

**MINUTES OF THE
SENATE COMMITTEE ON TAXATION**

**Seventy-fourth Session
April 10, 2007**

The Senate Committee on Taxation was called to order by Chair Mike McGinness at 1:33 p.m. on Tuesday, April 10, 2007, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Mike McGinness, Chair
Senator Randolph J. Townsend, Vice Chair
Senator Dean A. Rhoads
Senator Mark E. Amodei
Senator Bob Coffin
Senator Michael A. Schneider
Senator Terry Care

GUEST LEGISLATORS PRESENT:

Senator Joseph J. Heck, Clark County Senatorial District No. 5

STAFF MEMBERS PRESENT:

Tina Calilung, Deputy Fiscal Analyst
Russell J. Guindon, Senior Deputy Fiscal Analyst
Barbara Moss, Committee Secretary

OTHERS PRESENT:

Jeremy Aguero, Applied Analysis
Stanley F. Goodin, Nevada Highway Users Coalition
Paul Enos, Nevada Motor Transport Association
Kara Kelley, Las Vegas Chamber of Commerce
Richard Daly, Laborers International Union of North America Local 169
Jeffrey A. Fontaine, Nevada Association of Counties

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LeRoy Goodman, Board of Commissioners, Lyon County
Timothy Cashman
Steve Holloway, Associated General Contractors Las Vegas Chapter
Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles
Carole A. Vilardo, Nevada Taxpayers Association
Terry K. Graves, Henderson Chamber of Commerce
Gayle Rogers, Henderson Chamber of Commerce
Kristine Shattuck, Henderson Chamber of Commerce
James E. Sala, Southwest Regional Council of Carpenters
Jacob Snow, General Manager, Regional Transportation Commission, Clark County
Derek Morse, Regional Transportation Commission, Washoe County
Tom Skanke
Dino DiCianno, Executive Director, Department of Taxation
Ernest Adler, Former Senator; Reno-Sparks Indian Colony
Arlan Melendez, Reno-Sparks Indian Colony
Ray Bacon, Nevada Manufacturers Association
Laverne H. Roberts, Taxation Department, Walker River Paiute Tribe
Peter Krueger, Cigar Association of America
Tony F. Sanchez, Las Vegas Convention and Visitors Authority
Alvin P. Kramer, Treasurer, Carson City
Joshua Griffin

CHAIR MCGINNESS:

The hearing is opened on Senate Bill (S.B.) 233.

SENATE BILL 233: Revises and repeals certain taxes on financial institutions.
(BDR 32-951)

CHAIR MCGINNESS:

Senate Bill 233 originally was going to remove the bank branch excise tax and move the Modified Business Tax (MBT) down for financial institutions. Senator Heck has a proposed amendment.

SENATOR JOSEPH J. HECK (Clark County Senatorial District No. 5):

Two conceptual amendments to S.B. 233 remove the excise tax as well as equalize the MBT for financial institutions with all their businesses. The first amendment phases out the MBT on financial institutions at a rate of

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0.33 percent until they equal the MBT on all other businesses at the time they reach the ultimate phaseout, at approximately four years.

The second amendment amends the Governor's provision to keep the MBT on all other businesses at 0.63 percent. The Governor, in his State of the State Address, said he would try to take it to 0.62 percent to offset decreased revenue from the change in the MBT on financial institutions. He now requests the MBT stay at 0.63 percent. It is due to sunset June 30 and go back up to 0.65 percent.

A spreadsheet ([Exhibit C](#)) shows actual changes associated with each change in tax amounts.

SENATOR COFFIN:

Does Senator William J. Raggio support this bill and amendment?

SENATOR HECK:

I have not discussed it with Senator Raggio.

SENATOR COFFIN:

We will have to consider the fiscal impact.

CHAIR MCGINNESS:

The hearing is closed on [S.B. 233](#) and opened on [S.B. 324](#).

[SENATE BILL 324](#): Makes various changes in the provision of funding for highway projects. (BDR 32-1139)

SENATOR MARK E. AMODEI (Capital Senatorial District):

My association with this legislation began as a result of the previous administration's Blue Ribbon Task Force, which created a work product and went through the process but was not given a bill draft. Although I do not agree with everything, discussion in the Legislature should regard taking action.

I am not ready to vote for something like a gas tax; however, a great deal of work has been done, and the issue is acute in Nevada at the present time. Regardless of what various people said during the 2006 campaign, we need to start the discussion. If there are issues of consensus among our colleagues, we need to start the funding process.

This is an opportunity for leadership among individuals who are becoming senior to the process before term limits takes its toll and we are referred to as the old guys and gals. We shall observe the work product and ideas as we evolve and matriculate transportation funding and operations into needs of a state that, until recently, was the fastest growing in the nation. It does not mean one size fits all or one issue above another—it means we should take leadership and start the discussion now.

If it is an important issue in Clark County, Truckee Meadows or anywhere in between, we should take action and lay the foundation for decisive action. I will leave the pay-me-now, pay-me-later discussion for those who are better with numbers.

CHAIR MCGINNESS:

We have heard a great deal about this issue and understand the concern about Nevada's transportation system.

JEREMY AGUERO (Applied Analysis):

Applied Analysis, in conjunction with Hobbs, Ong and Associates, was retained by the Nevada Highway Users Coalition to perform economic and fiscal analyses associated with major project highway construction. Our analysis had two primary veins, one was fiscal cost associated with delay in construction and the second was economic cost or benefit of the construction projects.

There are statistics regarding the importance of these types of projects. Reports by the Texas Transportation Institute (TTI) and information published by the United States Department of Transportation show Nevada falling behind. The most startling statistic is the Travel Time Index by the TTI which places Nevada the tenth worst in the nation. It ties southern Nevada with New York City in terms of getting from Point A to Point B.

The first step in our analysis considered initial costs associated with delay. This is related to both incremental cost of debt service as well as the incremental interest cost paid. The cost of construction is rising substantially faster than the cost of borrowing. We looked at two major projects. Any analysis would have to be project specific. With regard to Interstates 15 and 80 corridor projects, a 5-year delay—with current rates and being somewhat conservative—would cost about 26.4 percent more and add approximately \$800 million given increased debt service requirements and associated interest costs.

