solar energy" is one which uses solar devices thermally isolated from the area where the energy is used and includes all the equipment used to collect and store solar energy, and to convert this energy into electricity, if the energy is used for:

(1) Heating water for domestic, recreational, therapeutic or commercial use;

(2) Heating or cooling air;

(3) Production of electricity;

(4) Industrial heating; or

(5) Mechanical energy.

(b) A "facility for the production of electrical energy from recycled material" is a facility which uses recycled material as its primary fuel including material from:

(1) Industrial or domestic waste, other than hazardous waste, even though it includes a product made from oil, natural gas or coal, such as plastics, asphalt shingles or tires;

(2) Agricultural crops, whether terrestrial or aquatic, and agricultural waste, such as manure and residue from crops; and

(3) Municipal waste, such as sewage and sludge.

The term includes all the equipment in the facility used to process and convert into electricity the energy derived from a recycled material fuel.

- 8. The 1995 Session of the Nevada Legislature should consider legislation providing for a constitutional amendment allowing a "circuit breaker" for relief from property taxation to mitigate economic hardship on single family residents. (BDR C-601)**

SUMMARY--Proposes to amend Nevada constitution to authorize abatement of property tax for certain owners of single-family residences.
(BDR C-601)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

SENATE JOINT RESOLUTION--Proposing to amend the constitution of the State of Nevada to authorize the abatement of property tax for certain owners of single-family residences.

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That section 1 of article 10 of the constitution of the State of Nevada be amended to read as follows:

Section 1. 1. The legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory, except mines and mining claims, which shall be assessed and taxed only as provided in section 5 of this article.

2. Shares of stock, bonds, mortgages, notes, bank deposits, book accounts and credits, and securities and choses in action of like character are deemed to represent interest in property already assessed and taxed, either in Nevada or elsewhere, and shall be exempt.

3. The legislature may constitute agricultural and open-space real property having a greater value for another use than that for which it is being used, as a separate class for taxation purposes and may provide a separate uniform plan for appraisal and valuation of such property for assessment purposes. If such plan is provided, the legislature shall also provide for retroactive assessment for a period of not less than 7 years when agricultural and open-space real property is converted to a higher use conforming to the use for which other nearby property is used.

4. Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward, shall be deemed to have acquired no situs in Nevada for purposes of taxation and shall be exempt from taxation. Such property shall not be deprived of such exemption because while in the warehouse the property is assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.

5. The legislature may exempt motor vehicles from the provisions of the tax required by this section, and in lieu thereof, if such exemption is granted, shall provide for a uniform and equal rate of assessment and taxation of motor vehicles, which rate shall not exceed five cents on one dollar of assessed valuation.

6. The legislature shall provide by law for a progressive reduction in the tax upon business inventories by 20 percent in each year following the adoption of this provision, and after the expiration of the 4th year such inventories are exempt from taxation. The legislature may exempt any other personal property, including livestock.

7. No inheritance tax shall ever be levied.

8. The legislature may exempt by law property used for municipal, educational, literary, scientific or other charitable purposes, or to encourage the conservation of energy or the substitution of other sources for fossil sources of energy.

9. No income tax shall be levied upon the wages or personal income of natural persons. Notwithstanding the foregoing provision, and except as otherwise provided in subsection 1 of this section, taxes may be levied upon the income or revenue of any business in whatever form it may be conducted for profit in the state.

10. The legislature may provide by law for an abatement of the tax upon or an exemption of part of the assessed value of a single-family residence occupied by the owner to the extent necessary to avoid severe economic hardship.

- 9. The 1995 Session of the Nevada Legislature should consider legislation adding "widowers" to NRS 361.080. (BDR 32-602)**

SUMMARY--Extends to widowers benefit of tax exemptions granted to widows and orphans. (BDR 32-602)

FISCAL NOTE: Effect on Local Government: Yes.

Effect on the State or on-Industrial Insurance: Yes.

AN ACT relating to taxation; extending to widowers the benefits of certain exemptions granted to widows and orphans; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 361.080 is hereby amended to read as follows:

361.080 1. The property of widows , *widowers* and orphan children, not to exceed the amount of \$1,000 assessed valuation, is exempt from taxation, but no such exemption may be allowed to anyone but actual bona fide residents of this state, and must be allowed in [but] *only* one county in this state to the same family.

2. For the purpose of this section, property in which the widow , *widower* or orphan child has any interest shall be deemed the property of the widow , *widower* or orphan child.

3. The person claiming such an exemption shall file with the county assessor an affidavit declaring his residency and that the exemption has been

claimed in no other county in this state for that year. After the filing of the original affidavit, the county assessor shall mail a form for renewal of the exemption to the person each year following a year in which the exemption was allowed for that person. The form must be designed to facilitate its return by mail by the person claiming the exemption.

Sec. 2. NRS 361.1565 is hereby amended to read as follow:

361.1565 The personal property tax exemption to which a widow, *widower*, orphan child, totally blind person, veteran or surviving spouse of a disabled veteran is entitled [under] *pursuant to* NRS 361.080, 361.085, 361.090 or 361.091 is reduced to the extent that he is allowed an exemption from the vehicle privilege tax [under] *pursuant to* chapter 371 of NRS.

Sec. 3. NRS 361.850 is hereby amended to read as follows:

361.850 1. A person may receive assistance [under] *pursuant to* the Senior Citizens' Property Tax Assistance Act while receiving a property tax exemption as a widow, *widower*, blind person or veteran if the person has filed a claim for the exemption with the county assessor.

2. The assessed valuation of any property used to determine a refund pursuant to the Senior Citizens' Property Tax Assistance Act must be reduced by the amount of such an exemption.

Sec. 4. NRS 371.101 is hereby amended to read as follows:

371.101 1. Vehicles registered by widows , *widowers* and orphan children, not to exceed the amount of \$1,000 determined valuation, are exempt from taxation, but the exemption must not be allowed to anyone but actual bona

fide residents of this state, and must be filed in [but] *only* one county in this state [to] *for* the same family.

2. For the purpose of this section, vehicles in which the widow , *widower* or orphan child has any interest shall be deemed to belong entirely to that widow , *widower* or orphan child.

3. The person claiming the exemption shall file with the department in the county where the exemption is claimed an affidavit declaring his residency and that the exemption has been claimed in no other county in this state for that year. After the filing of the original affidavit, the county assessor shall mail a form for renewal of the exemption to the person each year following a year in which the exemption was allowed for that person. The form must be designed to facilitate its return by mail by the person claiming the exemption.

