

**MINUTES OF THE  
SENATE COMMITTEE ON TAXATION**

**Seventy-fourth Session  
March 29, 2007**

The Senate Committee on Taxation was called to order by Chair Mike McGinness at 1:10 p.m. on Thursday, March 29, 2007, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

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

**GUEST LEGISLATORS PRESENT:**

Senator Joyce Woodhouse, Clark County Senatorial District No. 5

**STAFF MEMBERS PRESENT:**

Tina Calilung, Deputy Fiscal Analyst  
Russell J. Guindon, Senior Deputy Fiscal Analyst  
Julie Birnberg, Committee Secretary

**OTHERS PRESENT:**

Russell M. Rowe, Focus Property Group  
Michael R. Alastuey, Clark County  
John Sherman, Washoe County  
Richard A. Derrick, Manager, Office of Budget and Strategic Management, City  
of Henderson  
Robert Cashell, Mayor, City of Reno

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Andrew Green, Director, Finance Department, City of Reno  
Candace Falder, Deputy Director, Department of Finance and Business Services,  
City of Las Vegas  
Gregory E. Rose, City Manager, City of North Las Vegas  
Mary Henderson, City of North Las Vegas  
Kimberly McDonald, City of North Las Vegas  
Philip F. Stoeckinger, Director, Finance Director Services, City of North Las  
Vegas  
Randy Robison, City of Mesquite  
Joshua Griffin, Coalition of Nevada-Based Aircraft Companies including  
Sundance Helicopters and Vision Aviation Holdings, Incorporation  
John Sullivan, Chief Executive Officer, Sundance Helicopters  
Larry Siggelkow, Chief Operating Officer, Vision Aviation Holdings, Incorporated  
Thomas Summers, Deputy Executive Director, Department of Taxation  
Mary C. Walker, Douglas County

CHAIR MCGINNESS:

We begin the hearing with Senate Bill (S.B.) 273.

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

RUSSELL M. ROWE (Focus Property Group):

What we see in dealing with Real Property Transfer Tax is an equity that disproportionately impacts rural areas. The transfer tax applies not only to the real property transfers but also to transfers of water rights. In rural areas where there is not a public water utility, if you own property and want to develop that property, whether for commercial, industrial or residential use and not for a single-family home where you can drill a well in order to get water service from a private water utility to that property, you have to do a couple things. Most importantly, you have to obtain sufficient water rights to adequately serve the proposed development. The property owner has to obtain water rights separately, then a transfer tax will occur. Sometimes, the water rights come with the property, and the tax will be paid at that time. The property owner must transfer those water rights to the water utility in order to get that water service. The property owner is then taxed on that particular transfer. That is the first instance with a bit of inequity. When you look at the transfer tax statutes and the exemptions, you pay a transfer when you transfer property to a third party where a third party is the beneficiary of the transfer. Where transfers

occur and the transferor is the beneficiary of that transfer, such as when you transfer property into a living trust to benefit yourself, there is an exemption because no transfer occurs in actuality.

In this instance, we see the same situation where the property owner transfers the water rights to the private water utility in order to get service back to that property. The other inequity occurs here because it disproportionately impacts rural areas. Las Vegas and Reno have public water utilities, so transfers in those areas are already exempt because they go to a public entity. That is the reason we brought this bill, and there is not a significant fiscal impact as you can see from the fiscal note. We took the definition of private water utility from *Nevada Revised Statute* (NRS) 704 and transferred that into the language here to be consistent with the existing statutes.

SENATOR CARE:

In the interest of laying down legislative history, could you tell us who the client is, what the client is trying to do and where the client is trying to do it?

MR. ROWE:

Yes, we represent Focus Property Group that is a master developer in southern Nevada. Most of their projects are in the Las Vegas Valley; they have a few projects in Nye County where there is not a public water authority, and that is where they have come across this situation. It would impact and directly benefit them. Over the last year, they have had three transfers where this occurred, and the tax totaled about \$35,000. It was not too significant but something that was not making sense from an equitable standpoint. You already paid the transfer tax when you acquired the rights, then you transfer them so you can use self-benefit and get the water you obtained. When you are the beneficiary, it does not make sense to be taxed on the transfer.

SENATOR CARE:

Senate Committee on Government Affairs heard a bill on the creation of a Nye County water authority and somebody from Focus testified. When that bill becomes law, do you have any idea how that would impact this bill?

MR. ROWE:

I do not know if there is a water authority in Nye County or how that would work with the existing private utilities. If the water authority takes the place of the water utilities, then this bill would not impact Nye County because those

transfers would go to a public entity as exempt, just like they are in Las Vegas and Reno.

