

ASSEMBLY BILL NO. 572—COMMITTEE ON WAYS AND MEANS

JUNE 3, 2005

Referred to Committee on Ways and Means

SUMMARY—Provides for one-time rebate of certain sales taxes and taxes imposed on certain motor vehicle fuels. (BDR S-1474)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Contains Appropriation not included in Executive Budget.

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to state financial administration; providing for the one-time issuance of rebate checks to reimburse certain residents of this State for the money those residents paid to the State in the form of certain sales taxes and for the money those residents paid to the State, directly or indirectly, as taxes imposed on certain motor vehicle fuels; and providing other matters properly relating thereto.

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

- 1 **Section 1.** The Legislature hereby finds and declares that:
2 1. Pursuant to the provisions of NRS 365.175, 365.180 and
3 365.190, the State of Nevada imposes and collects three separate
4 excise taxes on motor vehicle fuel, excluding:
5 (a) Aviation fuel as defined in NRS 365.015; and
6 (b) Special fuel, including diesel fuel, as defined in
7 NRS 366.060.
8 2. The excise taxes on motor vehicle fuel imposed pursuant to
9 the provisions of NRS 365.175, 365.180 and 365.190 are,
10 respectively, 17.65 cents per gallon, 3.6 cents per gallon and 1.75
11 cents per gallon, amounting to a total State excise tax on gasoline of
12 23 cents per gallon.



1 3. The tax on diesel fuel imposed pursuant to the provisions of
2 NRS 366.190 is 27 cents per gallon.

3 4. According to a report issued on July 9, 2004, by the
4 American Petroleum Institute:

5 (a) The national average for excise taxes on gasoline is 20.8
6 cents per gallon, making this State's rate of 23 cents per gallon
7 approximately 10.6 percent higher than the national average; and

8 (b) From among the 50 states plus the District of Columbia, the
9 State of Nevada is tied with the State of Delaware in having the 15th
10 highest excise taxes on gasoline in the nation.

11 5. According to a report issued in 2002 by the American
12 Petroleum Institute, the State of Nevada was the state that had, at
13 that time, the second-highest combined total of state and federal
14 taxes per gallon of gasoline, at a combined total of 51.7 cents per
15 gallon and, along with the states of California and Hawaii, was one
16 of only three states having a combined total of state and federal
17 taxes on gasoline in excess of 50 cents per gallon.

18 6. According to media reports published in March of this year:

19 (a) Gasoline prices in the State of Nevada reached an all-time
20 high, averaging \$2.37 per gallon of regular unleaded gasoline; and

21 (b) The price per barrel of crude oil exceeded \$57 for the first
22 time in history.

23 7. It is estimated that the State General Fund contains a surplus
24 of \$600,000,000, at least part of which is attributable to sales taxes,
25 excise taxes imposed on gasoline and taxes imposed on special fuels
26 such as diesel fuel.

27 8. Each resident of this State bears, directly or indirectly, the
28 burden of the taxes imposed by this State on gasoline and diesel
29 fuel, whether such residents operate their own motor vehicles,
30 carpool, use mass transit or pay to be transported from one location
31 to another by way of taxicab, jitney, limousine, bus or other manner
32 of vehicular transportation offered for hire by charter or other
33 means.

34 9. The residents of this State, and particularly those residents
35 on fixed incomes, have endured hardship because of the high prices
36 of gasoline and diesel fuel.

37 10. The Office of News and Media Relations of Temple
38 University in Philadelphia, Pennsylvania, has estimated that the
39 average American drives 10,000 miles per year at an average of 20
40 miles per gallon, resulting in an average consumption of gasoline,
41 per person, of 500 gallons per year.

42 11. At an average rate of consumption of 500 gallons of
43 gasoline per year, Nevada's state excise tax on gasoline of 23 cents
44 per gallon amounts to, on average, \$115 per person, per year.



12. According to the Southern Nevada Consensus Estimate of July 2003, the average resident of this State has lived in Nevada for a median period of approximately 10 years, which, when multiplied by the average excise tax on gasoline of \$115 per year, results in an overall figure by which the average resident of Nevada may, with reasonable accuracy, be assumed to have paid \$1,150 in excise taxes on gasoline.

13. Many Nevadans who are now senior citizens or whose health no longer allows them to operate a motor vehicle have, directly or indirectly, paid excise taxes on gasoline for decades and, thus, have paid far more than the average figure of \$1,150.

14. Pursuant to the American Jobs Creation Act of 2004, Public Law 108-357, the United States Congress granted to taxpayers the option to deduct state and local general sales taxes in lieu of deducting state and local income taxes on their federal income tax returns. However, this election applies only:

(a) For taxable years beginning after December 31, 2003, and before January 1, 2006; and

(b) To taxpayers who elect to itemize deductions.

15. According to the Las Vegas Business Press, the annual household income in Nevada averaged \$63,005 for 2004 and, as per Internal Revenue Service "Publication 600: Optional State Sales Tax Tables," a family with an annual household income of \$63,005 and four exemptions would be presumed to have paid \$858 in state sales taxes during 2004.