Sec. 5. This act becomes upon effective on July 1, 1995.

- 10. The 1995 Session of the Nevada Legislature should consider legislation directing the appropriation committees of the 1995 Session to require state agencies to use lock boxes unless such use is shown to be impractical. (BDR R-603)**

SUMMARY--Abolishes use of estimates in taxing net proceeds of minerals.

(BDR 32-603)

FISCAL NOTE: Effect on Local Government: Yes.

Effect on the State or on Industrial Insurance: Yes.

AN ACT relating to taxation; gradually abolishing the payment of the tax on net proceeds of minerals in advance by estimate and restoring payment according to actual proceeds derived; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 362.115 is hereby amended to read as follows:

362.115 1. In addition to the statement required by subsection 1 of NRS 362.110, each person who is required to file that statement [:

1. Shall,] *shall*, on or before May 30 of each year, file with the department a statement showing the estimated gross yield and estimated net proceeds from each such operation for the entire current calendar year, and shall pay *the required percentage* of the tax upon the net proceeds so estimated to the department on or before July 15 of that year. If an estimate is filed, the amount due under the final certification pursuant to NRS 362.130 is the difference between the total tax established upon the certification and the sum of the

estimated payments made or credited, if any, for that calendar year. If the sum of the estimated payments exceeds the total tax, the taxpayer is entitled to credit the excess against the ensuing estimates or final taxes due until it is exhausted, or, if the taxpayer files a statement with the department which indicates that he will have no tax liability for the next calendar year, upon verification by the department, the taxpayer is entitled to receive a refund.

2. [May file with the department a quarterly report stating an estimate for the year and the actual quarterly amounts of production, gross yield and net proceeds as of March 31, June 30, September 30 and December 31, to establish whether liability for a penalty exists. If the person chooses to submit such reports, the reports must be submitted on a form prescribed by the department no later than the last day of the month following the end of the calendar quarter.] *The percentage required to be paid on or before July 1 of the respective years is:*

For 1995.....80 percent

For 1996.....60 percent

For 1997.....40 percent

For 1998.....20 percent

Sec. 2. NRS 362.130 is hereby amended to read as follows:

362.130 1. When the department determines from the annual statement the net proceeds of any minerals extracted, it shall prepare its certificate of the amount of the net proceeds and the tax due and shall send a copy to the owner of the mine, operator of the mine, or recipient of the royalty, as the case may be.

2. The certificate must be prepared and mailed not later than June 10 immediately following the month of February during which the statement was filed.

3. [If the amount paid pursuant to NRS 362.115 is less than 90 percent of the amount certified pursuant to this section, the amount due must include a penalty of 10 percent of the underpayment unless:

(a) The amount paid pursuant to NRS 362.115 is equal to or greater than the total tax liability of the operation for the immediately preceding calendar year; or

(b) The person files quarterly reports pursuant to subsection 2 of NRS 362.115 in a timely manner for that year and pays the additional amount due within 30 days after the quarterly report that indicates the additional estimated tax liability is filed with the department. The additional estimated tax liability must be calculated by determining the difference between the revised estimates of net proceeds based on the recent production figures as indicated by the quarterly reports and the original estimate supplied on May 30 of that year.

4.] The taxes and any penalty are due on June 30 of that year.

Sec. 3. NRS 362.160 is hereby amended to read as follows:

362.160 If the amount of any tax [or estimated payment] required by NRS 362.100 to 362.240, inclusive, is not paid within 30 days after it is due, it is delinquent and must be collected as other delinquent taxes are collected by law, together with the penalties provided for the collection of delinquent taxes.

Sec. 4. NRS 362.115 is hereby repealed.

Sec. 5. 1. This section and sections 1 and 2 of this act become effective on July 1, 1995.

2. Sections 3 and 4 of this act become effective on January 1, 1999.

TEXT OF REPEALED SECTION

362.115 Statement of estimated gross yield and net proceeds for current calendar year; payment of estimated tax; credit against final certification or refund.

1. In addition to the statement required by subsection 1 of NRS 362.110, each person who is required to file that statement shall, on or before May 30 of each year, file with the department a statement showing the estimated gross yield and estimated net proceeds from each such operation for the entire current calendar year, and shall pay the required percentage of the tax upon the net proceeds so estimated to the department on or before July 15 of that year. If an estimate is filed, the amount due under the final certification pursuant to NRS 362.130 is the difference between the total tax established upon the certification and the sum of the estimated payments made or credited, if any, for that calendar year. If the sum of the estimated payments exceeds the total tax, the taxpayer is entitled to credit the excess against the ensuing estimates or final taxes due until it is exhausted, or, if the taxpayer

files a statement with the department which indicates that he will have no tax liability for the next calendar year, upon verification by the department, the taxpayer is entitled to receive a refund.

2. The percentage required to be paid on or before July 1 of the respective years is:

For 1995	80 percent
For 1996	60 percent
For 1997	40 percent
For 1998	20 percent

- 11. The 1995 Session of the Nevada Legislature should consider legislation establishing a \$250,000 per year of sales tax liability threshold for the use of electronics funds transfers (EFT) and delegating the authority to review and revise a threshold to the Nevada State Tax Commission. (BDR 32-604)**

SUMMARY--Provides exception to statutory limit on total rate of taxes ad valorem for taxes levied by counties for indigent care.
(BDR 32-604)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation; providing an exception to the statutory limit on the total rate of taxes ad valorem for taxes levied by counties for indigent care; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 361.453 is hereby amended to read as follows:

361.453 The total ad valorem tax levy for all public purposes , *except any levy imposed by a county pursuant to NRS 428.050, 428.185, 428.285 and 450.425*, must not exceed \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the state board of examiners if the state board of examiners is directed by law to fix a lesser or greater amount for that fiscal year.

Sec. 2. This act becomes effective upon passage and approval.

- 12. The 1995 Session of the Nevada Legislature should consider legislation establishing a bad debt credit against future sales and use tax. (BDR 32-605)**

SUMMARY--Provides exception for tax levied by legislature to statutory limit on total rate of taxes ad valorem. (BDR 32-605)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation; providing an exception for any tax levied by the legislature to the statutory limit on the total rate of taxes ad valorem; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 361.453 is hereby amended to read as follows:

361.453 The total ad valorem tax levy for all public purposes , *except for any levy imposed by the legislature*, must not exceed \$3.64 on each \$100 of assessed valuation . [, or a lesser or greater amount fixed by the state board of examiners if the state board of examiners is directed by law to fix a lesser or greater amount for that fiscal year.]