CHAIR MCGINNESS:

Have you talked to the recorders as to where they are on this?

MR. ROWE:

I informally spoke with a few who are in the room. They are okay with the bill, although questions have been raised as to tracking those transfers. How would they know this would qualify under the exemption? There would be a deed when you transfer water rights, just like a real property transfer. You would have that available for the recorder.

CHAIR MCGINNESS:

We will close the hearing on S.B. 273. We are planning to do a work session following the Consolidated Tax presentation.

MICHAEL R. ALASTUEY (Clark County):

Consolidated Tax (CTX) is a blend of six preexisting taxes once allocated under separate formulas, now allocated under a combined formula starting with the establishment of a revenue neutral base. Revenue neutral was important in 1997 and in years of growing revenue supplemented with allocation of growth money driven by population and assessed valuation. This Committee has from time to time received pleas for correction adjustment of the CTX formula based on a perceived deficit, in recognition of equity in that formula. Revenue neutrality is a concept almost universally applied at the time of a major tax conversion, conversion of tax base or conversion in distribution from one formula to another. Anytime you have six taxes distributed on an individual basis, that sum comprises a base of commitment in public service for every one of those 200-plus local governments. If you dramatically alter at the point of conversion to a new distribution formula, you have winners and losers. You do not want to do that at the point of conversion. You want to make everybody whole with the expected level of revenue. Many times these decisions are revisited in a form of revisionist history. People want to go back to the origin of the conversion and make an adjustment to their advantage. The revenue neutral base in 1997 was specifically chosen to avoid having the conversion from old to

new distribution result in revenue decline for any entity. Had that choice not been made, winners and losers would have immediately emerged with a conversion. Since the enactment, some changes have been made to more closely match the increases in population and assessed valuation with distribution of incremental revenue. Other changes have been considered but not enacted. This particular change in 2001 accelerated a forward or incremental distribution more sensitive to growth, population and assessed valuation. That was global in effect and put into place for all entities; should they grow, they receive additional revenue. It was neither politically driven nor provincial in terms of its origin from one entity. Every entity can produce some kind of story as to why they need more money. I could bring up amendments from last session of benefit to Clark County that would basically drain every local government in southern Nevada. We are not doing that.

There are justifications for every kind of adjustment, but that is not our task here today. What justifications have you heard? Over sessions, they become predictable. Various approaches have included emphasizing differences in CTX per capita intended to persuade based on a notion all entities should receive a similar or same CTX per person. These justifications ignore the fact the Legislature specifically intended to preserve revenue levels for local government in the aggregate dollar amount, not in a per capita amount, when tax changes were made in effect preserving cumulative affect of tax policy decisions made by local governing boards.

Concentrating only on CTX revenue, these justifications do not include examining performance of other revenues in local budgets including ad valorem taxes, licenses, fees and other sources which complement CTX at the local level. Looking at CTX alone does not comprise a complete analysis.

Assuming all local government have the same legislative history, origin and revenue structure, justifications that attempt to compare a noncomparable entity should be accompanied by further analysis. The only recommendations I could give you going forward are simple. Look critically at any and all proposals to reallocate CTX. Be especially critical of proposals benefiting only one entity or just a few entities. Carefully consider broader policy and not immediate impact sought by the beneficiary and be wary of redistribution, especially in redistribution years of little or no revenue growth. The state is confronting and awaiting the revised revenue projections from the Economic Forum. Those projections are expected to include far more modest expectations

for the collection of state sales tax. The same expectations are on local sales tax. If somebody sells a Pontiac on Sahara Avenue in Las Vegas, the state gets 2 cents, local government 2.25 cents, schools 2.25 cents, flood control, water, special districts etc., depending upon the statutes in ordinance at play in every locality. That taxable sale affects all government in Nevada; for the most part, the bigger governments are highly sales-tax sensitive. Reallocations of any kind at a time when we face little or no revenue growth are especially sensitive because you could have net losers in absolute dollar terms.

JOHN SHERMAN (Washoe County):

As Mr. Alastuey testified, because six taxes had basically different distribution mechanics to local governments, all those were put into one formula. It was a multiyear effort by a legislative committee and a technical committee to put this new formula together. It only related to the distribution of these taxes within county boundaries, it had no effect on tax allocation at what we call a first tier between counties. Certainly, revenue neutrality was one of the goals. Another goal was to create a base amount for the neutrality part toward growth in future years to help fund increasing costs of business, but not necessarily related to growth and services that they would provide based on gross. A second bucket of money we call the excess was distributed based on a formula that recognized growth and the requirements of service provision.

