

**MINUTES OF THE
SENATE COMMITTEE ON TAXATION**

**Seventy-third Session
May 31, 2005**

The Senate Committee on Taxation was called to order by Chair Mike McGinness at 2:15 p.m. on Tuesday, May 31, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4401, 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 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:

Mary C. Walker, City of Carson City; Douglas County; Lyon County
Robert A. Ostrovsky, Nevada Golf Course Owners Association

CHAIR MCGINNESS:

We will call this meeting of the Senate Committee on Taxation to order. We have a number of bills to consider for concur or not concur today. We will start with Senate Bill (S.B.) 45. The original bill removed the requirement that a copy of the written protest be forwarded to the State Controller. The Assembly added a provision saying a copy of the written protest need not be forwarded to the Attorney General, either. If you recall, we thought about that, but we did

Senate Committee on Taxation
May 31, 2005
Page 2

not include it because nobody from the Attorney General's office was here at the time.

SENATE BILL 45 (1st Reprint): Eliminates requirement that Attorney General and State Controller receive copy of written protest filed by property owner concerning property taxes. (BDR 32-166)

SENATOR TOWNSEND MOVED TO CONCUR WITH AMENDMENT NO. 741 TO S.B. 45.

SENATOR TIFFANY SECONDED THE MOTION.

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

CHAIR MCGINNESS:

Senate Bill 181 was introduced on behalf of the Nevada Association of Counties.

SENATE BILL 181 (2nd Reprint): Authorizes certain counties, upon approval of voters, to impose additional taxes on certain motor vehicle fuels. (BDR 32-596)

CHAIR MCGINNESS:

The Assembly added an amendment requiring the county to reimburse the Department of Taxation 1 percent of the tax collected by the Department. There were no other changes requested to this bill.

SENATOR TIFFANY MOVED TO CONCUR WITH AMENDMENT NO. 829 TO S.B. 181.

SENATOR TOWNSEND SECONDED THE MOTION.

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

Senate Committee on Taxation
May 31, 2005
Page 3

CHAIR MCGINNESS:

Senate Bill 233 was sponsored by Senator Schneider and relates to instructional wine-making facilities. The Assembly made a change allowing local governing bodies to adopt reasonable restrictions regarding the time and place, et cetera. In addition, there would be no fee for issuing an annual permit. I spoke with Senator Schneider, and he is agreeable to those amendments.

[SENATE BILL 233 \(2nd Reprint\)](#): Makes various changes relating to alcoholic beverages. (BDR 52-154)

SENATOR TIFFANY MOVED TO CONCUR WITH AMENDMENT NO. 759 TO S.B. 233.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR MCGINNESS:

Senate Bill 339 makes various changes concerning partial abatement of certain taxes for new or expanded businesses. This was brought forward by Senator Amodei for the Commission on Economic Development. The Commission wanted to be able to use the prevailing wage of the community in which the new business located. Ms. Walker, can you tell us what changes were made in the Assembly?

[SENATE BILL 339 \(2nd Reprint\)](#): Makes various changes concerning partial abatement of certain taxes for new or expanded businesses. (BDR 32-845)

MARY C. WALKER (City of Carson City; Douglas County; Lyon County):
The amendment was offered by Assemblywoman Giunchigliani. She wanted the Commission on Economic Development to start to gather information in regard to managerial versus non-managerial salaries.

Senate Committee on Taxation
May 31, 2005
Page 4

SENATOR TOWNSEND MOVED TO CONCUR WITH AMENDMENT NO. 1085 TO S.B. 339.

SENATOR TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR MCGINNESS:

Senate Bill 356 revises provisions governing the amount of sales and use taxes due on certain retail sales. This was for the auto dealers. The Assembly amendment included Assemblyman Perkins' sales tax holiday. Senator Rhoads and I were looking at this vehicle to include sales tax on farm implements. I would like to discuss this further in a conference committee.