The second portion of our analysis looked specifically at economic impacts using methodology developed and reported by the Federal Highway Administration. We studied economic impacts, employment, wages and economic output. Highway and capital construction projects, in terms of infrastructure, have a long history as economic incentives. Three billion dollars to \$4 billion worth of construction activity is about 50,000-person years of employment and an aggregate economic output of approximately \$5.7 billion within the State's economy. In other words, for every \$1 spent on transportation-related construction projects, \$1.52 is spent somewhere throughout the state.

With regard to the incremental cost of these projects versus the cost of congestion, a recent report by TTI indicated congestion costs southern Nevada consumers roughly \$269 per capita per year. That rate has escalated 13 percent since 1982. Assuming it only increases 3 percent during the next 20 years of the useful life of the assets, the cost of congestion for consumers will be approximately \$27 billion.

From a tourism perspective, Nevada welcomes 51.4 million visitors a year who spend \$718 on average, which means annual spending is about \$36.9 billion. Added up over a 20-year useful life, it is a little over \$4 billion worth of total economic activity. Looking at \$3.8 billion as the breakeven threshold, if 0.5 percent of all visitors chose not to come to Nevada, their total spending equals the amount of that deficit.

Although Nevada has both imports and exports, the state does not produce much in terms of what it utilizes in production. Total imports are \$60.1 billion annually and total exports are \$53.9 billion annually; consequently, there is a 1-percent cost in getting things in and out of the state. We measure that at about \$600 million per year.

STANLEY F. GOODIN (Nevada Highway Users Coalition):

The Nevada Highway Users Coalition represents a broad base of interests throughout Nevada concerned with lack of adequate highway funding which threatens our safety and efficiency of the state highway system. Repairing 10 miles of Interstate 80 costs approximately \$10 million under a normal routine, such as changing the oil in a car on a regular basis. However, put off a couple of years, the same 10 miles costs \$40 million. Therefore, it costs four times as much if we do not stay on top of maintaining highways

throughout the state. It would cost less than 25 cents a day to every person in the state or approximately \$91 a year.

Senate Bill 324 offers a number of alternative financing proposals which can provide, in various combinations, revenues required to fund needed highway construction. It is our belief the cost of building and funding new roads for our citizens should be borne by individuals who benefit most from a safer and more efficient transportation system. This can be accomplished by increasing user fees paid by those who drive on our roads. The proposals outlined in S.B. 324 closely parallel the Blue Ribbon Task Force recommendations made to former Governor Kenny C. Guinn at the end of 2006.

Although the Blue Ribbon Task Force panel did not recommend an increase in gas taxes, we included a gas tax increase of 3 cents in each of the next two years. We recognize and appreciate the difficult task before the Committee in deciding various alternatives in a climate where no one appreciates increasing user fees. We ask the Committee to consider all viable alternatives. We need \$280 million per year to meet recommendations identified in the Blue Ribbon Task Force study. Please do not delay taking action during 2007. Any further delay will cause taxpayers unnecessary cost increases.

PAUL ENOS (Nevada Motor Transport Association):

We support S.B. 324, specifically sections 10 and 11. How do we measure success in the Nevada Department of Transportation? We are looking at ways to better provide transparency and accountability to taxpayers, such as scope and cost of proposed and current highway projects. The state of Washington submits and publicly releases a quarterly report. When a highway project is delayed or over budget, a footnote contains an explanation. Putting this kind of transparency into the system so people have an idea where their money is going creates better accountability for government and comfort for taxpayers. The public knows the tax revenue from filling up their cars and registering their vehicles is responsibly spent.

To ensure our money is spent in an efficient and responsible way, S.B. 324 requires a cost benefit analysis on every new capacity project over \$25 million. A cost benefit analysis considers the cost of the agency, which is design and engineering, land acquisition, construction, rehabilitation, preservation, maintenance and environmental mitigation. We also look at benefits and costs associated with construction and finished product, such as: delay in travel time,

safety, crash prevention, vehicle operating cost and less likeliness of driving over potholes that may cause car realignment. These are things the Nevada Department of Transportation will look at when determining whether to do a new highway project. There are also environmental concerns, such as noise.

The trucking industry pays close to 40 percent of all highway taxes and user fees that go into the Highway Fund. Cost benefit analyses and performance measurements help ensure accountability and transparency to know our money is spent in a responsible and efficient manner.

SENATOR COFFIN:

When I first came to the Legislature in 1983, one of the biggest controversies I faced as Chair of the Assembly Committee on Transportation was how to repair Nevada's roads. Al Stone, the Director of Highways at that time, told me about weight distance, which is popular with the trucking industry. The concept is pay based on damage done to roads. I understand the trucking companies' opposition to weight distance if it is only geared toward them. I favor switching to weight distance instead of gas taxes because we use cars that get more mileage, but the weight of the car is the same and perhaps heavier considering batteries and so forth. Cars do the same damage to roads, but there will be less fuel tax.

It is fair to initiate weight distance in some fashion—sooner rather than later on trucks and automobiles. Twenty-four years ago, we did not think this way—now we do. Weight distance is the way to go in the future. I do not see that as part of S.B. 324. I attended a Blue Ribbon Task Force meeting where weight distance surfaced. Mr. Enos, who was on the committee, perhaps helped influence keeping weight distance out because he was afraid it might impact trucking. Would you be in favor of weight distance if it became an element in our future funding of highways if automobiles were treated the same?

MR. ENOS:

That is a difficult question to answer. Are you referring to vehicle miles traveled where everybody pays the same? There are problems with the weight distance tax. Considering how weight is distributed over axles, a truck with six axles and a gross weight of 80,000 pounds does less damage than a truck with five axles and 80,000 pounds.

SENATOR COFFIN:

I have given due consideration to the usual elements about what causes damage to roads, looked ahead at the common-sense viewpoint that less gasoline will be used in the future and considered an increase of 6 cents per gallon over the next year and a half with an inflation factor afterwards. I cannot support S.B. 324 unless we move toward the twenty-first century method of taxation to finance our highways correctly. Would you be in favor if it spread into automobiles and trucks?

MR. ENOS:

It is difficult to say whether the trucking industry would be in favor. There will be huge infrastructure costs to collect either a weight distance tax or a vehicle-miles-traveled tax, such as putting electronic transmitters on cars to ascertain miles traveled. Would it require self-reporting? There are a number of things to consider. There will be a huge change in our infrastructure and how we collect these taxes. I defer until I see something in writing that can be set out and explained.

SENATOR COFFIN:

We can do it without your support, I just want to know if you would support it.