Sec. 2. NRS 361.455 is hereby amended to read as follows:

361.455 1. [Subsequent to] *After* the approval of the final budgets for the various local governments as defined in NRS 354.474 and their submission to the department, for examination and approval, the Nevada tax commission shall certify to the board of county commissioners of each of the several

counties the combined tax rate necessary to produce the amount of revenue required by the approved budgets, and shall certify that combined rate, to each of the boards of county commissioners.

2. Immediately upon adoption of the final budgets, if the combined tax rate [together with the established state tax rate] exceeds the limit imposed by NRS 361.453, the chairman of the board of county commissioners in each county concerned shall call a meeting of the governing boards of each of the local governments within the county for the purpose of establishing a combined tax rate that conforms to the statutory limit. The chairman shall convene the meeting no later than June 13 of each year.

3. The governing boards of the local governments shall meet in public session and the county clerk shall keep appropriate records, pursuant to regulations of the department, of all proceedings. The costs of taking and preparing the record of the proceedings, including the costs of transcribing and summarizing tape recordings, must be borne by the county and participating incorporated cities in proportion to the final tax rate as certified by the department. The chairman of the board of county commissioners or his designee shall preside at the meeting. The governing boards shall explore areas of mutual concern so as to agree upon a combined tax rate that does not exceed the statutory limit.

4. The governing boards shall determine final decisions by a unanimous vote of all entities present and qualified to vote, as defined in this subsection. No ballot may be cast on behalf of any governing board unless a majority of the individual board is present. A majority vote of all members of each

governing board is necessary to determine the ballot cast for that entity. All ballots must be cast not later than the day following the day the meeting is convened. The district attorney is the legal adviser for such proceedings.

5. The county clerk shall immediately thereafter advise the department of the results of the ballots cast and the tax rates set for local governments concerned. If the ballots for the entities present at the meeting in the county are not unanimous, the county clerk shall transmit all records of the proceedings to the department within 5 days after the meeting.

6. If a unanimous vote is not obtained and the combined rate in any county [together with the established state tax rate] exceeds the statutory limit, the department shall examine the record of the discussions and the budgets of all local governments concerned. On June 25 or, if June 25 falls on a Saturday or Sunday, on the Monday next following, the Nevada tax commission shall meet to set the tax rates for the next succeeding year for all local governments so examined. In setting the tax rates for the next succeeding year the Nevada tax commission shall not reduce that portion of the proposed tax rate of the county school district for the operation and maintenance of public schools.

7. Any local government affected by a rate adjustment, made in accordance with the provisions of this section, which necessitates a budget revision shall file a copy of its revised budget by July 30 next after the approval and certification of the rate by the Nevada tax commission.

8. A copy of the certificate of the Nevada tax commission sent to the board of county commissioners must be forwarded to the county auditor.

Sec. 3. NRS 361.463 is hereby amended to read as follows:

361.463 1. In any year in which the total taxes levied by all overlapping units within the boundaries of the state exceed the limitation imposed by NRS 361.453, and it becomes necessary for that reason to reduce the levies made by any of those units, the reduction so made must be in taxes levied by those units [(including the state)] for purposes other than the payment of bonded indebtedness, including interest thereon.

2. The taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over taxes levied by each such unit [(including the state)] for all other purposes where reduction is necessary to comply with the limitation imposed by NRS 361.453.

Sec. 4. This act becomes effective upon passage and approval.

- 13. The 1995 Session of the Nevada Legislature should consider legislation to eliminate the prepayment of the net proceeds of mines over a five year period. (BDR 32-606)**

SUMMARY--Provides exception to statutory limit on total rate of taxes ad valorem for rate required to be levied for support of county school district. (BDR 32-606)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation of property; providing an exception to the statutory limit on the total rate of taxes ad valorem for the rate required to be levied in support of the county school district; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 361.453 is hereby amended to read as follows:

361.453 The total ad valorem tax levy for all public purposes , *except for any levy imposed pursuant to NRS 387.195*, must not exceed \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the state board of examiners if the state board of examiners is directed by law to fix a lesser or greater amount for that fiscal year.

Sec. 2. This act becomes effective upon passage and approval.

- 14. The 1995 Session of the Nevada Legislature should consider legislation that would eliminate the prepayment of the insurance premium tax. (BDR 57-607)**

SUMMARY--Increases statutory limit on total rate of taxes ad valorem.

(BDR 32-607)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation of property; increasing the statutory limit on the total rate of taxes ad valorem; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 361.453 is hereby amended to read as follows:

361.453 The total ad valorem tax levy for all public purposes must not exceed [\$3.64] \$4 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the state board of examiners if the state board of examiners is directed by law to fix a lesser or greater amount for that fiscal year.

Sec. 2. This act becomes effective upon passage and approval.

- 15. The 1995 Session of the Nevada Legislature should consider legislation removing the state bond redemption rate from the statutory tax rate cap. (BDR 32-608)**

SUMMARY--Amends Joint Rules of Senate and Assembly for 68th legislative session to require standing committees that review budgets of state agencies to require agencies to collect revenue through use of lock boxes when practicable. (BDR R-608)

SENATE CONCURRENT RESOLUTION--Amending the Joint Rules of the Senate and Assembly for the 68th legislative session to require standing committees that review the budgets of state agencies to require certain agencies to collect state revenue through the use of lock boxes when practicable.

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That the Joint Rules of the Senate and Assembly as adopted by the 68th session of the Legislature are amended by the following addition:

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USE OF LOCK BOXES BY STATE AGENCIES

To expedite the deposit of state revenue, the Senate Standing Committee on Finance and the Assembly Standing Committee on Ways and Means shall, when reviewing the proposed budget of a state agency which collects state revenue, require if practicable, the agency to contract with a financial institution for a

service, commonly referred to as a "lock-box service," wherein payments of revenue owed to the state are mailed to a designated post office box and retrieved directly by the financial institution for immediate processing and deposit in the appropriate state account.

- 16. The 1995 Session of the Nevada Legislature should consider legislation removing the school tax rate from the statutory tax rate cap. (BDR 32-609)**

SUMMARY--Requires use of cost-efficient means for transfer of certain payments of sales and use taxes to department of taxation.
(BDR 32-609)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation; requiring that the transfer of large payments of sales and use taxes to the department of taxation be made in the most cost-efficient means available; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 372 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsection 2, a taxpayer:

(a) Whose annual liability for tax pursuant to this chapter during the previous calendar year exceeded \$250,000; or

(b) Who reasonably believes that his annual liability for tax pursuant to this chapter during the current calendar year will exceed \$250,000,

shall transfer those payments electronically to the department. The department may, upon request, authorize any other taxpayer to transfer his payments in a like manner.

