

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON REVENUE**

**Eighty-Second Session
March 28, 2023**

The Committee on Revenue was called to order by Chair Shea Backus at 4:05 p.m. on Tuesday, March 28, 2023, in Room 3142 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Shea Backus, Chair
Assemblywoman Venicia Considine, Vice Chair
Assemblywoman Natha C. Anderson
Assemblywoman Lesley E. Cohen
Assemblywoman Danielle Gallant
Assemblyman Ken Gray
Assemblyman Gregory T. Hafen II
Assemblywoman Erica Mosca
Assemblyman Duy Nguyen
Assemblyman P.K. O'Neill
Assemblyman David Orentlicher
Assemblywoman Shondra Summers-Armstrong

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblyman Brian Hibbetts, Assembly District No. 13
Assemblyman Toby Yurek, Assembly District No. 19



STAFF MEMBERS PRESENT:

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst
Susanna Powers, Deputy Fiscal Analyst
Nick Christie, Committee Manager
Gina Hall, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Michael Sullivan, representing Malecon Tobacco LLC, Las Vegas, Nevada
Jason Samuelson, representing Cigarbox by Freyboy Tobacco, Las Vegas, Nevada
Shar Broumand, Owner, En Fuego Cigars, Las Vegas and Henderson, Nevada
Peter Guzman, President, Latin Chamber of Commerce, Las Vegas, Nevada
Michelle Runles, Owner, Tap N Ash Social Club, Las Vegas, Nevada
A'Esha Goins representing Tap N Ash Social Club, Las Vegas, Nevada
Brad Mark, Owner, SMōK Cigar Lounge, Las Vegas, Nevada
Chris Brooks, Private Citizen, Las Vegas, Nevada
Devlin Daneshforouz, Private Citizen, Las Vegas, Nevada
Andrew LePeilbet, Chairman, United Veterans Legislative Council
Glenn Morgon, Private Citizen, Las Vegas, Nevada
Wally [unintelligible], Private Citizen, Las Vegas, Nevada
J.R. Stafford, President, Sierra Nevada Chapter 989, Vietnam Veterans of America,
Reno, Nevada

Chair Backus:

[Roll was taken and Committee rules and protocol were reviewed.] We have two bills on our agenda today. The first bill is Assembly Bill 232, which revises provisions governing the taxation of other tobacco products. The second bill is Assembly Bill 295, which revises provisions relating to certain tax exemptions for veterans and surviving spouses of veterans. I will open the hearing on A.B. 232 and invite Assemblymen Hibbetts and Nguyen to the table. Begin when you are ready.

Assembly Bill 232: Revises provisions governing the taxation of other tobacco products. (BDR 32-618)

Assemblyman Brian Hibbetts, Assembly District No. 13:

I am here today to present Assembly Bill 232. Currently, for the purpose of taxation, premium cigars are grouped in with other tobacco products (OTP) under *Nevada Revised Statutes* (NRS) 370.0318, which includes tobacco of any description, vape products, any alternative nicotine product, or any product made from tobacco other than cigarettes. The tax imposed upon the receipt, purchase, or sale of OTP is 30 percent of the wholesale price. Assembly Bill 232 removes premium cigars from those provisions and instead limits the tax to not more than 50 cents for each premium cigar. Further, the bill defines premium cigars as

a cigar that is rolled by hand, has a wrapper made of whole tobacco leaves, and does not have a filter or mouthpiece. For the other side of the Valley perspective, I would like my colleague and cosponsor, Assemblyman Nguyen, to take over for the moment.

Assemblyman Duy Nguyen, Assembly District No. 8:

The reason I am here today with Assemblyman Hibbetts is to ensure my constituent's voice is a part of this bill. Back in November 2022, when I was elected to office, I got a phone call from Mr. Mark who is a constituent in my district. He is about to open his own cigar shop. You will hear from him later in testimony. He educated me about the cigar world. I learned about the challenges of a new employer in my district, as well as someone who is going to create more economic development opportunity in Assembly District No. 8. I also learned that Assemblyman Hibbetts was bringing this bill, so I happily signed on. It will create more opportunities, not only in my district but the entire state, in terms of cigar small business owners having the ability to expand. In the interest of time and efficiency I will limit my remarks and turn it over to Mr. Mike Sullivan who will give you more details about the effort behind this initiative.

Michael Sullivan, representing Malecon Tobacco LLC, Las Vegas, Nevada:

The retail cigar industry in Nevada is facing enormous challenges, with rising prices from cigar manufacturers to unfair competition from Internet sellers who do not pay the State's high excise tax, and to neighboring states who have recently passed the kind of tax cap we are talking about today. We can no longer compete and be successful. That means a further loss in revenue for the State and a loss of jobs on the horizon. If we do not make significant changes soon many hardworking, local, small-business owners will be forced to close their doors or drastically change their business model, and it will not be a positive step for Nevada. Hence, the need for A.B. 232.

This bill will greatly enhance the business owner's ability to compete with Internet sales and other states in the region. Assembly Bill 232 will not make changes to the vast majority of OTP products, such as snuff, chewing tobacco, and machine produced cigars. Only a small percentage of OTP collections are made up by premium cigars; however, we feel strongly that A.B. 232 will create even more tax revenue in the form of increased sales tax when our businesses sell more cigars to locals and tourists. We are not just guessing this will happen, we have witnessed this happen in other states that have passed similar caps. In the exhibits there is a study done by the Premium Cigar Association [[Exhibit C](#)] which goes over a lot of other states who have passed a similar measure and how the tax revenues have doubled in some states. Wisconsin was one of those states that passed a cap and two years later nearly doubled their sales. The same happened with New Mexico, Oregon, and Ohio. We know we will sell more product because we know our industry. Today I brought with me several different cigar-store owners who are going to talk to you about their businesses, why this bill would be so effective for them, and speak to how they think they will greatly enhance the tax if this bill is passed. I am now going to turn it over Jason Samuelson from the Cigarbox.

Jason Samuelson, representing Cigarbox by Freyboy Tobacco, Las Vegas, Nevada:

I have worked in the premium cigar retail industry in Las Vegas for 25 years. With the increasing prices from cigar manufacturers, the low tobacco tax rates from other states, and the no tobacco tax rates from the mail order industry, I am here today to ask for your support of A.B. 232 which would add a cap of 50 cents to the current 30 percent OTP tax on premium cigars. This cap only affects the tax rate on premium cigars, which we believe represent the smallest portion of the OTP tax segment.

I believe it was the 1983 Session of the State Legislature that enacted that all products made from tobacco other than cigarettes were to be taxed at 30 percent of the manufacturers' wholesale price. I do not know what the prices of premium cigars looked like in 1983, but when I started in this business in 1997 cigar prices were much different than they are today. A premium cigar that sold then for \$4 is now \$9, and a \$9 cigar then now sells for more than \$17. Premium cigar prices continue to climb, and with those increases comes a larger tobacco tax burden. A box of 25 premium cigars at a wholesale price of \$250 costs us an additional \$75 in OTP tax. A customer can try one of those premium cigars in our store and then save the \$75 by purchasing a box of those premium cigars online. Most customers want to support our local small businesses, but that is a lot to ask. Not only do we lose sales because of the price, but also because we cannot stock as much inventory with the requirement to pay the OTP tax when we receive the product, not when we sell it. We believe that increased inventories and the ability to compete with the online prices or other states' lower tax rates, would help us keep some of these sales in our stores and in our state. We all believe we will be able to buy and sell more premium cigars, and some of us would open more stores, employ more people, and in the end increase the tax generated by our increased purchases and sales.