[SENATE BILL 356 \(2nd Reprint\)](#): Revises provisions governing amount of sales and use taxes due on certain retail sales. (BDR 32-1106)

SENATOR TOWNSEND MOVED TO NOT CONCUR WITH AMENDMENT NO. 906 TO S.B. 356.

SENATOR TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR MCGINNESS:

Senate Bill 358 is Senator Beers' proposal regarding assessment on common-interest communities. The Assembly's amendment sets the date back a year, from 2005 to 2006.

[SENATE BILL 358 \(2nd Reprint\)](#): Revises provisions governing assessment of ad valorem taxes and special assessments upon property in common-interest community. (BDR 32-225)

SENATOR TIFFANY MOVED TO CONCUR WITH AMENDMENT NO. 990 TO S.B. 358.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR MCGINNESS:

Senate Bill 394 was the assessor's bill. An Assembly amendment changed the revenue stream a little for the assessors' technology fund. I would like to talk about the golf course issue, which was added to the bill by an amendment in the Assembly. Could one of the proponents of this bill give us a thumbnail sketch on the amendment?

[SENATE BILL 394 \(3rd Reprint\)](#): Makes various changes to provisions governing conveyance, subdivision and taxation of property. (BDR 32-258)

ROBERT A. OSTROVSKY (Nevada Golf Course Owners Association):

The amendment proposed to change the assessment methods for golf courses statewide. According to testimony in the Assembly, golf courses have had numerous property-assessment appeals and there have been a lot of court cases involving those assessments. There was a feeling amongst the Assembly members that golf courses were not being properly assessed. Testimony was given regarding what is done in other states. Arizona, Florida, the Carolinas, Illinois and other states have made special provisions for the assessment of golf courses because they use so much open space. That open space tends to get assessed more by the values of the homes around the golf course than the actual value of the land. After a land value was established, the rest of the matter was referred to the Tax Commission to establish an assessment manual to determine what the proper assessment of those golf courses should be.

CHAIR MCGINNESS:

Section 32 says the value for open space used as a golf course is "equal to \$2,860 per acre of real property used as a golf course, multiplied by 1 plus a percentage change in the Consumer Price Index (CPI)" We are showing an amount of \$2,860 in statute. Is this statewide?

MR. OSTROVSKY:

Yes, and that amount would grow by the CPI. Arizona and some other states are setting it at \$500, which was the figure originally requested. The Assembly decided that was too low and went to the \$2,860 amount. It affects golf courses in Hawthorne the same as it would in Las Vegas or Reno. The idea was that the Tax Commission would then adopt a regulation with some reflection of how often those golf courses are used and the value of any improvements using the *Commercial Cost Handbook* by Marshall and Swift, which is the standard manual currently used by the assessors.

CHAIR MCGINNESS:

With this value of \$2,860 per acre, when you factor the assessed value, the actual taxable value would be \$1,000 per acre. Am I correct?

MR. OSTROVSKY:

Yes, and that was the intent of the Assembly.

CHAIR MCGINNESS:

You indicated a golf course in Hawthorne would be valued the same as a golf course in Las Vegas.

MR. OSTROVSKY:

Yes, for the purpose of the land value, not for the total assessed value of the golf course. That would be determined based on its improvement, the amount of use and the kind of revenue generated through that particular golf course. Therefore, the value of those golf courses would all end up vastly different based on the actual use and the type of improvements.

CHAIR MCGINNESS:

Do we do that with housing as well? Are homes in Mineral County assessed the same way as they are in Clark County?

MR. OSTROVSKY:

I am not an expert in assessment, but I think the assessor tries to determine what the actual true value of a property is. I think this will lead to that in golf courses, although it gets there in a different methodology. It is not the methodology we would use to assess an individual residence, for example.

CHAIR MCGINNESS:

Would golf courses be beneficiaries of the 8-percent cap we passed earlier in this Session?

MR. OSTROVSKY:

I believe golf courses, like any other business, would be entitled to the legislative cap.