2. The Nevada tax commission may:

(a) Review from time to time the monetary threshold set forth in subsection 1 and, as it deems appropriate by regulation, set a lower amount of annual tax liability as the threshold for requiring the electronic transfer of payments.

(b) Consider, from time to time, the means available, electronic or otherwise, to facilitate the prompt transfer of payments by taxpayers to the department and, by regulation, require the use of the most appropriate and cost-efficient means.

- 17. The 1995 Session of the Nevada Legislature should consider legislation removing the indigent fund rate from the statutory tax rate cap. (BDR 32-610)**

SUMMARY--Provides credit for bad debts against taxes on retail sales.

(BDR 32-610)

FISCAL NOTE: Effect on Local Government: Yes.

Effect on the State or on-Industrial Insurance: Yes.

AN ACT relating to taxation; providing a credit against taxes on retail sales for portion of sales price that was not collected; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 372.365 is hereby amended to read as follows:

372.365 1. For the purposes of the sales tax, the return must show the gross receipts of the seller during the preceding reporting period. For purposes of the use tax, in case of a return filed by a retailer, the return must show the total sales price of the property sold by him, the storage, use or consumption of which property became subject to the use tax during the preceding reporting period.

2. In case of a return filed by a purchaser, the return must show the total sales price of the property purchased by him, the storage, use or consumption of which became subject to the use tax during the preceding reporting period.

3. The return must also show the amount of the taxes for the period covered by the return and such other information as the department deems necessary for the proper administration of this chapter.

4. If during the period covered by the return, a retailer has not received a deferred payment due or is unable to collect all or part of the sales price of a sale, the amount of which is included in the gross receipts or total sales price reported or was so included for a previous reporting period, he may deduct the amount of sales or use tax paid or payable on account of that deferred payment or uncollected sales price from the amount of sales or use tax otherwise payable for the current reporting period.

Sec. 2. NRS 374.370 is hereby amended to read as follows:

374.370 1. For the purposes of the sales tax, the return [shall] *must* show the gross receipts of the seller during the preceding reporting period. For purposes of the use tax, in case of a return filed by a retailer, the return [shall] *must* show the total sales price of the property sold by him, the storage, use or consumption of which property became subject to the use tax during the preceding reporting period.

2. In case of a return filed by a purchaser, the return [shall] *must* show the total sales price of the property purchased by him, the storage, use or consumption of which became subject to the use tax during the preceding reporting period.

3. The return [shall] *must* also show the amount of the taxes for the period covered by the return and such other information as the department deems necessary for the proper administration of this chapter.

4. *If during the period covered by the return, a retailer has not received a deferred payment due or is unable to collect all or part of the sales price of a sale, the amount of which is included in the gross receipts or total sales price reported or was so included for a previous reporting period, he may deduct the amount of sales or use tax paid or payable on account of that deferred payment or uncollected sales price from the amount of sales or use tax otherwise payable for the current reporting period.*

- 18. The 1995 Session of the Nevada Legislature should consider legislation to increase the statutory cap from the current 3.64 rate to \$4 per \$100 of evaluation. (BDR 32-611)**

SUMMARY--Repeals requirement for prepayment of insurance premium tax.

(BDR 57-611)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: Yes.

AN ACT relating to insurance; repealing the provisions requiring prepayment of the insurance premium tax; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 679A.160 is hereby amended to read as follows:

679A.160 Unless otherwise provided, no provision of this code applies to:

1. Fraternal benefit societies, as identified in chapter 695A of NRS, except as stated in chapter 695A of NRS.
2. Hospital, medical or dental service corporations, as identified in chapter 695B of NRS, except as stated in chapter 695B of NRS.
3. Motor clubs, as identified in chapter 696A of NRS, except as stated in chapter 696A of NRS.
4. Bail bondsmen, as identified in chapter 697 of NRS, except as stated in NRS 680B.025 to 680B.039, inclusive, *and section 2 of this act*, and chapter 697 of NRS.

5. Risk retention groups, as identified in chapter 695E of NRS, except as stated in chapter 695E of NRS.

6. Health and welfare plans arising out of collective bargaining under chapter 288 of NRS, except that the commissioner may review the plan to ensure that the benefits are reasonable in relation to the premiums and that the fund is financially sound.

Sec. 2. Chapter 680B of NRS is hereby amended by adding thereto a new section to read as follows:

1. Each insurer which, pursuant to NRS 680B.027, paid or is required to pay a tax of at least \$2,000 on net direct premiums and net direct considerations written during the preceding calendar year, shall file a quarterly report in such form as prescribed by the executive director of the department of taxation. Each report must be accompanied by a payment made payable to the department of taxation in an amount equal to 25 percent of the tax paid or required to be paid on net direct premiums and net direct considerations written during the preceding calendar year. Each quarterly payment is due on the last day of the last month in each calendar quarter.

2. If an overpayment of the tax imposed by NRS 680B.027 results from the payments made pursuant to this section, the insurer shall apply the overpayment against each succeeding quarterly estimated payment due in the current calendar year until the overpayment has been extinguished.

Sec. 3. NRS 680B.027 is hereby amended to read as follows:

680B.027 1. Except as otherwise provided in NRS 680B.033 [,] and 680B.050, for the privilege of transacting business in this state, each insurer

shall pay to the department of taxation a tax upon his net direct premiums and net direct considerations written at the rate of 3.5 percent.

2. The tax must be paid [at the same time the report] *in the manner* required by NRS 680B.030 [is filed].

3. On or before March 1 of each year, each insurer who pursuant to subsection 1, paid or is required to pay a tax of at least \$2,000 on net premiums and net direct considerations written during the preceding calendar year, shall pay to the department of taxation a prepayment of the tax imposed by subsection 1 in an amount equal to at least 50 percent of the tax he estimates he will owe pursuant to subsection 1 for that calendar year. The remainder of the prepayment of the estimated tax must be made on or before June 15 of that calendar year. The total of the prepayments must not be less than the actual tax pursuant to subsection 1 for the preceding calendar year. The department of taxation shall accept a subsequent prepayment of the estimated tax from an insurer if the insurer files with the department of taxation a statement under oath setting forth the facts requiring the additional payment.

4. If an overpayment of the insurer's actual tax liability results from his prepayment of the tax pursuant to subsection 3 in the preceding year, the insurer shall apply the overpayment to the prepayment due pursuant to subsection 3 in succeeding years until the overpayment has been extinguished.