We have seen data from other states with similar OTP tax rates that have added a cap, and it seems they have been able to generate more tax revenue. We would love that same opportunity so we do not have to close our stores in the future, providing no tax revenue for our State. We are doing our very best to provide a great customer experience, while keeping our prices as low as we can, but it is very difficult to watch a customer sit in our lounge, smoke a cigar, pull out their cell phone, log on to our Wi-Fi, and order a box of those cigars from a mail-order site. There are days when I think how easy it would be for us to close our local store in Las Vegas and move it to Arizona. Not only would our tobacco tax on premium cigars be much lower, even lower than the rate we are asking you for today, but we could sell cigars to Nevada customers, many of whom we have built relationships with over the last 25 years. We would save them money on their purchases, but the State of Nevada would not receive any of the OTP tax on these sales. I do not want to close our store here and open in another state. Nevada is my home. I moved here in 1997. I met my wife here. Our daughter was born here and, if I can go into proud dad mode, she is less than a couple of months away from graduating from the University of Nevada, Reno, and she actually showed up today and surprised me. Please give us the opportunity to try and keep more sales in our state by supporting A.B. 232.

Assemblyman Hibbetts:

A few things have been mentioned here but have not gone into explanations. I am hoping to answer some of those prior to questions. First, let me start off with our OTP tax is 30 percent. We want to cap it at 50 cents. I like to use Arizona as an example. If you look at the Phoenix Metro area and the Las Vegas Metro area, the Phoenix Metro area has roughly double the population of the Las Vegas area. That is obviously an approximation, not an exact number. However, they have eight times as many cigar lounges. The only reason for that is because their tobacco tax is capped at 22 cents for premium cigars. We want to cap it at 50 cents, just to give our retailers a fighting chance. Texas caps theirs at 1 cent per cigar. Florida has none. Obviously, anybody selling over the Internet or mail order does not have any tax either because they just ship it here and nobody knows about it. That is why we are concerned about the surrounding states and the mail order.

Everyone tells us we are going to reduce revenue and OTP money, but we are going to make up for that, and then some, in sales tax. If you look at attachment 2 [page 9, [Exhibit C](#)], which is Wisconsin, in 2008 they had \$7.1 million in cigar tax money. That is when they instituted the tax [cap]. Two years later it almost doubled to \$13.7 million because they were selling more.

The next page is Michigan [page 10]. They instituted a non-cigarette tobacco tax cap in 2012. It took a slight dip in 2013. They went from \$65 million up to roughly \$93 million by 2019. They had originally written theirs very similarly to the way this [A.B. 232](#) is written, and they put a sunset on it. When they saw the amount of money they were making the sunset was removed and Governor Whitmer signed that into law. Hopefully I have answered a good portion of your questions beforehand, but if not I am happy to stand for questions.

Chair Backus:

Thank you for your presentation, as well as your guests. We will start our questions with Assemblywoman Mosca.

Assemblywoman Mosca:

You did answer one of my questions. I do not know much about cigars so I would love it if you could share some of the context of what the numbers are when it comes to premium cigars. How many are we selling?

Assemblyman Hibbetts:

That would be best answered by one of our owners. I can tell you taxwise, the Department of Taxation (Taxation) cannot tell us how much they are making off of premium cigars because they do not break it down that way. All Taxation knows is that it is OTP tax. As far as numbers, I am going to have one of our owners step up and answer that.

Shar Broumand, Owner, En Fuego Cigars, Las Vegas and Henderson, Nevada:

When we look at cigar smokers in the U.S., roughly 3 percent, and that is a very conservative number, of the general population has any interest in smoking cigars. If we take the roughly 3.8 million people who live in the State of Nevada, and 3 percent will spend money on cigars on an annual basis, a very low conservative number would be \$2,000 per year spent. When you run that math and try to figure out how much we should be collecting at the 30 percent it is way above what we are taking in as a state right now. In fact, the number I came up with is it should be \$65 million, and we are somewhere around \$2 to \$3 million max is what the state is taking in. Why? They are not buying cigars in this state.

I have customers who are literally ordering boxes of cigars from out-of-state every month because the difference in a box is \$150 or more. I just want to reiterate that when we talk about 22 cents, or a 50-cent cap, or in the state of Texas it being 1 cent, we are talking about per cigar, not box of cigars. We are talking about a 50-cent cap on each cigar. Again, if you run the numbers based on the 3 percent, you can get a rough idea of how much money we are leaving on the table as a state by not capping. I hope that answers the question.

Assemblywoman Anderson:

How much is the average cost of these premium cigars, not a box but the average cost of an individual premium cigar?

Shar Broumand:

Are you asking the cost or the retail price?

Assemblywoman Anderson:

Whatever it is taxed upon.

Shar Broumand:

The average price of a premium cigar in the last five years has gone above \$10, as far as price goes. The cost to us is anywhere between, on the low end \$3.50, to \$7. That is the range the tax is on. However, in the world of cigars that average is a little deceiving because there is a big difference between the average cigar and what people like to smoke; we have seen that number go up. The cost to us can be as high as \$15, so on a \$15 cigar, if we are paying 30 percent, it is a big difference.

Assemblywoman Anderson:

Thank you for the clarification because my knowledge of the cigars is the smell and how often you see them in the movies with very specific people. I greatly appreciated Mr. Sullivan coming in to speak with me yesterday. My next question is actually one he already knows and is ready for it. In your opinion, and Mr. Sullivan can help out with this, how many people are not being regulated correctly when it comes to this tax and also the selling of these cigars?

Shar Broumand:

I am going to go back to my estimation that if 3 percent of the population are smoking cigars and the numbers are currently showing us roughly what we collect, it is a very high number. You can drive to Arizona and buy cigars. Even easier is mail order. Mail order is not regulated. Yes, there are some big mail-order companies that are required to report to different states, and I believe Nevada has requested that and has tried to enforce it, but most customers are not going to those sites. As I said, I have multiple customers who are ordering boxes from a small store in Florida where there are zero taxes. It is a very big number.

With that said, I would like to reiterate everybody wants to support local, and we saw that when we came out of COVID-19. People were cooped up for months and all of a sudden they were out in droves and of course were flush with money. We saw our numbers go up significantly and they all said they wanted to support us. Since COVID-19 we have had at least three rounds of price increases in the cigar industry. Those are supply chain related, not just taxes. Everything from raw materials to the labor markets in Central America having been in turmoil for the last three years. We have seen the cost of cigars go up tremendously, so those customers are not coming in as often anymore, and we have seen that in the last year.

Assemblywoman Anderson:

Are there any cigar shops based upon the Internet sales and/or other sales that are in the state of Nevada, that from your understanding, or Mr. Sullivan's understanding, are having to pay the commerce tax? Do you know of any that are able to make more than \$4 million? I see many people looking at each other so I am thinking no. Can you get those numbers to me later? I would also like to be able to work with you all in the interim about possibly figuring out a way to work on the regulations. I wish there were a way for us to be able to utilize the revenue generated from these items to be able to increase our regulation items, but I also understand.