16. It is the sense of the Legislature that the residents of this State have each paid to the State of Nevada, in the form of sales taxes, excise taxes on gasoline or taxes on diesel fuel, or a combination of all three such taxes, \$175 more than necessary to address the State's budgetary needs and that, as a result, the sum of \$175 should be returned in the form of a rebate check to each person who qualifies to receive such a check pursuant to section 4 of this act.

Sec. 2. The Account to Rebate the Overpayment of State Sales Taxes, State Excise Taxes on Gasoline and State Taxes on Diesel Fuel is hereby created within the State General Fund. The State Treasurer shall administer the Account.

Sec. 3. There is hereby appropriated from the State General Fund to the Account created by section 2 of this act the sum of \$300,000,000 to cover the costs incurred to issue and pay rebate checks as required by section 4 of this act.

Sec. 4. 1. Except as otherwise provided in section 5 of this act, as soon as practicable after July 1, 2005, the State Treasurer shall issue a rebate check in the sum of \$175 for:



1 (a) State sales taxes paid by a person before January 1, 2004;
2 and

3 (b) State fuel taxes paid by a person since January 1, 1995,
4 whether such fuel taxes were paid directly through the purchase of
5 fuel or indirectly through the purchase of a ticket, the payment of a
6 fare or the making of another form of payment in exchange for
7 transportation by way of motor vehicle.

8 2. The State Treasurer shall issue the rebate check in the sum
9 of \$175 to each person who:

10 (a) Was at least 55 years of age on or before January 1, 2005,
11 held a valid driver's license or identification card issued by the
12 Department of Motor Vehicles on or before that date and continues
13 to hold such valid driver's license or identification card; or

14 (b) Was at least 18 years of age but not yet 55 years of age on or
15 before January 1, 2005, held a valid driver's license issued by the
16 Department of Motor Vehicles on or before that date and continues
17 to hold such valid driver's license.

18 3. Except as otherwise provided in section 5 of this act or in the
19 policies and procedures adopted by the State Treasurer pursuant to
20 section 7 of this act, the State Treasurer shall issue the rebate checks
21 described in subsection 1 before September 1, 2005.

22 4. As used in this section:

23 (a) "Valid driver's license" means a driver's license that is not
24 expired, suspended or revoked and has not been surrendered to the
25 Department of Motor Vehicles.

26 (b) "Valid identification card" means an identification card that
27 is not expired and has not been surrendered to the Department of
28 Motor Vehicles.

29 **Sec. 5.** 1. Before issuing a rebate check to a person pursuant
30 to section 4 of this act, the State Treasurer shall mail to the intended
31 recipient of the rebate check a card or other document:

32 (a) Upon which the intended recipient must check a box to
33 confirm his current mailing address or provide a new and correct
34 current mailing address; and

35 (b) Which the intended recipient must then return to the State
36 Treasurer unless he desires that his rebate be reverted to the State
37 General Fund.

38 2. The card or other document described in subsection 1 must
39 also include an additional box or boxes in which the intended
40 recipient of the rebate check may indicate his preference that the
41 rebate which would otherwise be mailed to him instead be directed
42 toward the financial support of, within this State:

43 (a) Highways and roads;

44 (b) Public education; or

45 (c) Public health care.



3. If a person indicates, as described in subsection 2, that he would prefer the amount of his rebate check to instead be directed toward highways and roads, public education or public health care, the State Treasurer shall ensure that the money is deposited into the Contingency Fund established pursuant to NRS 353.266 or into another special fund for allocation by the Interim Finance Committee for use toward the selected purpose.

Sec. 6. Except as otherwise provided in the policies and procedures adopted by the State Treasurer pursuant to section 7 of this act:

1. A rebate check is void and without value of any kind if a demand for payment on the check is not made within 180 days after the date on which it is issued.

2. If a demand for payment on a rebate check is not made within 180 days after the date on which it is issued, the full amount of the rebate check that would otherwise have been payable reverts to the State General Fund.

Sec. 7. The State Treasurer may adopt reasonable policies and procedures for the disbursement of money pursuant to the provisions of this act, including, without limitation, policies and procedures deemed necessary by the State Treasurer to address issues and contingencies such as:

1. Acts of fraud;

2. The destruction, loss and theft of rebate checks and the replacement thereof;

3. The inability to locate a person who is due to receive a rebate check;

4. The presentation to the State Treasurer of good cause satisfactory to him as to why a demand for payment on a rebate check was unable to be made within 180 days after the date on which it was issued; and

5. The issuance of rebate checks by way of direct deposit at a bank or credit union.

Sec. 8. Any remaining balance of the appropriation made by section 3 of this act must not be committed for expenditure after June 30, 2006, and must be reverted to the State General Fund on or before September 15, 2006.

Sec. 9. This act becomes effective upon passage and approval.