5. Except as otherwise provided in subsection 7, if the prepayment made pursuant to subsection 3 is less than 85 percent of the tax that was actually

owed by the insurer for the calendar year in which the prepayment was made, the insurer shall pay to the department of taxation:

- (a) A penalty in an amount equal to 5 percent of the underpayment; and
- (b) An administrative fine of \$2,000.

6. Except as otherwise provided in subsection 7 and in addition to the penalty and fine provided by subsection 5:

(a) An insurer whose prepayment is less than 85 percent of the tax that was actually owed by the insurer for the calendar year in which the prepayment was made shall pay interest on the difference between the total amount of the prepayment and 85 percent of the amount actually owed at the rate of 1.5 percent per month, or fraction of a month, from the March 1 on which the initial prepayment became due until the date of payment.

(b) An insurer who does not make a prepayment required by subsection 3 when due shall pay interest at the rate of 1.5 percent per month, or fraction of a month, on the amount of the prepayment owed from the date on which the prepayment became due until the date of payment.

(c) An insurer who does not make any payment of the tax imposed pursuant to this section when due shall pay interest at the rate of 1.5 percent per month, or fraction of a month, on the amount owed from the date on which the payment became due until the date of payment.

7. The executive director of the department of taxation may, for good cause shown, waive or reduce the penalty, fine or interest imposed by subsection 5 or 6. Any insurer seeking relief from the penalty, fine or interest must file with

the department of taxation a statement under oath setting forth the facts upon which he bases his claim for relief.

8.] *and section 2 of this act.*

3. The commissioner or the executive director of the department of taxation may require at any time verified supplemental statements with reference to any matter pertinent to the proper assessment of the tax.

[9. A newly admitted insurer who receives a certificate of authority after January 1 from the commissioner is not required to make a prepayment of the premium tax pursuant to subsection 3 for the year in which he is admitted. The tax for the insurer's first calendar year must be paid at the time that the report required by NRS 680B.030 is filed.]

Sec. 4. NRS 680B.030 is hereby amended to read as follows:

680B.030 1. Each insurer and each formerly authorized insurer with respect to insurance transacted while an authorized insurer and property bondsman shall, on or before March 1 each year, or within any reasonable extension of time therefor which the executive director of the department of taxation may for good cause have granted on or before that date, file with the department of taxation a report in such form as prescribed by the executive director of the department of taxation in cooperation with the commissioner, showing total income derived from direct premiums written, including policy, membership and other fees and assessments, and all other considerations for insurance, bail or annuity contracts written during the next preceding calendar year on account of policies and contracts covering property, subjects or risks located, resident or to be performed in this state, with proper proportionate

allocation of premiums as to such persons, property, subjects or risks in this state insured under policies and contracts covering persons, property, subjects or risks located or resident in more than one state, after deducting from the total income derived from direct premiums written:

(a) The amount of return premiums; and

(b) Dividends, savings and unabsorbed premium deposits returned to policyholders in cash or credited to their accounts.

2. The report must be [verified] :

(a) *Accompanied by a payment made payable to the department of taxation in an amount equal to all of the tax required to be paid on net direct premiums and net direct considerations written during the preceding calendar year, less any quarterly payments made for the same period pursuant to section 2 of this act; and*

(b) *Verified by the oath or affirmation of the insurer's president, vice president, secretary, treasurer or manager.*

Sec. 5. NRS 680B.039 is hereby amended to read as follows:

680B.039 Any insurer that fails to file the report or pay the tax as required by NRS 680B.025 to 680B.039, inclusive, *and section 2 of this act*, within the time for filing and payment as provided in those sections shall in addition to any other applicable penalty pay a penalty of not more than 10 percent of the amount of the tax which is owed, as determined by the department of taxation, in addition to the tax, plus interest at the rate of 1.5 percent per month, or fraction of a month, from the date on which the tax should have been paid until the date of payment.

Sec. 6. NRS 680B.0395 is hereby amended to read as follows:

680B.0395 An insurer who holds a certificate of authority as a reinsurer is exempt from the requirements of NRS 680B.025 to 680B.039, inclusive [.] , *and section 2 of this act.*

Sec. 7. NRS 680B.050 is hereby amended to read as follows:

680B.050 1. Except as otherwise provided in this section, a domestic or foreign insurer which owns and substantially occupies and uses any building in this state as its home office or as a regional home office, as defined in subsection 2, is entitled to the following credits against the tax otherwise imposed by NRS 680B.027:

(a) An amount equal to 50 percent of the aggregate amount of the tax as determined under NRS 680B.025 to 680B.039, inclusive [;] , *and section 2 of this act;* and

(b) An amount equal to the full amount of ad valorem taxes paid by the insurer during the calendar year next preceding the filing of the report required by NRS 680B.030, upon the home office or regional home office together with the land, as reasonably required for the convenient use of the office, upon which the home office or regional home office is situated.

These credits must not reduce the amount of tax payable to less than 20 percent of the tax otherwise payable by the insurer under NRS 680B.027.

2. For the purposes of this section a "regional home office" means an office of the insurer performing for an area covering two or more states, with a minimum of 25 employees on its office staff, the supervision, underwriting, issuing and servicing of the insurance business of the insurer.

3. The insurer shall on or before March 1 of each year furnish proof to the satisfaction of the executive director of the department of taxation, on forms furnished by or acceptable to the executive director, as to its entitlement to the tax reduction provided for in this section. A determination of the executive director of the department of taxation pursuant to this section is not binding upon the commissioner for the purposes of NRS 682A.240.

4. An insurer is not entitled to the credits provided in this section unless:

(a) The insurer owned the property upon which the reduction is based for the entire year for which the reduction is claimed; and

(b) The insurer occupied at least 70 percent of the usable space in the building to transact insurance or the insurer is a general or limited partner and occupies 100 percent of its ownership interest in the building.

5. If two or more insurers under common ownership or management and control jointly own in equal interest, and jointly occupy and use such a home office or regional home office in this state for the conduct and administration of their respective insurance businesses as provided in this section, each of the insurers is entitled to the credits provided for by this section if otherwise qualified therefor under this section.

Sec. 8. NRS 681B.010 is hereby amended to read as follows:

681B.010 In any determination of the financial condition of an insurer, there must be allowed as assets only such assets as are owned by the insurer and which consist of:

1. Cash in the possession of the insurer, or in transit under its control, and including the true balance of any deposit in a solvent bank or trust company.