Assemblywoman Cohen:

I understand about the 3 percent who are smokers, but we know that Las Vegas is different with our tourist economy. What is the impact of tourists who are coming to town and who are willing to spend more? They are not going to buy online because they are in the casino, spending money on a nice glass of something and willing to spend more on a cigar and may not even be the usual cigar smoker but are there for a bachelor party or whatever. That does concern me. I do not want to lose the possible revenue from those people who would be a source.

Assemblyman Hibbetts:

The average person who comes here and visits the Strip, for example, who is willing to have a few drinks and spend a little extra money on a cigar is not buying a bundle of cigars or a box of cigars. They are buying one, maybe two or three for their friends, and granted they are going to pay Strip prices for those because the rent is higher there. They are not making an economic impact. They are not the people who are coming to Las Vegas in order to purchase cigars. They are in Las Vegas to party and happen to purchase a cigar. People do

travel to Las Vegas to purchase cigars and they will go to off-Strip locations to purchase those. Generally, they are going to be coming from places that have higher taxes than we do, but people who come from places that have lower taxes, like Florida or Arizona, they are bringing cigars with them. They are not buying our cigars and they are not leaving their money in our state.

Assemblywoman Cohen:

If they do buy cigars at the hotels, casinos, or resorts, do the resorts sell cigars themselves or do they have local cigar stores that lease space there?

Assemblyman Hibbetts:

I believe it is both. I believe certain stores within the hotels lease space to local cigar shop owners, and some of them are actually owned and run by the hotels themselves.

Assemblywoman Cohen:

If this bill looks like it is moving forward, I will ask you to consider an amendment to have not just a cap, but a floor—if we are willing to reduce the amount down to the 50 cents, that we bring the floor up to the 50 cents.

Assemblyman Hibbetts:

Absolutely, because there is not a single cigar I am aware of, that is considered a premium cigar, that would be less than 50 cents in tax. I may be wrong about that but just do not know it.

Assemblyman Orentlicher:

You have focused on the economic argument and that makes those numbers add up, but the other reason why we have cigar taxes and tobacco taxes is the public health reason. Reducing the tax would of course undermine the public health goals of these taxes. It seems like public health advocates would say we are turning back the clock; we are undermining progress. I would appreciate your thoughts on that.

Assemblyman Hibbetts:

Cigar smoking is not the same as cigarette smoking. I believe in the "PCA's NASEM Study Notes & Noteworthy: The Good, The Bad and the Inconclusive," [\[Exhibit D\]](#) it actually lays out quite a bit how cigars are different, and mostly different than cigarettes. There is a reason cigarettes are taxed completely differently than every other kind of tobacco.

I will make no secret about this. I am a cigar smoker, and I can tell you, you do not inhale cigars. It is not a pleasant experience when you do. You may do it accidentally, but you are not going to do it again. I am not saying they are a perfectly safe product because they are not. If you look at the average age of those who are smoking cigars it is anywhere from 26 to 46. You are not going to have a 16-year-old wandering into a cigar shop, trying to buy a premium cigar. Is it completely safe? No, but nothing is. I probably have a higher chance of dying by driving back to my apartment which is three blocks away than I do from cigars.

Mike Sullivan:

I just wanted to say, to that point, we are a very small part of the OTP tax—2 percent. The OTP products will still be taxed the same way, and we will still pay the OTP tax. It will just be somewhat less. We are not getting away from it and it is not going away.

Assemblyman Hafen:

In looking at the data, it sparked my interest. I looked up that the cigarette tax is currently at 9 cents per cigarette. I am curious why you are suggesting we go to 50 cents, which is almost six times the amount we are currently charging per cigarette, rather than having some parity and charging the same amount that we are currently charging cigarettes?

Assemblyman Hibbetts:

The reason we have not is because we have empirical evidence 50 cents is a good tax cap. If you look at a cigarette compared to a cigar, a cigar can take anywhere from an hour and a half to two hours to smoke. I believe the average for a cigarette is 12 minutes if you just light it. It is a whole lot less tobacco than a cigar and is also a whole lot less quality. They are two completely different things. We are not looking to be on par with cigarettes. We are looking to make premium cigars their own classification within the OTP.

Chair Backus:

Thank you for meeting with me about this bill, but now that I am looking at this, I realize there is a difference between the revenue the state is getting and the sales. When I look at this, pretty much anything that is purchased wholesale, that is more than \$3.50 for the purchase price, does not actually increase revenue for the state. In just doing the math it basically sounds like it is a matter of economic development from the increase in sales. Would you agree with me on that?

Mike Sullivan:

Yes. That is what other states have, and what we have seen in these reports. It doubles the sales in cigars, which makes a lot more money on the sales tax. That is where we think the state is going to make far more money.

Assemblyman Hibbetts:

As a customer, I can tell you what this will allow me to do is to buy a better cigar, which is going to cost more, and I am going to end up spending more. My personal purchasing is probably not going to double, but I am going to buy better cigars. I will end up spending more and paying more in sales tax.

Chair Backus:

Even with that, I do the math and it still does not add up. If you were to go from a \$50 cigar to a \$100 cigar, we may have lost the 30 percent tax on the wholesale of a \$50 cigar. If you go to \$100, we are going to get \$8 versus \$30. That is the math. I just missed it when you were talking about it. It is the sales that are going to increase.

I do have a question for either Mr. Broumand or Mr. Samuelson. One of the things I see is sometimes when the taxes are decreased at the wholesale level, are the savings really going to be passed on to the consumer?

Jason Samuelson:

Absolutely. I believe the date is July 1, 2023, so on that date 100 percent it would be passed on to my customers. Not only do we believe we would sell more, but I would probably purchase twice the inventory I have now. That would help offset some of that initial decrease in the 30 percent tax with the 50-cent cap. We would be buying more inventory as well, thinking that we were going to be selling more inventory, and not miss out on potential future sales by not having the inventory because of having to pay the tax up front like we do now. I speak for our store, but yes. We would pass those savings on.

Chair Backus:

We will now hear testimony in support of A.B. 232. We will start in Las Vegas.

Peter Guzman, President, Latin Chamber of Commerce, Las Vegas, Nevada:

I had some comments planned to say, but I got to tell you after listening to the gut-wrenching testimony by Jason Samuelson, a member of my Chamber, the Cigarbox, there is not a whole lot more I can say. The man is fighting for his livelihood, and what really struck me was the idea of opening more stores and employing more people. That is an economic driver and the economic development we at the Latin Chamber of Commerce are always striving for. I think it is so important we try to do all we can to help open more stores and create more jobs by passing A.B. 232. I think that can and will happen. We heard it directly from the person in the trenches. The Latin Chamber of Commerce fully supports this bill, and I hope you do as well.

Chair Backus:

As there is no one else in Las Vegas to give testimony in support, we will move to Carson City for those in support.

Michelle Runles, Owner, Tap N Ash Social Club, Las Vegas, Nevada:

My husband Melvin and I own a store called Tap N Ash. It is a small cigar lounge in Las Vegas, near the arts district. We are in the gateway. As a newly opened small minority-owned business we are here today to ask for your consideration for the passage of A.B. 232. Anyone opening a small business is aware of the challenges associated with keeping cost down; maintaining city, county, and state licensing requirements; taking care of your civic duties; and hopefully seeing a small profit when all is said and done. This is why consideration of this bill is so important to us as a business, for those who are represented here today, and our industry as a whole.