KARA KELLEY (Las Vegas Chamber of Commerce):

The southern Nevada business community wants you to know this is a key priority for all the reasons alluded to by Jeremy Aguero. We are concerned about delays, not only the significant cost but what it does to our current traffic congestion and the flow of commerce in southern Nevada. We thank Senator Amodei for his efforts on this bill and feel it is a good place to start. We are particularly supportive of taxes and fees that have a nexus to transportation. It is important; we support you in crafting a bill that will carry us to a reasonable solution as well as making sure the business community gets its fair share.

RICHARD DALY (Laborers International Union of North America Local 169):

The public is here to demand getting these things accomplished. Whether they want to pay for it or not, they still use highways. This Legislative Session, Senator Raggio said, "There is an issue and the public has a demand, otherwise they would not bring this bill forward. If you have the demand, government has to do something to meet it. It is not government's job to sit by and wait." I hope you will meet the demand.

JEFFREY A. FONTAINE (Nevada Association of Counties):

In my former position with the Nevada Department of Transportation (NDOT), I had the privilege of staffing the Blue Ribbon Task Force. Three county commissioners were on the Blue Ribbon Task Force as well as the Executive Director of the Nevada Association of Counties (NACO). In my opinion, this exceptional group of government business leaders throughout our state did a thorough job of examining and validating transportation needs under thoughtful consideration and coming up with recommendations for funding options. There are no easy answers to this problem and no silver bullets. The recommendations of the Blue Ribbon Task Force are fair and reasonable.

The NACO supports the findings and recommendations of the Blue Ribbon Task Force and, for the most part, S.B. 324 embodies most of the findings. Two exceptions in the bill were not recommendations of the Blue Ribbon Task Force. The 6-cent increase in the gasoline tax and vehicle field taxes in the depreciation schedule for trucks are different in S.B. 324 than that approved by the Blue Ribbon Task Force. The Blue Ribbon Task Force did not specifically recommend the performance and accountability measures in S.B. 324, but the NACO would still support it.

Transportation is not just an urban county problem; it is an issue for every county in the state in terms of quality of life and economic livelihood. Funding cannot wait to address growing congestion in urban counties, deteriorating pavement conditions and safety needs in every county in the state. It has been said too many times that Nevada is at the top of the list of all bad things and the bottom of the list of all good things. Bridge infrastructure in the state is the exception to that rule. Nevada is rated as having the best condition of interstate and United States highway routes and bridges in the nation. That will quickly change if we do not see increases in funding soon. Senate Bill 324 provides the opportunity to address the pending transportation crisis.

LEROY GOODMAN (Board of Commissioners, Lyon County):

This is a quality of life issue for Nevada, and transportation is the key. I do not look forward to going to Las Vegas because of Interstate 15 and attempting to get across from the airport to North Las Vegas. Last week, I had the pleasure of going from Fernley to Fallon to Gabbs to Hawthorne and back to Fernley, which was easier than driving Interstate 15. Quality of life and what the people of Nevada expect and require of transportation is a team measure for the Legislature to consider. I urge your support of S.B. 324. Echoing the words of

Senator Amodei, I am not in favor of a gasoline tax increase, but I am willing to pay it because I use the roads.

SENATOR COFFIN:

Mr. Fontaine, you were on the Blue Ribbon Task Force and served as the head of NDOT. Before you left, was it still gospel at NDOT that the weight distance method of taxation would ultimately be the best way to go?

MR. FONTAINE:

The Blue Ribbon Task Force discussed the weight distance tax. Distance taxing, as you described, has been discussed. I am not sure it was gospel at NDOT that would be the case; however, I can tell you this—Nevada is not unique in its need for additional funding for transportation. In fact, at federal level, the Highway Trust Fund is probably going into deficit.

There is a general belief across the country that distance taxing will be the way of the future. As Mr. Enos described, we are not there yet because a number of institutional infrastructure requirements need to be in place in order for that to happen.

SENATOR COFFIN:

Why did the distance tax not make it out of the Blue Ribbon Task Force recommendations?

MR. FONTAINE:

The recommendations from the Blue Ribbon Task Force primarily addressed immediate concerns. Transition to a distance tax is several years down the road, and we cannot wait that long.

SENATOR COFFIN:

Can we wait that long to start planning? What states have already paved the way?

MR. FONTAINE:

The state of Oregon has an experimental distance taxing program in place which was started about a year and a half ago. The policy level of the federal government is starting to have those discussions now.

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SENATOR COFFIN:

Is the experimental distance taxing program for both trucks and vehicles used in Oregon?

MR. FONTAINE:

Another distance component is a toll system on new facilities in which people pay to use the facility based upon distance driven. There are some phase-ins with that type of application in other states.

SENATOR COFFIN:

Every new car built these days has a black box which gives the data.

MR. FONTAINE:

I am not familiar with it.

TIMOTHY CASHMAN:

I represent myself. My time on the Blue Ribbon Task Force was enlightening. There is a substantial need. Recommendations put forth in S.B. 324 and those coming out of the Blue Ribbon Task Force are timely. We searched for the least politically difficult proposals. I appreciate the fact you put in the 6-cent increase in gas and diesel as an additional item. I was in favor of it. The Blue Ribbon Task Force voted against it. The indexing portion is the most important because, as our primary source of funding for roads in Nevada, gasoline tax needs to move with inflation as the cost of construction rises.

The single most important thing the Blue Ribbon Task Force did was to choose taxes and funding sources with a strong nexus to actual use of the funds, i.e., building roads and highways, gas tax, sales tax generated by sales of automobiles and depreciation schedules, which have a strong nexus and provide a logical solution to our problem. I support the effort and appreciate your bringing it forward. It will be difficult. I ask you to pass something to address a critical need in southern Nevada for the State's economic well-being.

STEVE HOLLOWAY (Associated General Contractors Las Vegas Chapter):

I am present as a citizen and a representative of the developing construction industry in southern Nevada. Approximately \$32 million in construction projects are either starting up or underway on the Las Vegas Strip. There are 40,000 new hotel rooms and, in about 4 to 5 years, 90,000 new jobs as a result of the construction. We have a growth economy. If something is not

done about congestion and roadways, both within Clark County and leading to Clark County, our growth economy will slow down and cause ramifications statewide. We encourage you to act this Legislative Session.