2. Investments, securities, properties and loans acquired or held in accordance with this code, and in connection therewith the following items:

(a) Interest due or accrued on any bond or evidence of indebtedness which is not in default and which is not valued on a basis including accrued interest.

(b) Declared and unpaid dividends on stock and shares, unless such amount has otherwise been allowed as an asset.

(c) Interest due or accrued upon a collateral loan in an amount not to exceed 1 year's interest thereon.

(d) Interest due or accrued on deposits in solvent banks and trust companies, and interest due or accrued on other assets, if such interest is, in the judgment of the commissioner, a collectible asset.

(e) Interest due or accrued on a mortgage loan, in an amount not exceeding in any event the amount, if any, of the excess of the value of the property less delinquent taxes thereon over the unpaid principal; but in no event may interest accrued for a period in excess of 18 months be allowed as an asset.

(f) Rent due or accrued on real property if such rent is not in arrears for more than 3 months, and rent more than 3 months in arrears if the payment of such rent is adequately secured by property held in the name of the tenant and conveyed to the insurer as collateral.

(g) The unaccrued portion of taxes paid before the due date on real property.

3. Premium notes, policy loans and other policy assets and liens on policies and certificates of life insurance and annuity contracts and accrued interest

thereon, in an amount not exceeding the legal reserve and other policy liabilities carried on each individual policy.

4. The net amount of uncollected and deferred premiums and annuity considerations in the case of a life insurer.

5. Premiums in the course of collection, other than for life insurance, not more than 3 months past due, less commissions payable thereon. The foregoing limitation [shall] *does* not apply to premiums payable directly or indirectly by the United States Government or by any of its instrumentalities.

6. Installment premiums other than life insurance premiums to the extent of the unearned premium reserve carried on the policy to which premiums apply.

7. Notes and like written obligations not past due, taken for premiums other than life insurance premiums, on policies permitted to be issued on such basis, to the extent of the unearned premium reserves carried thereon.

8. The full amount of reinsurance recoverable by a ceding insurer from a solvent reinsurer, which reinsurance is authorized under NRS 681A.110.

9. Amounts receivable by an assuming insurer representing funds withheld by a solvent ceding insurer under a reinsurance treaty.

10. Deposits or equities recoverable from underwriting associations, syndicates and reinsurance funds, or from any suspended banking institution, to the extent deemed by the commissioner available for the payment of losses and claims and at values to be determined by him.

11. All such assets, whether or not consistent with the provisions of this section, as may be allowed pursuant to the annual statement form approved by the commissioner for the kinds of insurance to be reported upon therein.

12. As to a title insurer, its title plant and equipment reasonably necessary for the conduct of its abstract or title insurance business, at not to exceed the cost thereof.

13. Electronic and mechanical machines and related equipment constituting a data processing, recordkeeping or accounting system or systems if the cost of each such system is at least \$25,000, which cost must be amortized in full over a period not to exceed 10 years. The aggregate amount invested in all such systems must not exceed 5 percent of the insurer's assets.

14. [Prepaid premium taxes pursuant to NRS 680B.027 and any interest paid on loans for the prepayment of those taxes.

15.] Other assets, not inconsistent with the provisions of this section, deemed by the commissioner to be available for the payment of losses and claims at values to be determined by him.

Sec. 9. NRS 695C.055 is hereby amended to read as follows:

695C.055 1. The provisions of NRS 449.465, 679B.158 and 680B.025 to 680B.060, inclusive, *and section 2 of this act*, and subsections 2, 4, 18, 19 and 32 of NRS 680B.010 apply to a health maintenance organization.

2. For the purposes of subsection 1, unless the context requires that a provision apply only to insurers, any reference in those sections to "insurer" must be replaced by "health maintenance organization."

Sec. 10. For the calendar year 1995:

1. An insurer who has made the prepayment due on or before March 1 pursuant to the provisions of NRS 680B.027 before its amendment by this act is

excused from making the payments otherwise due pursuant to section 2 of this act for the first and second quarters.

2. An insurer who has made the prepayment due on or before June 15 pursuant to the provisions of NRS 680B.027 before its amendment by this act is excused from making the payments otherwise due pursuant to section 2 of this act for the third and fourth quarters.

3. If an overpayment of the tax due pursuant to NRS 680B.027, as amended by this act, results from any combination of payments made pursuant to the provisions of NRS 680B.027 before its amendment by this act or section 2 of this act, the insurer shall apply the overpayment to each successive quarterly estimated payment due for calendar years after 1995 until the overpayment has been extinguished.

Sec. 11. Section 4 of chapter 456, Statutes of Nevada 1993, at page 1448, is hereby repealed.

Sec. 12. 1. This section and sections 1, 2 and 4 to 11, inclusive, become effective upon passage and approval.

2. Section 3 of this act becomes effective on January 1, 1996.

TEXT OF REPEALED SECTION

Sec. 4. 1. On or before February 1, 1996, the commissioner of insurance shall allocate a total credit of not more than \$1,750,000 among the insurers who made prepayments for the 1995 calendar year pursuant to NRS 680B.027, as amended by this act, in the proportion that the total dollar amount of prepayment made by each insurer for the 1995 calendar year bears to the total dollar amount of prepayments made by all insurers pursuant to NRS 680B.027, as amended by this act, for the 1995 calendar year. The dollar amount of the total credit to be allocated pursuant to this subsection must be determined by multiplying the average annual rate of return realized on the money in the state general fund for the period beginning on July 1, 1995, and ending on December 31, 1995, as determined by the state treasurer, by the total dollar amount of prepayments made by all insurers for the period beginning on July 1, 1995, and ending on December 31, 1995, pursuant to NRS 680B.027, as amended by this act. The commissioner of insurance shall transmit to each insurer a certification of the amount of credit allocated to it.

2. An insurer may offset against its liability for premium tax to this state, accrued with respect to business transacted in a calendar year, an amount equal to 20 percent of the amount certified pursuant to subsection 1 in each of the 5 calendar years following 1995. If an insurer ceases to transact business, he may offset all unused credits against his liability for premium tax for the year in which he so ceases. The insurer is not entitled to a refund of any remaining credits if the unused credits exceed the insurer's liability for premium tax.

- 19. The 1995 Session of the Nevada Legislature should consider legislation to amend the standing rules to require that the accepted tax principles be considered whenever an increase in taxes or fees is proposed. (BDR R-612)**

SUMMARY--Amends joint rules to establish tax policy for State of Nevada.