Currently our lounge has had two options for purchasing product. The first is ordering direct from the manufacturer or an out-of-state distributor, where we are required to pay the monthly upfront tax of 30 percent, with no option to utilize tax incentives provided by these distributors or manufacturers willing to pay those taxes on our behalf. The second option is

through approved local distributors, who not only pass on their own markup as a middleman, but also the added 30 percent tax they are required to pay on our behalf. As I am sure you can imagine, paying the 30 percent tax on an item you have not even had the opportunity to sell creates a significant financial burden to our bottom line, as well as having a major impact on our ability to build working capital. It also makes it financially difficult to attract customers and stay competitive with online sellers or larger brick-and-mortar retailers when our price point has to be inflated in order to compensate for the tax liability and still remain profitable.

In most cases premium cigars are not a high turnover item and could potentially sit on a shelf for weeks or even months before it is sold. As an example, when we originally stocked our humidor, our inventory cost somewhere in the range of \$50,000 to \$75,000, which by itself is a significant investment. However, with the current tax code, this means we spent an additional \$15,000 to \$23,000 on taxes before we sold a single cigar. In our particular business the majority of our cigars are sold individually, so recouping the taxes on a full box could potentially take several months or even a year or more, depending on the price point or popularity. To give you a clearer picture, with almost a year under our belt, we have paid nearly \$70,000 in taxes, directly and indirectly, since opening our doors. This is also with a good amount of that original product still sitting on our shelves.

It is also fair to say that most lounges depend solely on cigar sales, where the average item is somewhere between \$10 and \$20. This is unlike online retailers that are not required to pay taxes or brick-and-mortar locations that sell multiple products, such as convenience stores or larger retailers who sell an extensive line of unrelated products that support the type of time and expense needed to carry this tax burden. The change proposed in A.B. 232 for each premium cigar would not only put our small business on an equal playing field with other retailers, retailers I mentioned earlier, it would immediately improve our bottom line by freeing up working capital and allowing us better financial footing to grow and improve our business. I will add that precedent, as we already talked about, has been set for this type of taxation in Arizona, which charges a 22-cent tax for each premium cigar—a state we actually compete with for our business due to the lower tax rate. We recently had a customer come in our lounge with a cigar that we would normally sell for \$10, with the price tag showing \$3.95 they purchased from Fox Cigar online, which is in Arizona.

We sincerely appreciate your taking the time to consider the passage of this bill. I hope I was able to clearly express its importance to our business, as well as for everyone in our industry carrying this tax burden in our state. Thank you for your time and consideration. I thank everyone here for your commitment to small businesses in Nevada.

A'Esha Goins, representing Tap N Ash Social Club, Las Vegas, Nevada:

I want to point out a couple things. Michelle went over everything, but I want to point out that I also smoke cigars. I visit their lounge. It is my third home. Everyone knows if you are looking for me, that is where I am. Two points remain, and really have to do with the purchaser. Since I am the purchaser, I want to put some clarity to that. I do buy cigars from the lounge. The way the lounge is operated is I have a box so I get a credit. They use that

credit to buy the cigars, because that is how they encourage you to purchase cigars. I also do not purchase cigars online, but all the other members do because you buy a cigar for \$22, you fall in love with that cigar and want more, it does not make sense financially for me to buy three cigars at \$22 each when I can buy a box of 12 for \$60. I would buy that box from the lounge if it was available, if it financially made sense, because I want to invest in the small business. I believe in them and where they are going. Financially, it does not make sense to me as the consumer. If this tax were changed, it would encourage me, the consumer, to purchase from local consumers and buy more in that space versus going online.

Secondly, I want to make sure we are all thinking about that Internet purchase, because that Internet purchase is their direct competitor. There is no way to compete with that. You are going to buy in bulk. That is why Amazon is here. The only way to encourage consumers to purchase local is to understand that it is a competitive market. The last thing is, I want more cigar lounges. I would like for you to think about this tax, really consider it, because I would like more options.

Brad Mark, Owner, SMōK Cigar Lounge, Las Vegas, Nevada:

I am a 33-year resident of Las Vegas, imported from Kansas City. I am opening a cigar lounge later this year in Las Vegas, and it will be my sixth business in Nevada. I am trying really hard to do it and do it right. Premium cigars are a symbol of status, and they are a great way to celebrate the birth of a child, maybe your daughter's wedding, or if you are just having drinks and cigars to consummate a nice business deal. It is a way of life, and I want that life for my family and for the families who work for me. This bill would give us a fighting chance to compete in a global marketplace. It will create jobs for Nevada families directly. Like this family [holding up a photo]. This is Steven and Sarah, and their son. They have a new baby on the way in July. Steven is going to come to work for me. He will get a raise of \$15,000 per year to come to work for me. It is going to be very helpful with the new baby on the way. This young lady [holding up a photo], she is pretty special. This is Chelsea. She is about to turn 30 years old. She just bought her first house in Las Vegas in December. She has been working hard. She lost her job about three weeks ago due to downsizing. I have already hired her and put her to work. She is helping me with marketing, helping me with the business development. She is special because this is my daughter. These families will be directly impacted by this, by the opportunity for me to open up a business in Nevada.

I have also started working with the Nevada Business Solutions office, and we are using the EmployNV career hub to hire and seek out individuals who are on the current unemployment rosters. This will directly help these families by giving them work and help our state by getting them off unemployment. These are the things we can do as small business owners. Please help us create jobs right here in Nevada.

I will leave you with this. This is my favorite cigar [page 1, [Exhibit E](#)]. It is a Liga Privada No. 9 Belicoso. I bought it in a store in Las Vegas for \$22 [page 2]. I bought a box of the same cigar online for \$15.75 per stick [page 3]. That is a difference of \$150 on a box. This is where our state is not getting the tax revenue that we would. It is \$150 cheaper. Like

Jason said, we can ask people to support our local businesses. Everyone I know that smokes cigars would prefer to buy them in person. It is not like Amazon. Send me my laundry detergent, no problem, but I do not want to buy cigars online. The people who smoke cigars want to support our local businesses. If you help us to be competitive, they will buy from us and we will create these jobs.

Chair Backus:

With that \$15.75 cigar you bought online, did you pay sales tax on that?

Brad Mark:

Absolutely no tax whatsoever.

Chair Backus:

You did not pay a sales tax on top of that?

Brad Mark:

Zero.

Chair Backus:

Interesting.

Brad Mark:

Not a sales tax, a wholesale OTP tax, nothing—\$378 total for the box with zero taxes, shipped directly to my house in Nevada.

Assemblyman Gray:

Where is that box originating from, when you buy it online?

Brad Mark:

I honestly do not know where they are shipping from. I just went online because I know the difference in prices online. We see it every day. Like Jason said, they sit in our lounges, in our businesses, buying them. I have no idea where it is out of. I just know there are about 100 sites online where I can get them.

Chair Backus:

Next we will hear from former Senator Brooks. Welcome back.