DENNIS COLLING, (Chief, Administrative Services Division, Department of Motor Vehicles):

I am here to present the fiscal note for S.B. 324 and answer questions about the revenue or associated expenses. The Department of Motor Vehicles (DMV) anticipates two expenses to implement this bill. The first is a cost to our motor carrier vendor for computer programming changes of approximately \$10,000. The second represents contract programming costs within the DMV computer application for approximately \$30,000. The total cost for the Department will be about \$40,000 which, given the scope of the bill, is de minimis in those figures.

Certain parts of section 26 of S.B. 324 show July 1 as the implementation date. We request sections 2 through 5 and sections 20 through 22 of S.B. 324 have an effective date of January 1, 2008. The needed computer programming to implement these sections of the bill cannot be changed by July 1.

The Department estimates proposed changes will generate approximately \$118 million in the first year and \$213 million in the second year, as the bill is written, with incremental increases in the subsequent biennium.

CAROLE A. VILARDO (Nevada Taxpayers Association):

I represent the Nevada Taxpayers Association and served as a member of the Blue Ribbon Task Force. A number of provisions do not seem politically palatable, but things can be done to make them so. Put the bill to a subcommittee to work on alternatives. Given the anticipated shortfall, one problem area will be diversion of sales tax from automobile sales effective this biennium. Mr. Colling indicated a date beyond the July 1 implementation date is needed. There are ways to phase in a delay of implementation, which still make it an effective and viable source.

Every revenue source discussed, including the Insurance Premium Tax, the Modified Business Tax and the lodging tax, has a nexus to vehicles. That is important. The bill is important. Lack of action will put us in a worse-case scenario two years from now. I ask you to look at provisions of the bill that

would be palatable. Many of us are willing to work with you on crafting amendments.

TERRY K. GRAVES (Henderson Chamber of Commerce):

I am present to introduce Kristine Shattuck and Gayle Rogers in Las Vegas who are in support of S.B. 324.

KRISTINE SHATTUCK (Henderson Chamber of Commerce):

The Henderson Chamber of Commerce supports anything that can be done this Legislative Session to alleviate transportation issues.

JAMES E. SALA (Southwest Regional Council of Carpenters):

The 12,000 members of the Southwest Regional Council of Carpenters support S.B. 324. With the price of bottled water and Starbucks coffee, this may be a bargain for a gallon of gas. I am closer to age 65 than 18 and would like to see a break for retirees renewing their drivers' licenses. Perhaps we could charge 18-year-olds more if they lose their licenses.

JACOB SNOW (General Manager, Regional Transportation Commission, Clark County):

We support S.B. 324. An element absent from the bill is the 20-year limitation on the length of time bonds can be sold in Nevada. If that limitation was removed and there was a longer period to amortize bonds, the \$270 million a year needed to cover the \$400 billion shortfall could be reduced below \$200 million. The 20-year limitation on financing should be seriously considered. The Regional Transportation Commission is preparing to sell some 30-year bonds in southern Nevada. Amortizing the bonds over a longer period of time will lower the amount needed.

A gas tax increase is unpalatable. As Ms. Vilardo suggested, a subcommittee could discover ways to move forward without a 6-cent gasoline tax. With a combination of revenue sources referenced in S.B. 324, the problem could be alleviated with appropriate financing mechanisms over a period of time.

I was at a ribbon-cutting for an interchange along Interstate 15 at Silverado Ranch Boulevard. There are plans to build four more intersections; unfortunately, we do not have the revenue to build them. We have transportation problems, not because we fail to plan, but because we fail to implement the plan. Southern Nevada has averaged 100 cars per day for the

last 2 decades, and that figure is starting to grow. We need the means to add to the capacity. Gridlocking Interstates 15 and 80 also gridlocks the state economy. The budget for the state consists of a large portion of gaming and sales taxes, and visitors pay about one-third of our sales taxes.

SENATOR COFFIN:

You are the second person to suggest a subcommittee to discuss this issue. Why would we do that?

MR. SNOW:

It would give us a chance to run numbers on different financing scenarios to take \$270 million below \$200 million or, perhaps, even \$170 million a year.

SENATOR COFFIN:

That is a procedural thing. I cannot decide from whence this subcommittee idea is coming. Do you know what a subcommittee means to us? It means three or four of us talking together a little more than the other three or four. You mean we should keep the bill alive longer. I think we should do that.

MR. SNOW:

We should keep S.B. 324 alive.

DEREK MORSE (Regional Transportation Commission, Washoe County):

The Regional Transportation Commission of Washoe County supports S.B. 324. Nevada faces a transportation infrastructure crisis—not just at state level but all levels. The 10-year forecast for poor capacity needs on the freeway, which we anticipate being federally and state-funded, projects \$2.24 billion in the next 10 years for improvements. If nothing is done, we will face a \$1.8 billion shortfall in that area alone.

Senate Bill 324 identifies a carefully considered and prudent series of steps that should be taken now to address the crisis. A key concern with the measure as written is ensuring long-term sustainability. To this end, we propose two amendments. First, to ensure equity, we propose returning a minimum of 95 percent of the revenue generated under provisions of the bill to the counties of origin. Second, based upon our experience, the consumer price index is inappropriate. Inflation has shown it does not work well for road construction. We propose the index be changed to something more appropriate, such as the

Construction Cost Index published by the *Engineering News-Record*, or something else along those lines.

This crisis is real and growing. Continued underinvestment in our transportation infrastructure threatens to seriously degrade our quality of life and destroy the economic competitiveness of the state. We must ask ourselves, if it is not S.B. 324, then what will it be? If not now, then when?

TOM SKANKE:

As a member of the Blue Ribbon Task Force and current member of the National Surface Transportation Policy and Revenue Study Commission, my comments are not the opinions of either commission, they are my own. I have been involved with surface transportation infrastructure funding and product development for the past two decades.

I am here to share some news on the national front. The good news is the National Surface Transportation Highway Trust Fund will be out of money in 2008; the bad news is it will not get any better in the future. We received a significant amount of testimony over the past 12 months in Washington, D.C., about the viability of the Trust Fund. The buying power of 18.3 cents of the national gas tax comes out to about 8.2 cents, which means we have lost 10 cents of the gas tax buying power and viability. This is precisely the reason for a gas tax increase not only on the state level but on the national level as well.