(BDR R-612)

SENATE CONCURRENT RESOLUTION--Amending the Joint Rules of the Senate and Assembly for the 68th legislative session to establish a tax policy for the State of Nevada.

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That the Joint Rules of the Senate and Assembly as adopted by the 68th session of the Legislature are hereby amended by the following addition:

20

Policy of Taxation for the State of Nevada

Any standing committee of the Assembly or Senate to which a bill is referred proposing a new tax or changing the provisions governing an existing tax shall review the bill giving consideration to the policy of taxation for the State of Nevada which is hereby established:

1. EQUITY: Each tax that is imposed by the state or authorized for imposition by a local government must provide equal liabilities for similarly situated taxpayers.

2. *NEUTRALITY: Taxes should not negatively impact decisions regarding earning and spending.*

3. *ADEQUACY: The basis for the taxes imposed by the state and local governments should be stable and predictable to ensure adequate revenue and accurate budgeting.*

4. *BROAD-BASED: All taxes authorized or imposed by the legislature must have as few exemptions as practicable.*

5. *SIMPLICITY: The provisions governing the administration of each tax must be easy to comply with and easily understood.*

6. *COMPATIBILITY: The taxes imposed by the state must be compatible with those levied by local governments, the Federal Government and other states.*

7. *PRACTICABILITY: The taxes which each person is required to pay must be certain and not arbitrary.*

8. *EXEMPTIONS: All exemptions must be based on economic criteria and should be subject to a specific time frame.*

9. *CONVENIENCE: The manner of payment of taxes must be determined on the basis of convenience to the taxpayer.*

10. *EFFICIENCY: All taxes must be collected in the most efficient manner possible requiring the least amount of paperwork for both the tax collector and the taxpayer.*

11. *EARMARKING: The use of the proceeds from a particular tax should not be dedicated to a specific purpose unless there is a direct causal relationship*

between the activities of the persons upon whom the tax is imposed and the need for the revenue.

20. The 1995 Session of the Nevada Legislature should consider legislation that would require any proposed tax increase to be approved by two final floor votes of the legislature in each house within at least 15 days but not later than 30 days. (BDR R-613)

SUMMARY--Amends Joint Rules of Senate and Assembly for 68th legislative session to impose additional requirements for enactment of certain legislative measures. (BDR R-613)

SENATE CONCURRENT RESOLUTION--Amending the Joint Rules of the Senate and Assembly for the 68th legislative session to impose additional requirements for the enactment of bills that impose or increase public revenue.

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That the Joint Rules of the Senate and Assembly as adopted by the 68th session of the Legislature are amended by the following addition:

20

BILLS THAT IMPOSE OR INCREASE REVENUE

1. Any bill that imposes or increases a tax, fee, assessment, rate or any other form of public revenue must be considered and approved twice for final passage in each house. A period of at least 15 calendar days must elapse between the date of the first vote on final passage and the date of the additional reading and second vote on final passage required by this subsection. No substantive

amendments may be made to such a bill between the first vote and the second vote.

2. A second vote on the final passage of any bill that imposes or increases a tax, fee, assessment, rate or any other form of public revenue is void unless it is taken at least 10 calendar days before the adjournment sine die of a regular session of the legislature.

- 21. The 1995 Session of the Nevada Legislature should consider legislation providing for a constitutional change that would require any proposed tax increase to be approved by two final floor votes of the legislature in each house within at least 15 days but not later than 30 days. (BDR C-614)**

SUMMARY--Proposes to amend Nevada constitution to impose additional requirements for enactment of legislative measures that impose or increase public revenue. (BDR C-614)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

SENATE JOINT RESOLUTION--Proposing to amend the Nevada constitution to impose additional requirements for the enactment of bills that impose or increase public revenue.

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That section 18 of article 4 of the constitution of the State of Nevada be amended to read as follows:

[Sec: 18. Every]

Sec. 18. 1. Except as otherwise provided in subsections 2 and 3, every bill, except a bill placed on a consent calendar adopted as provided in this section, shall be read by sections on three several days, in each House, unless in case of emergency, two thirds of the House where such bill may be pending shall deem it expedient to dispense with this rule; but the reading of a bill by sections, on its final passage, shall in no case be dispensed with, and the vote on the final passage of every bill or joint resolution shall be taken by yeas and nays to be entered on the journals of each House; and a majority of all the members elected to each house, shall be necessary to pass every bill or joint

resolution, and all bills or joint resolutions so passed, shall be signed by the presiding officers of the respective Houses and by the Secretary of the Senate and Clerk of the Assembly. Each House may provide by rule for the creation of a consent calendar and establish the procedure for the passage of uncontested bills.

2. Any bill that imposes or increases a tax, fee, assessment, rate or any other form of public revenue must be considered and approved twice for final passage in each house. A period of at least 30 calendar days must elapse between the date of the first vote on final passage and the date of the additional reading and second vote on final passage required by this subsection. No substantive amendments may be made to such a bill between the first vote and the second vote. The provisions of this subsection apply regardless of the existence of an emergency.

3. A second vote on the final passage of any bill that imposes or increases a tax, fee, assessment, rate or any other form of public revenue is void unless it is taken at least 10 calendar days before the adjournment sine die of a regular session of the legislature.

Appendix "C" - Other Recommendation

22. The Fiscal Analysis Division provide revenue estimates that would be derived from the Sales and Use Tax of state domestic product included but not limited to services, food, health care and the possible reduction of the sales tax rate that could be realized by expanding the tax base for the 1995 Session of the Nevada Legislature based on the 1992 Census data when it becomes available.

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MEMORANDUM

DATE: June 4, 1995

TO: SENATOR DEAN A RHOADS, CHAIRMAN AND MEMBERS OF THE
LEGISLATIVE COMMISSION'S INTERIM SUBCOMMITTEE TO STUDY
THE REVENUE AND TAX STRUCTURE IN NEVADA (S.C.R. 43)

FROM: Kevin D. Welsh, Deputy Fiscal Analyst
Fiscal Analysis Division

SUBJECT: Census of Service Industries Update

The Legislative Commission's Subcommittee to Study Revenue and Tax Structure in Nevada discussed in principal, the expansion of the sales and use tax base by including selected services. The revenue projections from the taxation of selected services was derived by using data from the "Census of Service Industries" compiled by the Bureau of the Census in 1987. The Subcommittee, aware that the data would be eight years old at the time of the 1995 Session, recommended that the Fiscal Analysis Division provide an update based on the 1992 Census data when it became available.

We have received and analyzed the data from the "1992 Census of Service Industries" and are providing you with the attached overview of changes in the data since 1987.