Chris Brooks, Private Citizen, Las Vegas, Nevada:

I am here today as a private resident and citizen of the entertainment capital of the world. I frequent the businesses of all the folks sitting behind me, way too much, and including on my way over here. Being a small businessperson myself and an avid cigar smoker, I only buy cigars from these businesses—these brick-and-mortar businesses because I want to support these businesses. As you have heard already today, I have many options available to me. Cigar smoking is a very social thing, and I would buy more and share more with folks if the playing field was leveled. I think this is a very important piece of policy, and I am

grateful it is being brought forth today. I support it wholeheartedly. I think maybe my most important credential in this conversation is I was one of the founding members of the Cigar Caucus from the 79th Legislative Session in the Nevada State Assembly.

Shar Broumand:

I just wanted to share with you what the impact of this bill passing or not passing would be for our situation within En Fuego Cigars. I moved to the United States in 2005. I became a citizen of the United States in 2012. I believe it is the greatest country in the world. I moved to Pittsburgh. I was an executive with a \$40 billion company. I spent a year living in Pittsburgh, wondering why I was living there. I had the luxury to move around and see where I wanted to make home. I chose Nevada. I chose Las Vegas. I think it is the best state in this country for many reasons. I got married, I adopted two kids from the Clark County system who are now 15- and 16-years-old. We opened two cigar lounges—the first one 11 years ago and the second one 7 1/2 years ago. One is in Las Vegas and one is in the city of Henderson. These are two very different stores. Just like my colleagues behind me today, it is about the experience. When you come to our stores you are going to get a different experience. When you go to the other stores—Tap N Ash and Cigarbox—you are going to get unique experiences. That is what cigar smokers look for.

We grew our business. In the last 11 years we have tripled to quadrupled our business, and then COVID-19 hit. In the last three years we were trying to figure out how we were going to expand, and we have looked. We have looked at North Las Vegas. We have looked at other parts of the Valley. We even considered looking in the Reno area. Where can we expand? The conclusion we came to is we need to go out of state. For the last year we have been looking in Texas, the Houston market, the Fort Worth and Dallas market, and Alabama. Texas has a 1 cent per cigar tax. Alabama has a 4 cent per cigar tax. In Florida, where it is 0 cents per cigar tax, there are lots of opportunities to open more stores. Of course, if we were to do that we would not shut down our stores in Nevada, but we would move our entire buying operations outside of the state.

Cigars are like wine. They get better with age and every vintage is unique. My colleague just showed you a Liga Privada [page 1, [Exhibit E](#)]. They actually taste different every year because it is a different crop. When I am buying cigars, on average between both stores we are spending \$80,000 to \$100,000 per month in inventory. Right off the bat we are hit with a \$30,000 OTP tax that we have to pay. Cash flow wise, our hands are tied. We cannot invest what we would like to in buying some of the cigars we know are limited and are going to be vintage in a year, two years, three years, and four years from now. The sad situation, up until this point, when we have had the option to come speak with you today, is that we have been actively looking at opening out of state. If this bill passes, we will not be looking out of state. We will be focusing everything here in Nevada, because Nevada is home. Nevada is where my wife and I have settled, we have two businesses, my two kids came to me, and we hope to be here forever. Thank you for your consideration. This bill is going to impact our lives and the lives of our employees.

Devlin Daneshforouz, Private Citizen, Las Vegas, Nevada:

I am here in my capacity as a private citizen and cigar smoker who wants to echo everything that the previous speakers have said. Smoking cigars is a lifestyle. It is an opportunity for us to relax, get together with colleagues, enjoy a cigar, and recount stories. It is really a way of life. As a consumer, I try to make the effort to purchase local in Nevada. I have frequented many of the cigar stores the folks here today own. I make that effort, but it becomes very difficult to continue making that effort when your friends highlight how much they are saving online or through a mail order catalog. The savings is quite large. Knowing that this bill would level the playing field, provide equity within that space, and support Nevada small businesses is why I am up here today supporting it. Thank you for your time.

Chair Backus:

Thank you for your testimony. We will now go to the phone lines. Is there anyone wishing to testify in support of A.B. 232? [There was no one.]

[[Exhibit F](#) in support was submitted but not discussed and is included as an exhibit of the meeting.]

We will move to opposition. Is there anyone in Las Vegas wishing to give testimony in opposition to A.B. 232? [There was no one.] Is there anyone here in Carson City wishing to give testimony in opposition of A.B. 232? [There was no one.] Is there anyone on the phone lines who wishes to give testimony in opposition of A.B. 232? [There was no one.]

[[Exhibit G](#) in opposition was submitted but not discussed and is included as an exhibit of the meeting.]

We will now move to neutral. Is there anyone in Las Vegas wishing to give testimony neutral to A.B. 232? [There was no one.] Is there anyone here in Carson City wishing to give testimony neutral to A.B. 232? [There was no one.] Is there anyone on the phone lines wishing to give testimony neutral to A.B. 232? [There was no one.] I will ask the bill sponsors back up to give closing remarks. Something a couple of us have been curious about is, along with the amendment we were discussing before, would there be any consideration by the sponsors about a sunset clause?

Assemblyman Hibbetts:

While I did not include it in the original bill, I would be more than happy to include a sunset clause, that way if things do not work out, we can go back to the way it was. My suggestion would be five years, but obviously the way our body works that would be kind of silly, so I would say four to six years. I would probably err on the side of six years just so we have more data. I would absolutely be open to that.

Assemblyman Nguyen:

Because it has been addressed by pretty much every presenter in the room today, I wanted to make sure I addressed this—I am not a cigar smoker. My consideration of A.B. 232 is purely for economic development reasons. Assembly District No. 8 is one of the most diverse

districts in Nevada. Our businesses are growing by leaps and bounds, and there are so many great things happening, including Mr. Mark's cigar lounge that will be opening soon. It will give non-cigar users, like me, the opportunity to partake in the lounge experience with friends and family who do use this product.

I was in a cigar lounge with my friends in a different part of the country. I ended up spending four hours longer than I had originally planned, consuming products and drinks that are not cigar-related, and I ended up spending more than the folks that were in the lounge. This is why I am part of this bill. I believe that there are going to be others like me, who may not use the actual product, but will be in those lounges, creating opportunities to generate more revenue for the business owner.

As we all know, after the pandemic many folks were out and about supporting small businesses, as well as creating more opportunities for others to enjoy. I encourage the Assembly Committee on Revenue to consider supporting this bill. I continue to be, on public record, a non-user, but happily support the economic development part of this bill.

Assemblyman Hibbetts:

As the weeks have gone on since the beginning of session, people keep asking me about my cigar tax bill. I tell them it is not a cigar tax bill; it is an economic development and small business survival bill. These businesses pay rent, pay employees, pay insurance, pay taxes; their employees pay rent or mortgages, pay for food, pay for everything we all pay for; and if these businesses cannot survive, that economic impact is going to be felt by this State. I urge your support of A.B. 232.

Chair Backus:

I will close the hearing on A.B. 232 and open the hearing on Assembly Bill 295. I will have the presenters make their way to the front. Feel free to start whenever you are ready.