Movement of goods in this nation has increased significantly throughout the West. In fact, 53 percent of the nation's goods come from four western ports. Nevada is an import state; 85 percent of our goods travel along Interstate 15 from the ports of Long Beach and Los Angeles, California, which makes Interstate 15 the economic lifeline to southern Nevada.

I would like to address project delivery. When one federal dollar is added to a project in any state, it adds five to eight years for project delivery. What does that mean? Most projects in our country today take between 8 and 15 years to deliver. When a housing or hotel project in Las Vegas is announced, the NDOT is already five years behind schedule. Nevada cannot wait to fund the transportation crisis that is here today—tomorrow.

Intelligence transportation and vehicle miles traveled (VMT) are being explored in Oregon where people are credited with gas tax at the pump through a transponder. There will probably be a national recommendation from the National Surface Transportation Commission on VMT. There will also likely be a recommendation on the gas tax. The Commission will make some significant recommendations relating to those two issues. It would be prudent for Nevada to step forward and initiate a pilot program dealing with VMT. It is the wave of the future.

I thank Senator Amodei for bringing S.B. 324 forward. We did not have a vehicle by which we could bring the Blue Ribbon Task Force recommendations forward. The courage of this Committee and the Legislature to step forward and solve this problem is greatly appreciated by someone who spent 20 years in this industry.

SENATOR AMODEI:

It has been interesting to watch the mix of individuals who testified. This Committee has identified two or three things that can work now. There are technical amendments. This group is talking with one another fairly well. The issue does not need to be resolved before Friday, but it needs to happen expeditiously.

Other issues were brought by Derek Morse of the Regional Transportation Commission of Washoe County in terms of transparency and how to figure out projects, including appropriate amendments. As we matriculate into this, we will make that part of the accountability for increasing fees in terms of how those projects are put on line and monitored by the NDOT Board.

I hope this significant group from a geographic, political and economic cross section of the state will get together, return in a forthright fashion and tell us what we can do now. They can exercise leadership, be decisive and do something to get things started so next time we are not sitting at the bottom of the hill with a small shovel and a bigger pile of dirt.

Maybe an ad hoc group can be put together among stakeholders in this room who will say, "Here you go. Here is what you can do in 2007 which will save us from having to run 100 miles an hour in 2009." There will be no subcommittee. As the junior member of the Committee, I say, "Go, old folks!"

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CHAIR MCGINNESS:

Your presence today has made a difference, and we appreciate your presence. The hearing is closed on S.B. 324.

SENATOR COFFIN:

Is a motion needed to ask leadership to make S.B. 324 an exempt bill?

CHAIR MCGINNESS:

If it is the pleasure of the Committee.

SENATOR COFFIN:

I do not know about the rest of the Committee, but it is my desire.

CHAIR MCGINNESS:

We will make it happen. The hearing is closed on S.B. 324 and opened on S.B. 502.

SENATE BILL 502: Revises various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement and repeals certain obsolete provisions for the administration of those taxes. (BDR 32-556)

DINO DICIANNO (Executive Director, Department of Taxation):

I submitted a document entitled "Streamlined Sales Tax Project" ([Exhibit D](#)).

Senate Bill 502 clarifies language with respect to revising the Streamlined Sales and Use Tax Act to bring us further in compliance with the Streamlined Sales and Use Tax Agreement. After the 2005 Legislative Session, further amendments were made to the Streamlined Sales and Use Tax Agreement which necessitated S.B. 502. Sections 2, 5 through 7 and 15 through 17 of S.B. 502 clarify and update various definitions contained within the agreement. Also, under section 3 of S.B. 502, Nevada is required to certify the software computer programs that will be used by various resellers we need to certify. It also clarifies and removes obsolete provisions with respect to the *Nevada Revised Statutes* (NRS) and those provisions declared unconstitutional by the Nevada Supreme Court.

Sections 39 through 47 of S.B. 502 provide for a ballot initiative to ask Nevada voters to remove the referendum. It would allow this body, after approval of the

vote of the people, to amend not only the local portion of sales tax but the 2-percent portion as well. We have been under the referendum for over 50 years. One of the most difficult things insofar as compliance with the agreement, as well as what has kept us from becoming a full member of the governing board of the Streamlined Agreement, is we must continually come back to the Legislature to make these amendments without going to a vote of the people. If the voters approve it in November 2008, starting January 1, 2009, this body can make decisions with respect to Sales and Use Tax, not only on the local portion but on the two-percent portion, which is the whole point of streamlining.

CHAIR MCGINNESS:

Who will write it in order to sell it to the people?

MR. DICIANNO:

It has already been written.

CHAIR MCGINNESS:

Is that the language in S.B. 502?

MR. DICIANNO:

That is correct.

SENATOR CARE:

Sections 43 and 44 of S.B. 502 are pursuant to sales of aircraft and major components of aircraft. What will happen if those sections remain in the bill, the Committee passes it and it becomes law?

MR. DICIANNO:

This provision, inadvertently left out of the last bill in the 2005 Legislative Session, needed clarification. There can no longer be split rate exemptions if we are part of the agreement. There is another bill and a proposed amendment to include aircraft in the vote of the people. It is not a conflict. Depending upon the voters, one could pass and one could fail, but it is covered in both bills.

SENATOR TOWNSEND:

Is there a group of individuals who understand the necessity for S.B. 502 and are willing to explain it to the public—or will it be another thing on the ballot nobody understands? In that event, they will vote no and we wasted two years.

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MR. DICIANNO:

I will do everything to publicize the necessity of this with cooperation from the Nevada Taxpayers Association, Nevada Manufacturers Association and the Retail Association of Nevada.

SENATOR TOWNSEND:

I just finished one of these questions with no opposition. It benefited the public but cost \$750,000 to tell them. When they realized it was good for them, they voted for it. Somebody has to put up the money. Although the groups you mentioned are behind it, are they communicating with their members? It will be futile without an organized effort.

MR. DICIANNO:

I expect them to rally behind it. The whole purpose is to level the playing field, which is in their best interest.

ERNEST ADLER (Former Senator; Reno-Sparks Indian Colony):

The Reno-Sparks Indian Colony supports S.B. 502 with two amendments ([Exhibit E](#)). The first amendment inserts the words "and Indian reservation or Indian colony in this State" in section 10, subsection 1, paragraph (a) of S.B. 502 in order that tax rates for Indian colonies and reservations appear on the Department of Taxation's Website, making retailers aware of those rates.