SENATOR CARE:

Was there a separate bill in the Assembly that contained this language, or is this a last-minute amendment to this Senate bill while it was over there?

MR. OSTROVSKY:

This was an amendment. It was originally going to be introduced in the Senate, but for various reasons, the sponsors of the legislation, in questioning the Senate, suggested we take it to the Assembly.

SENATOR CARE:

The cap aside, the figure of \$2,860 seems arbitrary, even compared to Arizona. The value cannot be the same statewide times 1, which would be \$2,860 and the annual CPI adjustment. Property has to appreciate greater than the CPI. Would you not agree? That has been the case in at least the last four or five years, at least in Clark County. It just seems unrealistic. The cap aside, I have a hard time buying that, frankly.

MR. OSTROVSKY:

The Assembly added the CPI. Originally, this bill was drafted with no CPI component. They felt that some component needed to be put in there for growth in value of this property. They made the CPI decision. We could argue that the CPI is correct or incorrect. Over any short span of time, it is probably not correct. Over 10 or 20 years, it is probably closer to correct, but I understand your concern.

SENATOR CARE:

I know you did not draft the bill, but in section 36, subsection 3, it says, "The Legislature hereby further finds and declares that the use of real property improvements on that real property as a golf course achieves the purpose of conserving and enhancing the natural and scenic resources of this State and promotes the conservation of open space." Every once in a while we get a bill

that says the Legislature "finds and declares" as opposed to "this will be the law." To me, "declare" means the Legislature has considered the facts and come to a conclusion so significant that we have to put language like that in there. Do you know where that language came from?

MR. OSTROVSKY:

That language was drafted by the Legislative Counsel Bureau for the purposes of inserting this into the open space provisions of the statute. Such a finding was required if we were going to use that portion of the statute for this amendment.

SENATOR CARE:

We have run into golf courses before. I appreciate that you are an advocate for your client, but this, to me, especially this late in the Session, smacks of uptown provincials wanting some special treatment in the Legislature.

SENATOR CARE MOVED TO NOT CONCUR WITH AMENDMENT NO. 1077 TO S.B. 394.

SENATOR TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TOWNSEND VOTED NO.)

CHAIR MCGINNESS:

The Assembly offered two amendments to S.B. 457. The first one gives a little more strength to a civil action against people who have been found to knowingly violate any provisions of several statutes and entitles the injured party to an award for that violation. The second amendment adds a provision requiring training to sell alcoholic beverages. It has been indicated to me there are further amendments to this bill that have all been agreed upon, so I would like a motion to not concur.

[SENATE BILL 457 \(3rd Reprint\)](#): Revises provisions relating to intoxicating liquor. (BDR 32-1408)

SENATOR TOWNSEND MOVED TO NOT CONCUR WITH AMENDMENT NO. 1087 AND AMENDMENT NO. 1108 TO S.B. 457.

SENATOR TIFFANY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR MCGINNESS:

Senate Bill 509 is the trailer bill to Assembly Bill (A.B.) 489. We heard this bill in a joint meeting with the Assembly Committee on Growth and Infrastructure. It would be my intention to concur with the amendment.

[SENATE BILL 509 \(1st Reprint\)](#): Revises provisions governing property taxes.
(BDR 32-1452)

[ASSEMBLY BILL 489 \(4th Reprint\)](#): Provides for partial abatement of ad valorem taxes imposed on property. (BDR 32-1383)

SENATOR TIFFANY MOVED TO CONCUR WITH AMENDMENT NO. 1003
TO S.B. 509.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Senate Committee on Taxation
May 31, 2005
Page 10

CHAIR MCGINNESS:

We will be scheduling a conference committee for those three bills to which we did not concur. There being no further business before this Committee today, we are adjourned at 2:33 p.m.

RESPECTFULLY SUBMITTED:

Ardyss Johns,
Committee Secretary

APPROVED BY:

Senator Mike McGinness, Chair

DATE: _____