Assembly Bill 295: Revises provisions relating to certain tax exemptions for veterans and surviving spouses of veterans. (BDR 32-691)

Assemblyman Toby Yurek, Assembly District No. 19:

Today is my first presentation in front of what I will say, through observation, is the friendliest Committee on Revenue. I am here today with my friend, Andy LePeilbet, presenting Assembly Bill 295, which revises provisions related to certain tax exemptions for veterans and surviving spouses of veterans. This came to me through one of my early constituent meetings from a friend of mine. In the process of researching it, it reminded me of how proud I am to live in a state that continues to support our veterans and their families in a lot of different ways. Our veterans definitely give so much to us. They put their lives on the line. They forgo the stability and comfort we often take for granted in order to keep our country safe and secure. Their families also make sacrifices every day, even if we do not always see them. They sacrifice the time with their loved ones. They move frequently and they give so much of themselves to support our military members. As such, I think it is

vital that we, as a state, proudly strive to support both our veterans and their families, and A.B. 295 is an attempt to do just that.

On a personal note, while I have never personally served in the military, I have seen similar sacrifices that are required of our families and loved ones in my own personal career as a law enforcement officer. There were countless times I had to be away from my family. There were times I had to leave a birthday party for one of my young children because I was called away. I have missed out on all sorts of other family events in life. I was able to see firsthand some of these difficulties and challenges it caused my wife, and the ways she had to fill the gaps prompted by my career. Therefore, I am dedicated to making sure the benefits we offer in this state support not only those who actually served in military service, but also their families, which again is the intent of A.B. 295.

With your permission, Chair, what I would like to do is set up the context. I am a very visual person, and even when I was immersed in this I got a little confused, so I have created a presentation I think will help set up the context to understand the specifics of A.B. 295 [[Exhibit H](#)]. After that I will walk through the four sections of the bill, then would like to hand it over to Mr. LePeilbet to give him a chance to make a statement before we take questions.

Please indulge me as I go through my presentation [[Exhibit H](#)], as it will help explain the context. I did not know much about this when I started, and what I really want you to understand is *Nevada Revised Statutes* (NRS) 361.080 actually provides for a benefit for property tax exemptions for any surviving spouse. Any widow in Nevada can claim a property tax exemption under NRS 361.080 [page 3]. I will explain a little more as we go along but I want to try to set this up.

There are also two other circumstances under which a military service member or veteran is able to claim a property tax exemption. The first is under NRS 361.090, for a nondisabled military veteran to claim a certain property tax exemption. Then there is a separate heightened property tax exemption that is extended to our military disabled veterans, and that is found in NRS 361.091. Hopefully that clears it up a little. What I want you to understand is the numbers I am listing here are actually recorded in statute; however, they are adjusted through recent changes to the legislation for adjustments based on the consumer price index (CPI). The numbers I am using here have been adjusted, and I apologize I do not know what those adjustments are, but at least we will set up the general framework.

A surviving spouse, even unrelated to military, could claim a property tax exemption up to the first \$1,000 of assessed property value [page 4]. A non-disabled veteran, while they are alive, can claim a property tax exemption up to the first \$2,000 of assessed property value. For disabled veterans, they get to claim an even higher amount that is based on the percentage of their disability. You can see on the chart if the veteran is 60 percent to 79 percent disabled it is up to the first \$10,000 of assessed property value, 80 percent to 99 percent disabled is \$15,000, and if they are 100 percent disabled, they get to claim a

property tax exemption for the first \$20,000 of assessed value. Again, reminding you all that those are adjusted by a CPI. Hopefully that sets up the framework.

What are the qualifications for any surviving spouse to qualify for the property tax exemption [page 5, [Exhibit H](#)]? They have to be a resident of Nevada and they cannot have remarried. As soon as they remarry, even if that marriage is subsequently annulled, they lose the right to claim that property tax exemption. For a non-disabled veteran, they have certain requirements as well. They have to be a Nevada resident. They have to have served at least 90 days of active-duty service in times of war, or they could have served active duty in carrying out the authority that had been granted to a president, or they can serve active duty in a campaign where a medal had been authorized. Any of these benefits that would be extended to a veteran would not qualify if they had been dishonorably discharged. For our disabled veterans, they have to be a resident of Nevada, and have to have suffered some sort of permanent service-connected disability. If they had been dishonorably discharged, of course, they would not qualify.

Now there is a limitation [page 6], as you can imagine, for the veteran's portions of this. If a disabled veteran is going to claim their property tax exemption under NRS 361.091, they cannot also claim that same property tax exemption under NRS 361.090. It only lets them have one, and of course if they had suffered the permanent service-connected disability and it resulted in a higher tax exemption, they would likely do that.

Here is the final piece that sets up the framework for what this bill is looking to do [page 7]. For a disabled veteran, if he or she passes away the property tax exemption does pass to the surviving spouse of that disabled veteran. The qualifications are that they had to have been married to or living with the vet for at least five years prior to death, the veteran would have been eligible at the time of death for the benefit, they cannot have remarried, and they have to be a Nevada resident. This is the framework which sets up [A.B. 295](#) for you. Where does that land?

[Assembly Bill 295](#) is looking to extend the property tax exemption to surviving spouses of non-disabled veterans. I hope that makes sense and, by setting up this context, it clarifies it for you. I will now explain the bill [page 8]. Section 1 of the bill basically clarifies that a surviving spouse of a qualified non-disabled veteran would qualify for this. They have the same qualifications as the disabled veteran. They have to have been married to or living with that veteran for five years prior to death, the veteran would have been or was eligible at the time, they cannot have remarried, and of course they have to be a resident of Nevada. We are also clarifying in section 1 that the individual claiming this benefit could not claim the benefit of a non-disabled veteran, which again using the number in statute [NRS 361.090], adjusted for CPI is \$2,000, they could not claim that nor the surviving spouse benefit under NRS 361.080 of \$1,000. It clarifies that it is limited to just that.

Section 2 of the bill gets a little confusing [page 9], but if you picture a married couple where both members served in the military and let us say hypothetically that it was a female who was non-disabled and a male who was disabled, right now they could both claim their benefit

for property tax exemptions. Section 2 clarifies that if the surviving spouse of a disabled veteran is collecting a benefit, and they also qualify for the benefit under NRS 361.090, they could continue to do that. It is just continuing the current policy.

I do not want to make this more confusing so I will try to summarize sections 3 and 4 for you [page 11, [Exhibit H](#)]. As you can imagine, our veterans who might otherwise be able to claim this sort of exemption may not own property in Nevada. In our state's effort to extend these benefits to people who do not own property, there are mirror provisions that allow for these exemptions to occur in vehicle taxes. Sections 3 and 4 basically take those same applicable statutes for disabled and non-disabled veterans, when they do not qualify for that or do not have property they would use it for in real property, they can use it for vehicles. It makes the same identical changes to those provisions that occur in their ability to claim that exemption under NRS 371.103 for non-disabled veterans as it relates to vehicles and NRS 371.104 for disabled veterans as it relates to vehicles. That is my pitch and summary. I would like to turn it over to my friend, Andy, so he can offer a statement before we take your questions.

Andrew LePeilbet, Chairman, United Veterans Legislative Council:

We represent 279,000 veterans, and when you include their immediate families that is about 16 percent of our population in the state, so over half-a-million. Assemblyman Yurek went through this so well I have to just say, "ditto" first. My main perspective here, representing our veterans and their families, is our spouses served with us and are still serving with us. They will always be serving with us. They really earned this right. They just did not have a service number in the military. They have made all the moves, as Assemblyman Yurek stated. They have had a permanent change of station frequently, sometimes halfway around the world. I know I dragged my family to different countries. It was tough on them. The spouses earned this as much as we did. Unfortunately, they just did not get an identification card for that. This is the right thing to do for the spouses, especially when one of our veterans passes.