The second amendment inserts the words "or Indian reservation or Indian colony of this State" in section 13, subsection 4, paragraph (a) of S.B. 502 to make direct sales persons aware that the tax rate for the various Indian reservations and colonies needs to be included when they disburse the tax back to the state, calculated and properly redistributed.

Senate Bill 502 is a good bill we strongly support. The Reno-Sparks Indian Colony is a member of the Retail Association of Nevada. We will talk to them about expending money to pass the ballot issue.

CHAIR MCGINNESS:

Have you discussed the amendments with Mr. DiCianno?

MR. DICIANNO:

Yes. This is a friendly amendment. Section 11 of S.B. 502 contains language with respect to any pertinent Indian reservation or colony. The amendments

compliment section 11 and are also in the spirit of the unanimous resolution adopted by the National Conference of State Legislatures in 2005, which tried to bring the Indian tribes within the streamlined effort. I have no problem because the amendments are proper and due.

ARLAN MELENDEZ (Reno-Sparks Indian Colony):

I chaired the Taxation Committee for the National Congress of American Indians. When the Streamlined Sales Tax Initiative started in 2000, Indian tribes across the nation were not aware of it. We began to attend joint sessions between the National Conference of State Legislators and the National Congress of American Indians. We started asking questions and worked for a year and a half. Mr. DiCianno is a liaison to the National Conference of State Legislators, and we tied together.

The amendment proposed by the Reno-Sparks Indian Colony will allow the Department of Taxation to track Internet and mail order sales delivered to reservation lands. Existing Nevada statutes then allow the Department of Taxation to remit these taxes to tribal governments. Currently, the tribe must rely on tribal consumers to pay use tax in such situations. The same situation exists in 50 states.

Nevada wants to collect these taxes by implementing the Streamlined Sales and Use Tax Agreement, and tribes want to collect taxes owed them that arise from tribal lands. We ask Nevada to assist the tribes by allowing the Department of Taxation to track these sales.

SENATOR COFFIN:

Will we still be able to exempt occasional sales and things people do not want to be taxed on because they fly under the radar?

MR. DICIANNO:

The Legislature addressed it in 2005.

RAY BACON (Nevada Manufacturers Association):

The Nevada Manufacturers Association has been involved with Mr. DiCianno working through the Streamlined Sales Tax since the beginning. We keep our members informed and the advantage of our membership will be donations coming forward to work on this effort. The members realize it is in their best long-term interest to resolve the issue on a national basis. Across the board, this

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issue has created inequity for a long time, this solution will move it forward. There will be substantial revenue for Nevada in the long term.

LAVERNE H. ROBERTS (Taxation Department, Walker River Paiute Tribe):
The Walker River Paiute Tribe has also conversed with Nevada, the Reno-Sparks Indian Colony and several other tribes. We support the Streamlined Sales Tax.

CHAIR MCGINNESS:

What is the pleasure of the Committee on S.B. 502?

SENATOR AMODEI MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 502.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

* * * * *

CHAIR MCGINNESS:

The hearing is opened on S.B. 503.

SENATE BILL 503: Requires payment of penalty and interest for failure to pay to the Department of Taxation required licensing fees for exhibitions in a timely manner. (BDR 32-579)

MR. DICIANNO:

We support S.B. 503. It is a cleanup bill. It was an issue inadvertently left out during the 2005 Legislative Session with respect to requiring a payment of penalty and interest for failure to pay the Department of Taxation for licensing fees for exhibitions. Senate Bill 503 levels the playing field by stating exhibitions should be subject to the same penalties and interest provisions as any other business in the state.

PETER KRUEGER (Cigar Association of America):

The tax code was changed in the 2005 Legislative Session relevant to trade shows and other public events. The change required registration and fees on sample cigars that are given away and not sold. Mr. DiCianno was asked to

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consider an amendment to S.B. 503 ([Exhibit F](#)) that would allow cigars and other tobacco products with no significant value and acquired free of charge to become part of the exemption for trade shows. He agreed to the amendment. It will aid the trade show and convention business without unduly impacting the state.

TONY F. SANCHEZ (Las Vegas Convention and Visitors Authority):
Two years ago, the Las Vegas Convention and Visitors Authority requested changes relative to free giveaways at trade shows, which was overlooked. We fully support the measure.

SENATOR AMODEI MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 503.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

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CHAIR MCGINNESS:
The hearing is opened on S.B. 504.

[SENATE BILL 504](#): Revises provisions governing the rate of interest paid on overpayments of certain taxes, fees and assessments. (BDR 32-578)

MR. DICIANNO:
We support S.B. 504, which is a Department of Taxation bill revising provisions governing the rate of interest paid for overpayment of certain taxes. Refunds to all businesses will utilize the same rate of interest. It will cover all taxes administered under NRS Title 32.

ALVIN P. KRAMER (Treasurer, Carson City):
Regarding section 1 of Assembly Bill (A.B.) 585, the Treasurers Association asks that the rate of interest apply to NRS 361, which has to do with overpayments of real and personal property taxes. We support S.B. 504.

ASSEMBLY BILL 585: Makes various changes to provisions governing public financial administration. (BDR 32-336)

SENATOR CARE:

There is another statute applying to judgment debtors in which the Department of Business and Industry must be contacted every six months, and it is the prime rate plus 2 percent. The rate can change every six months. I realize that is the civilian rule, so to speak. Is this a flat 0.5 percent per month?

MR. KRAMER:

With respect to your last comment, that is correct. I am not versed on the civil side to which you are speaking. Chapter 17 is prime rate plus 2 percent. Senate Bill 504 removes that and makes it a simple 6 percent per annum.

SENATOR CARE:

Circumstances are different for a judgment debtor. I am trying to rationalize two different rates, admittedly for two different purposes.

MR. KRAMER:

In an overpayment, there are restrictions on what can be invested in the return we get on money held. When the money is returned, the sky is neither the limit on interest we pay nor a floating rate over which we have no control. We are controlled on what we can earn. This is why we tried to bring it into a more relevant number we can count on rather than have it float. We also recognize that on the nonpublic side, earnings are not restricted. We want to separate government interest earnings from what a nongovernment entity can earn.

SENATOR CARE:

There may be times on an NRS 17 where the rate is actually lower.

MR. KRAMER:

That is correct.

SENATOR AMODEI MOVED TO DO PASS S.B. 504.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR RHOADS WAS ABSENT FOR THE VOTE.)