If you have any questions regarding this matter, please contact me at 687-6821.

1992 CENSUS OF SERVICE INDUSTRIES

SUMMARY OF FINDINGS*

FIRMS SUBJECT TO FEDERAL INCOME TAX

Data from the 1992 Census of Service Industries show that Nevada's 10,766 Service Industries establishments of firms with payroll that were subject to federal income tax had receipts totaling \$16.6 billion. The 1992 data represent an increase of 62.7 percent in receipts for the state since 1987.

For establishments with payroll in 1992, receipts of offices and clinics of medical doctors, totaled \$947.4 million with \$498.4 million in 1987. Other leading service kinds of businesses in 1992 were hotels and motels with \$9 billion in receipts hospitals with \$563.6 million and legal services with \$449.1 million.

There were 256,062 paid employees (full and part-time) working in service industries in the state as of mid-March 1992, compared with 205,709 employees in 1987. Large employers included hotels and motels with 144,849 employees, help supply services with 7,737 employees and office and clinics of doctors of medicine with 7,486 employees.

ORGANIZATIONS EXEMPT FROM FEDERAL INCOME TAX

Data from the census show that Nevada's 661 service industries establishments of firms and other organizations with payroll that were exempt from federal income tax had revenue totaling \$1 billion and expenses of \$949.9 million in 1992. The 1992 data represent an increase of 83.8 percent in expenses since 1987.

For establishments with a payroll in 1992 revenue of hospitals totaled \$733.3 million compared with \$392.6 million in 1987. Other leading classifications in 1992 were individual and family social services with revenue of \$55.1 million and civic, social, and fraternal associations with \$42.9 million.

There were 16,475 paid employees (full and part-time) as of mid-March 1992 compared with 11,989 employees in 1987. Hospitals at 9,815 employees, individual and family social services, 1,421 employees and job training and vocational rehabilitation services 1,022 employees.

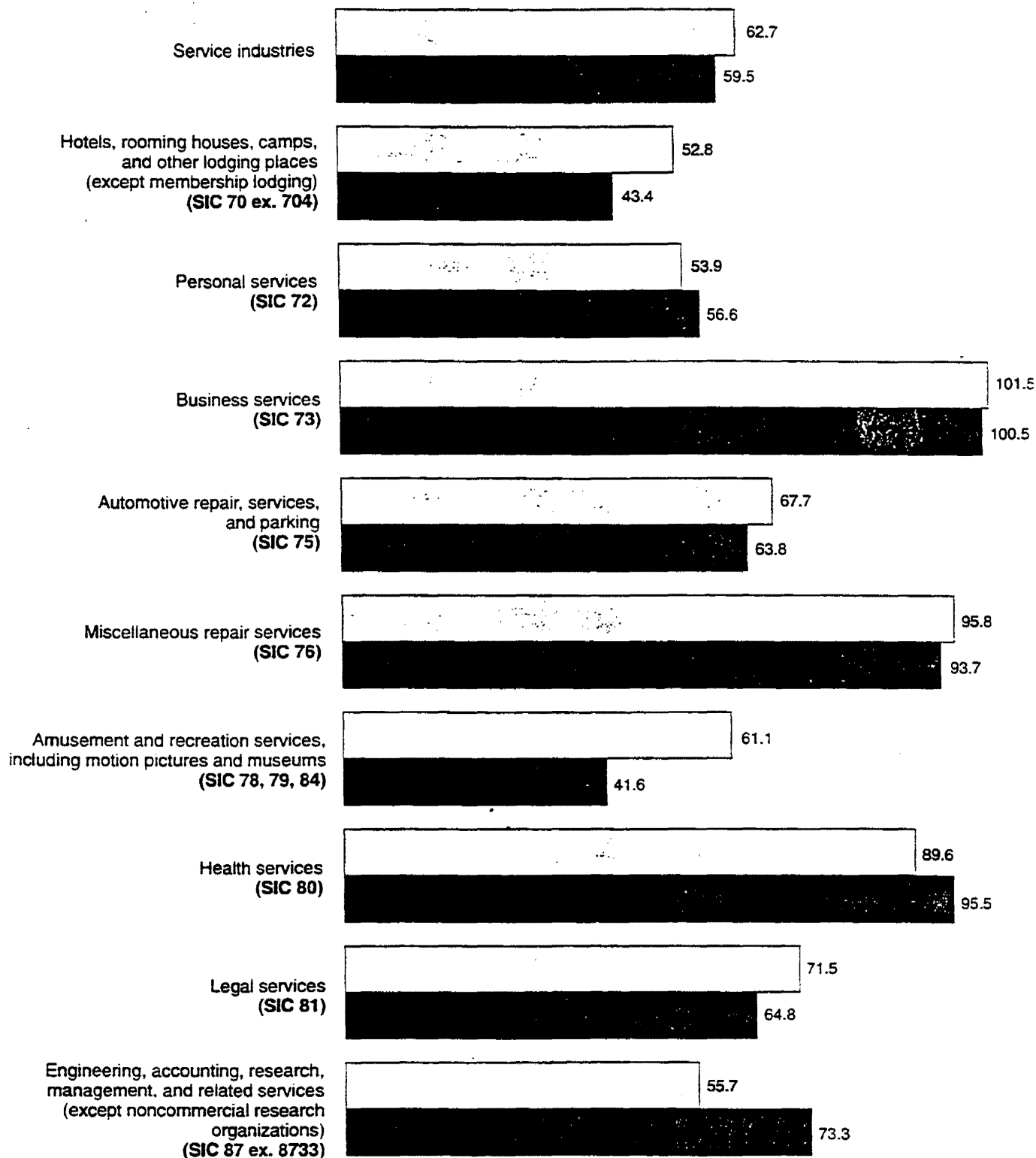
The attached tables show the percent change of receipts and annual payroll for establishments of firms subject to the federal income tax and the annual payroll per employee for establishments of firms subject to federal income tax from 1987-1992.

*U.S. Department of Commerce - Economics and Statistics Administration - Bureau of the Census.

Figure 1. Percent Change in Receipts and Annual Payroll for Establishments of Firms Subject to Federal Income Tax: 1987 to 1992


(Includes only establishments with payroll. For meaning of abbreviations and symbols, see introductory text)

Receipts 
Payroll 



**Figure 2. Annual Payroll Per Employee for Establishments of Firms
Subject to Federal Income Tax: 1992 and 1987**

(In dollars. For meaning of abbreviations and symbols, see introductory text)

1992 
1987 