One of the significant impacts of these spouses when the veteran passes away is the income of the spouse commonly drops enormously. We all know this. The story is consistent. What happens then? They are stuck. They have to sell the property, and sometimes worse things than that. This is the right thing to do for the spouses, and it is way overdue in our state.

I will give you one example. I know a soldier. I know his spouse. I have known them for many years. All of a sudden, one day, this soldier, not on the disability ranks, comes up with dementia. A lot of us are old, like me, but he is a lot younger than I am. We were shocked. Then all of a sudden it progressed to his driver's license is taken away because he cannot make it to the corner store without getting lost. We love this man and we love his wife. Now his wife has to watch him every day, every minute. She cannot let him just walk out in the yard and let him wander around. Our spouses are investing every ounce of energy and time to protect our veterans. We should help protect them by passing this bill.

Chair Backus:

Thank you, and all the gentlemen here, for your service. It is truly appreciated. You hit home for me with your story. My father-in-law was an Air Force retired colonel. We had the pleasure of his living with us at the end of his life. He ended up suffering from vascular dementia.

Assemblywoman Cohen:

Thank you for the presentation and for your service. I do think about the spouses a lot, as a family law attorney. One case I remember in particular was a wife who in 22 years of being married to an officer had been in 11 different stations. Besides the fact she was an officer's wife and her job was to be an officer's wife, having been in 11 different stations in 22 years there was no way for her to work anywhere to get retirement or to build anything like that. I really do think of her when I see this bill. I do have a question about the five years. Is it five years together, but what if the service member is deployed? I want to make sure we get on the record if during those five years they are together and in a relationship, if the service member is deployed, it still counts toward the five years. Also, if after the war, they are already a veteran, and say they have to travel for their work, such as a traveling nurse or something like that where they travel out of state. Are they still covered under this?

Andy LePeilbet:

If they are deployed, it does not change the status. They are married. It is just a matter of fact.

Assemblywoman Cohen:

I think the language is "living together," and that is what worries me. I want to make sure we have a clear record that living together does not mean they have to be in the household together, as long as they are married.

Assemblyman Yurek:

This is existing law, so perhaps legal might be able to address how that has been addressed in the past. We are merely carrying over the provisions. Certainly, the intent would be to do exactly as you are suggesting right now.

Chair Backus:

We do not have legal here today, but we have a legal representative. We need to follow up with that. It is quite unique that it is specific in the statute—not just married but also living with.

Assemblywoman Mosca:

As an active duty, enlisted, military spouse I really appreciate this. Do we know about how many people are currently using the exemption? I asked my husband, and he said he did not know we could be exempt from property taxes. I really want to know how many people are using it and how we are going to tell our spouses to make sure.

Andy LePeilbet:

We have no idea. There are 279,000 veterans. There is no master log on where it is. We would have to have somebody accumulate the data from each county from the county recorders. I do not believe there is a register anywhere with that detail.

Assemblyman Yurek:

I can imagine it is widely underutilized because in the number of phone calls I made in doing my research to friends, they were completely unaware of the disabled veteran or that it would even pass to a surviving spouse. I think there are benefits that are not being taken advantage of right now.

Assemblyman O'Neill:

I think everybody knows the strong support I give for our veterans. We talk about the families that served in support of their spouse while they were serving. If the non-veteran spouse were to pass away and the veteran remarries 5 or 10 years later, whatever it may be, would they also qualify? They were not there at all during the service time for that veteran. I want to clarify if they would or would not qualify because we keep talking about how they were with the spouse during the service time. How about when they were not?

Assemblyman Yurek:

I do not think a lot of this is even being utilized, but I believe as it is written it would be extended to a current spouse, as long as they meet the qualifications of having been married to that veteran for the preceding five years. I think as indicated by my friend here, especially in those later years, when we would presume a lot of these benefits would kick in, there is still support that goes on in dealing with the long-term effects of that military service.

Assemblyman O'Neill:

Let us say the spouse has passed away but one of the children is caring for the veteran. Should they qualify? I personally believe they should. It is still a service to that veteran. I would like to hear your thoughts on that.

Assemblyman Yurek:

That question is just another example of why I think Nevada is so great at supporting our veterans. It is not something we contemplated in this. I think it would be a larger step than we have taken in the past, because as already indicated through the presentation, this is merely an extension of the benefits that were there and that we are offering for non-disabled veterans. That is a larger step. I am open to any idea that through policy we might be able to extend benefits to those people that did love, support, and encourage our service members while they were away. I am open to having those discussions.

Assemblyman O'Neill:

I appreciate that, and I would like to have the discussion because I do think this is a service. There are probably some nuances to it—they have to be living the five years with, taking care of—we could work something. I would like to offer it up to the Committee for consideration. I immensely appreciate your bringing this bill forward.

Assemblywoman Anderson:

My question has to do with page 8 of the bill, in particular lines 20 through 26—the transfer of using the exemption from taxation from a house or real estate over to the vehicle. Could you go into that a little more, of what exactly that taxation would include? In particular, what areas would be exempted, because I am not as familiar with all the different vehicle taxation areas?

Assemblyman Yurek:

You are looking specifically at an amendment to NRS 371.103, which is basically the identical provision that offers property tax exemptions to the same value for real property to vehicles. If a veteran does not have real property, let us say they moved and are living here in Nevada, but are renting an apartment, they can still get that exemption through a tax exemption with their vehicle. I hope that makes sense.

Assemblywoman Anderson:

I am still wrapping my head around it. Is it in the same chapter of NRS? I think that is where my confusion is coming from. I feel like we have gone from real estate, now we are going to a vehicle, so that is where my confusion is stemming from.

Chair Backus:

We will turn that question over to our fiscal expert, Mr. Nakamoto.

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst:

Nevada Revised Statutes (NRS) 371.103, the section Assemblywoman Anderson is referring to, provides a corresponding exemption to the governmental services tax paid at the time of registration of a motor vehicle that is substantially similar to the property tax exemption being referenced.

Assemblyman Gray:

Having some experience with this, I was going to add to what Mr. Nakamoto said and let Assemblywoman Anderson know exactly where that impacts it.

Chair Backus:

As I believe we have no further questions from the members of the Committee we will start taking testimony in support. We will start in Las Vegas. Is there anybody in Las Vegas who wishes to give testimony in support of A.B. 295? [There was no one.] Is there anyone on the phone lines who wishes to give testimony in support of A.B. 295?

Glenn Morgon, Private Citizen, Las Vegas, Nevada:

I am from District No. 19. I am in support of A.B. 295 to extend the tax exemptions to the surviving spouses of deceased veterans. I am a veteran myself, having served in the U.S. Army, the U.S. Army Reserves, and the Nevada National Guard. In late 2004 I was deployed to Iraq for a year with the Nevada National Guard. This left my wife, and mother

of our three-month-old daughter, on her own to handle the needs of the household. To add to this, she lived in a constant state of worry about my status until I could contact her about every week or two.

While on active duty I also saw married soldiers uproot their spouses' and families' lives as they would get moved from duty station to duty station. Even training deployments could leave a spouse alone with the household duties for a month, or in the case of the Navy for many months.