* * * * *

CHAIR MCGINNESS:

The hearing is opened on the work session and the first bill to be considered is S.B. 152.

SENATE BILL 152: Proposes to exempt sales of certain ophthalmic or ocular devices or appliances from sales and use taxes and analogous taxes. (BDR 32-939)

CHAIR MCGINNESS:

Senate Bill 152 brought by Fred Hillerby proposes to exempt sales of certain ophthalmic and ocular devices or appliances from Sales and Use Tax and analogous taxes. Joshua Griffin, who represents various airline and helicopter companies in Nevada, submitted a proposed amendment ([Exhibit G](#)). With the addition of the amendment, Legislative Counsel said it would not be on the same question. There would be two questions on the ballot, one for ocular devices and one for aircraft and aircraft equipment.

JOSHUA GRIFFIN:

We sought the amendment for a separate ballot question on aircraft and aircraft equipment based on that opinion.

CHAIR MCGINNESS:

The fiscal note for the aircraft and aircraft equipment is \$99,000 in 2009 because it goes on the ballot and \$399,000 in 2010 to 2011.

SENATOR RHOADS:

Vision Airlines, Incorporated moved to Kentucky and Sundance Helicopters Incorporated moved to Arizona because all states surrounding Nevada have some type of exemption.

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CHAIR MCGINNESS:

The Chair would consider a motion to amend the bill and then see whether the amendment goes on to add aircraft and aircraft equipment to the question.

SENATOR RHOADS MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 152.

SENATOR AMODEI SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR CARE VOTED NO.)

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CHAIR MCGINNESS:

The work session is opened on S.B. 172.

SENATE BILL 172: Proposes to exempt sales of certain mobility-enhancing equipment from sales and use taxes and analogous taxes. (BDR 32-865)

CHAIR MCGINNESS:

Senate Bill 172 proposes to exempt sales of certain mobility-enhancing equipment from Sales and Use Tax and analogous taxes. A suggestion was made to add hearing aid devices to which Senator Joyce Woodhouse agreed. There is a fiscal note ([Exhibit H](#)).

The Chair would consider a motion to amend and do pass that would add hearing aids and mobility-enhancing equipment.

SENATOR TOWNSEND:

Would the amendment include canes, crutches and other durable medical equipment prescribed by health care providers, or would it just add hearing aids and mobility-enhancing equipment?

TINA CALILUNG (Deputy Fiscal Analyst):

The amendment would include canes, crutches and other durable medical goods prescribed by a medical provider. Senator Woodhouse's intent was to have S.B. 172 identical to A.B. 169.

ASSEMBLY BILL 169: Proposes to exempt sales of certain durable medical equipment and mobility-enhancing equipment from sales and use taxes and analogous taxes. (BDR 32-812)

SENATOR TOWNSEND MOVED TO AMEND AND DO PASS AS AMENDED S.B. 172.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR COFFIN VOTED NO.)

* * * * *

CHAIR MCGINNESS:

The work session is opened on S.B. 211.

SENATE BILL 211: Authorizes deductions from the state taxes on financial institutions and other businesses for certain expenditures by employers for the provision of day care to the children of their employees. (BDR 32-676)

CHAIR MCGINNESS:

Senate Bill 211 is Senator Dina Titus's bill which would allow employers to deduct certain amounts paid for provision of day care for children of employees from taxable wages. There was no testimony in opposition; there were some amendments ([Exhibit I](#)).

Ms. CALILUNG:

The first amendment came from Carole A. Vilardo representing the Nevada Taxpayers Association. She proposed to remove lines 22 and 23 from section 2 of S.B. 211 which would allow a deduction for depreciation of real and personal property used in operation of on-site day care facilities. Her amendment removes that line item from allowable deductions.

Ms. Vilardo suggested another amendment to allow a carryover of deductions earned in a quarter and two future periods; upon further review, she determined that amendment not necessary.

Senator Titus offered the following conceptual amendment to include language which would allow an employer who provides on-site day care to employees for a charge to deduct a portion of the reasonable and necessary cost of operating the facility. Under current language of the bill, only employers who offer on-site day care without a charge to employees can deduct those costs. Senator Titus proposed to amend the bill to include language allowing employers who offer on-site day care for a charge to claim the same deductions. This may be done mechanically by reducing the amounts of deductions by the same amount employees pay for the service.

CHAIR MCGINNESS:

Mr. DiCianno wants to make the changes effective January 1, 2008.

SENATOR TOWNSEND:

How did you derive the method for future revenue loss against the Modified Business Tax? Did you extrapolate what is in place? Have you any idea whether the giant new projects coming on line in southern Nevada have on-site day care? I hope it is more accurate than some other projected taxes, which were not your fault.

MR. DICIANNO:

Unfortunately, I do not have the fiscal note in front of me. It is my understanding the method used to determine a future impact was based on information received from the Bureau of Labor Statistics based upon growth of these benefits provided to employees by employers providing day care services.

CHAIR MCGINNESS:

The work session is closed on S.B. 211 and opened on S.B. 233.

SENATE BILL 233: Revises and repeals certain taxes on financial institutions.
(BDR 32-951)

CHAIR MCGINNESS:

Senator Heck requested an amendment to his bill which would eliminate the Modified Business Tax in financial institutions and phaseout at 0.33 percent per year until it is equal with the rate everyone else pays. The rate was scheduled to go back up to 0.65 percent in July. The proposed amendment removes the sunset in order that the rate remain at 0.63 percent.

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SENATOR CARE:

What is the difference in the fiscal note with the amendment?

SENATOR COFFIN:

Full equity means a full repeal to bring it down to \$44 million for the biennium. It is 1.5 percent the first year and 1 percent more the second year, which is a \$27 million cost for the biennium.

RUSSELL J. GUINDON (Senior Deputy Fiscal Analyst):

Although we do not doubt Senator Heck's analysis, we would like to run our own numbers using Economic Forum projections.

CHAIR MCGINNESS:

We will hold S.B. 233 until the work session on Thursday, April 12. The work session is opened on S.B. 262.

SENATE BILL 262: Provides for reduction of certain excise taxes payable by employers that contribute to health savings accounts for their employees.
(BDR 32-88)

CHAIR MCGINNESS:

Senate Bill 262 is Senator Beers's bill regarding reduction of certain excise taxes for employers who contribute to health savings accounts. Senator Beers's proposed amendments allow deductions as partial abatement of taxes owed. Carole Vilardo proposed an amendment to have partial abatement of taxes as a deduction against taxable wages. There are two different amendments, and we may choose one or the other. Mr. DiCianno asked to change the effective date to January 1, 2008.

