

**MINUTES OF THE
SENATE COMMITTEE ON TAXATION**

**Seventy-third Session
May 17, 2005**

The Senate Committee on Taxation was called to order by Chair Mike McGinness at 2:31 p.m. on Tuesday, May 17, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Mike McGinness, Chair
Senator Sandra J. Tiffany, Vice Chair
Senator Randolph J. Townsend
Senator Dean A. Rhoads
Senator Bob Coffin
Senator Terry Care
Senator John Lee

STAFF MEMBERS PRESENT:

Chris Janzen, Deputy Fiscal Analyst
Tanya Morrison, Committee Secretary
Ardyss Johns, Committee Secretary

OTHERS PRESENT:

Alfredo Alonso, Southern Wine and Spirits
Scott M. Craigie, Frank-Lin Distillers Products, Limited

CHAIR MCGINNESS:

We will call this meeting of Senate Committee on Taxation to order and start our work session with Assembly Bill (A.B.) 128. This was introduced by Assemblywoman Valerie E. Weber, Assembly District No. 5. There is a proposed amendment from the Association of County Treasurers ([Exhibit C](#)) to which Assemblywoman Weber has indicated she is in agreement.

ASSEMBLY BILL 128 (1st Reprint): Requires disclosure of certain information concerning property taxes. (BDR 32-335)

Senate Committee on Taxation
May 17, 2005
Page 2

SENATOR TOWNSEND MOVED TO AMEND AND DO PASS AS AMENDED A.B. 128.

SENATOR TIFFANY SECONDED THE MOTION.

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

CHAIR MCGINNESS:

Next is A.B. 145, which came to us on behalf of the Office of Veterans' Services. This bill came from the Assembly and has a \$170,000 fiscal note on it.

ASSEMBLY BILL 145: Revises provision concerning disabled veterans' exemption from property tax. (BDR 32-384)

SENATOR RHOADS MOVED TO DO PASS A.B. 145.

SENATOR TOWNSEND SECONDED THE MOTION.

SENATOR LEE:

Has there been a study done on all of the exemptions to find out how much each one takes out of the revenue?

CHAIR MCGINNESS:

Earlier in this Session, we passed Assembly Joint Resolution 16, which sets up some guidelines for opposing any property or sales tax exemptions for future committees.

ASSEMBLY JOINT RESOLUTION 16: Proposes to amend Nevada Constitution to provide requirements for enactment of property and sales tax exemptions. (BDR C-422)

SENATOR LEE:

I understand the exemption is on the first \$20,000 of assessed valuation, and I am aware of the bill. I was just doing a follow-up.

Senate Committee on Taxation
May 17, 2005
Page 3

SENATOR TOWNSEND:

Since this is Senator Lee's first time on this Committee, maybe we should furnish him with the analysis of all the exemptions and how much money each means. The analysis I am referring to was the result of a study done by the Fiscal Division of the Legislative Counsel Bureau.

CHAIR MCGINNESS:

It is difficult to pinpoint how much an exemption is, and you do want to know how much money you are not collecting. The study Senator Townsend is talking about was done approximately 10 years ago.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR MCGINNESS:

Assembly Bill 320 was the bill introduced by Assemblyman Richard D. Perkins, Assembly District 23, which proposed a sales tax holiday.

[ASSEMBLY BILL 320 \(1st Reprint\)](#): Prescribes sales tax holiday from certain sales and use taxes for certain sales of computer equipment, clothing and school supplies. (BDR 32-1201)

SENATOR LEE MOVED TO DO PASS A.B. 320.

SENATOR CARE SECONDED THE MOTION.

SENATOR TOWNSEND:

We do not know how much money this would take away from revenues. The theory is that it is offset by an increase in sales in the nonexempt areas. For example, if you were to go into a store to buy computer equipment, which is exempt from the sales tax, you also might buy a software program for which there is a sales tax. Is that what I remember some of the testimony to be?

CHAIR MCGINNESS:

Yes, that is correct.

Senate Committee on Taxation
May 17, 2005
Page 4

THE MOTION FAILED. (SENATORS MCGINNESS, TOWNSEND, TIFFANY
AND RHOADS VOTED NO.)

* * * * *

CHAIR MCGINNESS:

Next, we will consider Assembly Joint Resolution (A.J.R.) 11, which is another bill brought to us by Assemblyman Perkins. It proposes to amend the Nevada Constitution to effect limitation on property taxes for senior citizens. Carole Vilardo of the Nevada Taxpayers Association had verbally requested an amendment, which would allow for revenues to be made up upon sale of the property.