Nevada honors its veterans and their sacrifices by providing these tax-exempt benefits. I believe this bill allows us to continue to honor them after their passing by continuing to support their spouses who have experienced their own share of stresses and sacrifices, and not heap upon them another financial burden after suffering the loss of their veteran spouse.

Wally [unintelligible], Private Citizen, Las Vegas, Nevada:

I have resided in Las Vegas for 32 years. I recently, and proudly, retired from the United States Air Force after 21 years. For the last few years in the military, I was in charge of a section called Airmen and Family Readiness. This is a section where we offer support for all airmen before, during, and after their deployment—from food banks to financial advice, and everything in between.

The real unseen and unheard heroes here are our spouses left behind, with all the worry and the wonder if their spouses are coming home. They have to handle everything when their spouses leave—children, work, house, cars, and bills. I ask you to imagine everything we take for granted when we are here, and when we have to leave the household to our spouses for a week or two, or longer, all those stresses.

At my retirement ceremony I gave my wife a medal and a certificate. I would like to read this certificate to you:

The spouse does not wear a uniform, yet they serve their country. They do not acquire nor wear ribbons showing where they have been, yet they go. They did not ask for the duty they perform yet they unwaveringly serve to their best ability. They serve yet are not honored with trinkets or pieces of cloth showing their service.

The burning candle signifies the lonely nights you have spent and that you have kept the home fires burning. A symbol with no beginning and no end, the ring around the candle flame symbolizes the undying flame of love for your spouse. The image of a rose is for the unwavering devotion you have shown for your spouse and their service to their country.

This medal is gratefully given to those that do not ask, those that stay up on the home front so that their spouse can serve where they also proudly serve their country.

I would also like to add I would support Assemblyman O'Neill's recommendation to add children a hundred percent. I gave all three of my children medals and certificates at my retirement ceremony as well. In closing, I am sure you are aware that military members and their families are not serving for the money. It sure would be nice to give them a little financial benefit that this bill states, especially when they ultimately lose their loved one. I support A.B. 295.

Chair Backus:

Thank you so much for your service and your wife's as well. Are there any further callers on the phone lines wishing to testify in support. [There was no one.] We will move to Carson City. Is there anyone who wishes to testify in support of A.B. 295?

J.R. Stafford, President, Sierra Nevada Chapter 989, Vietnam Veterans of America, Reno, Nevada:

I represent 242 people. I appreciate the opportunity to speak. I am a Vietnam veteran with the U.S. Air Force for four years, with the U.S. Coast Guard for 32 years, and most recently deployed to Guantanamo Bay for six months. My spouse was home for six months while I was in Cuba. What happens when I am gone and you have to fix the refrigerator or something goes wrong with the kids? She is on her own. It could also be a man on his own while his spouse is in the sand box, or whatever.

This opportunity for you to think positively about this bill and pass this bill will go a long way. Veterans of my generation from Vietnam, we are dying of Agent Orange, suicide, and post-traumatic stress disorder (PTSD). It is not just us though. This has now gone on to the younger veterans. They have been exposed to all manner of horrors in the Middle East—burn pits, PTSD—and are going through the same things we are. I have no doubt that my spouse will outlive me, and I would appreciate that she has the opportunity to use the benefits you folks can extend.

Chair Backus:

Thank you so much. I want to recognize we have other veterans in our audience today. Thank you for coming out in support of this bill.

We will now move to opposition of the bill. Is there anyone in Las Vegas who wishes to give testimony in opposition of A.B. 295? [There was no one.] Is there anyone on the phone lines wishing to give testimony in opposition of A.B. 295? [There was no one.] Is there anyone in Carson City who wishes to give testimony in opposition of A.B. 295? [There was no one.] We will move to those neutral to A.B. 295. Is there anyone in Las Vegas wishing to give testimony neutral to A.B. 295? [There was no one.] Is there anyone on the phone lines wishing to give testimony neutral to A.B. 295? [There was no one.] Is there anyone in Carson City wishing to give testimony neutral to A.B. 295? [There was no one.]

I will now turn it over to Mr. Nakamoto regarding the number of persons claiming the exemption.

Michael Nakamoto:

The Department of Taxation actually releases what is known as the Tax Expenditure Report which tracks exemptions, abatements, postponements, deferrals, credits—all these terms defined in statute from the bills the Legislature has passed within the past decade or so. The information from the most recent Tax Expenditure Report that was published by the Department of Taxation indicates that for the non-disabled veteran property tax exemption, under NRS 361.090, there were 16,393 veterans who claimed the exemption in fiscal year (FY) 2021 and only 15,090 who claimed it in FY 2022.

Since the question came up with respect to the governmental services tax, I looked at this as well. That is tracked by the Department of Motor Vehicles. Their information is a little less precise. The information they provide to the Department of Taxation on these exemptions under NRS 371.103 also includes the disabled veteran exemption under NRS 371.104. There is also a provision within NRS 371.103 that allows the veteran to transfer that exemption to his or her spouse, the logic being that the veteran may not have the ability to drive for whatever reason. The Department of Motor Vehicles indicated that there were 77,784 claims for these combined exemptions in FY 2021, and 75,129 claims for the exemptions in FY 2022.

Chair Backus:

We will turn it over to Assemblyman Yurek for closing remarks.

Assemblyman Yurek:

I want to thank you for living up to my prior comment about this being the friendliest Assembly Committee on Revenue. Thank you for hearing the presentation today and for your thoughtful comments and questions. We truly believe this bill will help our State support our veterans and their families, which is a critical step to honoring the sacrifices they too make for our country. I respectfully urge your support of A.B. 295.

Chair Backus:

I will close the hearing on A.B. 295 and we will move to public comment. Is there anyone in Las Vegas wishing to give public comment. [There was no one.] Is there anyone on the phone lines wishing to give public comment? [There was no one.] Is there anyone in Carson City wishing to give public comment? [There was no one.] Are there any remarks from the members of the Committee? [There were none.]. Our next hearing will be on Thursday. Look at the agenda for the room number because we are moving hearing rooms around helping other committees. We are adjourned [at 5:47 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Shea Backus, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a report titled "The Case for a Premium Cigar Tax Cap in Nevada," submitted by the Premium Cigar Association, regarding [Assembly Bill 232](#).

[Exhibit D](#) is a copy of a study titled "PCA's NASEM Study Notes & Noteworthy: The Good, the Bad and the Inconclusive," submitted by the Premium Cigar Association, regarding [Assembly Bill 232](#).

[Exhibit E](#) is copy of a photo and receipts, submitted by Brad Mark, Owner, SMōK Cigar Lounge, Las Vegas, Nevada, regarding [Assembly Bill 232](#).

[Exhibit F](#) is a letter to the Members of the Nevada Assembly Revenue Committee, submitted by Glynn Loope, Director of State Advocacy, Premium Cigar Association, in support of [Assembly Bill 232](#).

[Exhibit G](#) is an email submitted by Caitlin Gatchalian, Nevada Government Relations Director, American Heart Association, in opposition of [Assembly Bill 232](#).

[Exhibit H](#) is a copy of a PowerPoint presentation titled "Property Tax Exemptions," submitted and presented by Assemblyman Toby Yurek, Assembly District No. 19, regarding [Assembly Bill 295](#).