SENATOR TOWNSEND:

There is a deduction against the Modified Business Tax for employers that provide health insurance. Ms. Vilardo, are you attempting to attain consistency between health savings accounts and the normal deduction against taxable wages? We should attempt to be consistent with deductions for health care. The deduction for health care savings accounts should be the same as a health care plan or any health care dollars expended as well as deducted against taxable wage. A consistent approach is better than creating a separate way to do deductions.

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CHAIR MCGINNESS:

The work session is closed on S.B. 262 and opened on S.B. 273.

SENATE BILL 273: Provides an exemption from real property transfer taxes for certain transfers of water rights. (BDR 32-734)

CHAIR MCGINNESS:

Senate Bill 273 is Senator Rhoads' bill which provides an exemption from real property taxes for certain transfers of water rights. People have to pay the transfer tax if they transfer to a public utility and pay it again when the utility transfers it back.

SENATOR RHOADS:

Does it only affect rural Nevada?

CHAIR MCGINNESS:

I believe it does.

SENATOR RHOADS MOVED TO DO PASS S.B. 273.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR MCGINNESS:

The work session is opened on S.B. 308.

SENATE BILL 308: Proposes to authorize the Legislature to prescribe temporary exemptions from sales and use taxes. (BDR 32-138)

CHAIR MCGINNESS:

Senate Bill 308 is Senator Maggie Carlton's sales tax holiday bill.

SENATOR CARE MOVED TO DO PASS S.B. 308.

SENATOR SCHNEIDER SECONDED THE MOTION.

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SENATOR TOWNSEND:

The Retail Association of Nevada and Clark County requested to participate in any deliberations of the Legislature regarding the possible implementation of a sales tax holiday. If we pass this bill, they want to be the entities to debate the implementation. There was no opposition to the bill.

CHAIR MCGINNESS:

It goes to the ballot and returns to the Legislature for implementation. I assume they want to be part of the discussion at that point.

THE MOTION CARRIED. (SENATORS CARE AND COFFIN VOTED NO.)

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CHAIR MCGINNESS:

The work session is opened on S.B. 374.

SENATE BILL 374: Makes certain changes concerning tax increment areas.
(BDR 22-816)

CHAIR MCGINNESS:

Senate Bill 374 is Senator Hardy's bill concerning tax increment areas for Nevada State College specific to the 509 acres they are receiving from the Bureau of Land Management while keeping tax revenues for the planned educational and housing project. There was no opposition and many amendments ([Exhibit J](#)). Page 2 of [Exhibit J](#) shows amendments offered by Spencer Stewart, representing Nevada State College, to limit the scope of the bill and remove provisions about the Board of Regents delegating powers. It narrows the scope specifically because there were concerns the bill was too broad and would include the University of Nevada, Las Vegas (UNLV), and Western Nevada Community College.

SENATOR TOWNSEND MOVED TO AMEND AND DO PASS AS AMENDED S.B. 374.

SENATOR AMODEI SECONDED THE MOTION.

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SENATOR COFFIN:

I thought this would be ideal for UNLV. The fact it is clearly defined just for Nevada State College in Henderson does not mean we are ruling out the possibility for future use by other campuses. I will support the motion.

THE MOTION CARRIED. (SENATOR CARE ABSTAINED FROM THE VOTE.)

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The work session is opened on S.B. 375.

SENATE BILL 375: Revises provisions governing certain unclaimed property held by a county treasurer or the Administrator of Unclaimed Property. (BDR 32-74)

MR. KRAMER:

I met with proponents of the bill and an amendment on which we concur that addresses both sides of the issue. One item constitutes a change in policy as opposed to a compromise, which leaves the time period open for claims from two years to one year. I polled all county treasurers in Nevada and found over 95 percent of claims handled in the first year with well over 50 percent of claims in the second year handled by locator companies, such as Global Discoveries, Limited. Just as many claims are submitted in Years 3, 4 and 5 by non-locator groups as in Year 2.

CHAIR MCGINNESS:

Are you comfortable with it?

MR. KRAMER:

Yes.

SENATOR AMODEI MOVED TO AMEND AND DO PASS AS AMENDED S.B. 375.

SENATOR RHOADS SECONDED THE MOTION.

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SENATOR CARE:

I will propose a motion that portions of the bill conflict with S.B. 103, which is a revised Uniform Unclaimed Property Act, as well as thinking back to testimony from the Carson City Treasurer's office.

SENATE BILL 103: Adopts the Uniform Unclaimed Property Act. (BDR 10-718)

THE MOTION CARRIED. (SENATOR CARE VOTED NO.
SENATOR SCHNEIDER WAS ABSENT FOR THE VOTE.)

CHAIR MCGINNESS:

The work session is opened on S.B. 528.

SENATE BILL 528: Provides for an incremental reduction in certain excise taxes payable by financial institutions and other employers that contribute to health savings accounts for their employees. (BDR 32-1179)

CHAIR MCGINNESS:

Senate Bill 528 is a health savings account bill that says the Department of Taxation would approve the partial abatement of taxes owed if you contributed to a health savings account. The partial abatement schedule is shown in the handout on S.B. 528 ([Exhibit K](#)). There was no opposition. Mr. DiCianno wanted to make the change effective January 1, 2008.

SENATOR AMODEI MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 528.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

SENATOR CARE:

I am prepared to move on S.B. 211.

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CHAIR MCGINNESS:
The Committee will reconsider S.B. 211.

SENATE BILL 211: Authorizes deductions from the state taxes on financial institutions and other businesses for certain expenditures by employers for the provision of day care to the children of their employees. (BDR 32-676)

CHAIR MCGINNESS:
Senate Bill 211 is Senator Titus's day care exemption bill.

SENATOR CARE:
My motion will be to amend and do pass, the amendment being those submitted by Ms. Vilaro and Mr. DiCianno in Exhibit I.

SENATOR CARE MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 211.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR MCGINNESS:

There being no further business to come before the Committee, the hearing is adjourned at 3:22 p.m.

RESPECTFULLY SUBMITTED:

Barbara Moss,
Committee Secretary

APPROVED BY:

Senator Mike McGinness, Chair

DATE: _____