ASSEMBLY JOINT RESOLUTION 11 (1st Reprint): Proposes to amend Nevada Constitution to effect limitation on property taxes for senior citizens. (BDR C-1184)

SENATOR LEE MOVED TO AMEND AND DO PASS AS AMENDED
A.J.R. 11.

SENATOR CARE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TIFFANY AND MCGINNESS VOTED
NO.)

* * * * *

CHAIR MCGINNESS:

Assembly Bill 553 was brought to us by Alfredo Alonso on behalf of Southern Wine and Spirits. He has an amendment for us today (Exhibit D).

ASSEMBLY BILL 553 (2nd Reprint): Makes various changes relating to intoxicating liquors. (BDR 32-1314)

ALFREDO ALONSO (Southern Wine and Spirits):

The amendment is purely cleanup for sections 4 and 7, which were questioned during the hearing. We wanted to make sure those questions were covered. As you can see in section 4, subsection 9, paragraph (d), we are inserting, "for the

Senate Committee on Taxation
May 17, 2005
Page 5

purpose of export." In section 7, subsection 2, we have added, "and only to wholesale wine, beer and liquor dealer licensees."

CHAIR MCGINNESS:
Is the language in bold print currently in the bill?

MR. ALONSO:
Yes, and the gray, underlined language is new.

CHAIR MCGINNESS:
Section 4, subsection 9, paragraph (d) says, "agent of a rectifier or winery for the purpose of sales to wholesale dealers or exporters of liquors or wines from the State."

MR. ALONSO:
It was suggested that the existing language may not be clear as to whether a rectifier could, in fact, export out of the State. We wanted to make sure it was clear if the rectifier made the liquor, it could do one of two things: sell it to a wholesaler within the three-tier system or export it out of the State.

CHAIR MCGINNESS:
The language in subsection 2 of section 7 says, "alcoholic beverages must be sold in this State only after bottling in original packages" and only to wholesale wine, beer and liquor dealer licensees. Is this just clarifying it once again?

MR. ALONSO:
Yes, that is correct.

SENATOR COFFIN MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 553.

SENATOR TOWNSEND SECONDED THE MOTION.

SENATOR CARE:
I will have to abstain because of my firm's representation of DeLuca Liquor and Wine, Limited. One of its representatives spoke as a proponent of the bill.

SENATOR LEE:
Is this a good definition of rectifier?

MR. ALONSO:

Yes, that definition is actually found in several states. The definition here is a little broad for the purpose of making certain all of that is encompassed. You can do virtually anything with respect to the rectifying process and we want to make sure it was clear in the definition.

SCOTT M. CRAIGIE (Frank-Lin Distillers Products, Limited):

This is intended to make it possible for a rectifier to function on a tier one-solution basis. This amendment does not even come close. For example, as you know from the discussion we had in the hearing, an importer and a wholesaler currently have a single-type license. You cannot be one without being the other. There has to be an accommodation, at the very least, to allow the person to import if he or she is going to bring in the materials. I appreciate the fact they have done this with the export opportunities, but they have not dealt with the fact you cannot necessarily even bring in those materials if a license cannot be obtained to do so.

CHAIR MCGINNESS:

Are there any questions from the Committee? There has been a motion by Senator Coffin to amend and do pass. It was seconded by Senator Townsend.

THE MOTION CARRIED. (SENATOR MCGINNESS VOTED NO.
SENATOR CARE ABSTAINED FROM THE VOTE.)

CHAIR MCGINNESS:

We have Bill Draft Request (BDR) 32-1342, which has yet to be introduced.

BILL DRAFT REQUEST 32-1342: Revises various provisions governing sales and use taxes for clarification and consistency and to carry out Streamlined Sales and Use Tax Agreement. (Later introduced as [Senate Bill 515](#).)

SENATOR TOWNSEND MOVED TO INTRODUCE BDR 32-1342.

SENATOR TIFFANY SECONDED THE MOTION.

Senate Committee on Taxation
May 17, 2005
Page 7

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR MCGINNESS:

As there is no further business to come before the Committee, we are adjourned at 2:48 p.m.

RESPECTFULLY SUBMITTED:

Ardyss Johns,
Committee Secretary

APPROVED BY:

Senator Mike McGinness, Chair

DATE: _____