Another provision in CTX law lets local governments within a county negotiate and adopt an interlocal agreement that allows a change in the distribution of the consolidated tax within the county and between those two entities on a negotiated basis. The Advisory Committee to the Legislative Committee to Study the Distribution among Local Governments of Revenue from State and Local Taxes was enacted in 1997, and there was a technical committee. The performance of the CTX formula was reviewed on an annual basis by these committees. There were adjustments from time to time, and testimony was heard from all parties—those that would gain, those that would lose and those that would be neutral. The formula was monitored and reviewed over the course of eight years. Two significant adjustments had the: (1.) amount allocated to the growth part of the revenue stream enhanced, with more resources put into a bucket that allowed an allocation based on growth, and (2.) formula used to allocate based on growth changed to have an even more dramatic impact on allocation of revenues to entities experiencing growth in their population.

With the establishment of the additional base amounts and formula, appeal rights granted in the legislation allowed entities that had disagreement as to their base allocation amount to appeal. Those appeals were made to the Department of Taxation that did their analysis. That information was handed over to the Committee on Local Government Finance made up of representatives of local government from around the state. Based on that initial review, few adjustments were made, which goes back to the amount of work in time and effort put into establishing the original basis. This formula has served the state well. If there is some desire to making significant changes, whether in base amount or map of the formula for distribution, a broader, more inclusive process in an interim study or review would benefit us all.

RICHARD A. DERRICK (Manager, Office of Budget and Strategic Management, City of Henderson):

I will speak from my handout ([Exhibit C](#)).

ROBERT CASHELL (Mayor, City of Reno):

Our city is almost over 200,000 people and has several growing demands that we need to work out. We put an advisory question on the ballot last year on public safety because that has been the No. 1 issue in our community of Reno, Sparks and Washoe County. The advisory question passed in Reno and Sparks but failed in the unincorporated area. We visited with all of our delegates from Washoe County, our Assemblymen and our Senators with the Governor. We did a survey after the election, and 77 percent of the people in the poll said they wanted public safety. After doing research, we found an imbalance in the CTX distribution. We are working on the disparity. We sat down with the County and the cities of Sparks and Reno; a survey came back and one side was not happy with the survey.

ANDREW GREEN (Director, Finance Department, City of Reno):

I submit my "CTX Distribution" presentation ([Exhibit D](#)).

MR. CASHELL:

As we grow, this formula needs to be redistributed. We have a police station that is 60 years old, we have police officers working out of old jails. We are not generating the cash we need to operate. That 0.25-percent sales tax increase would help us take care of some of these things, but it did not pass. Our delegates thought the best thing to do is to look at the CTX. When we got into studying CTX, it is a way for us to address the shortfall. We have been working

hard on our homeless situation in the Reno area. We recently built a women's and men's drop-in center. We built the Reno-Sparks Gospel Mission with 160 beds, we increased St. Vincent's Dining Hall seating from 100 to 400 seats. Within the next 30 days, we will be building the Triage Center that will take pressure off our emergency room. I have up to four police officers a night tied up in Renown Regional Medical Center emergency room waiting for somebody to diagnose whether they need to go to jail. We have put private money together, we have raised almost dollar for dollar. We are also asking to put together a 50-bed treatment center for the methamphetamine problem. Throwing these people in jail is not the answer to this problem. We have to get them counseling, direction and help. We need to do this without redistribution.

SENATOR CARE:

On the page 3 bar chart of [Exhibit D](#), general improvement districts (GID) show no population, assessed value or generated sales but 7-percent CTX distribution. Then looking on page 7, we have the "Going forward formula for distribution, First tier, guarantee counties and special districts," including GIDs. Are you talking about leaving the formula the same or are you talking about a fixed dollar amount? How would you address GIDs?

MR. GREEN:

Our proposal leaves the GIDs in guaranteed counties as currently calculated. Based upon their base and how it has grown, the calculation continues the same. There would be no change.

SENATOR RHOADS:

What is the population comparison between Reno and the rest of Washoe County?

MR. CASHELL:

Reno is about 200,000 people. Sparks is about 75,000 or 85,000. The rest of the population is in the unincorporated area.

SENATOR RHOADS:

Did Reno and Sparks approve the voter taxation?

MR. CASHELL:

Yes, the rural areas did not.



SENATOR TOWNSEND:

Is the approach formulated in the north so when the city annexes something, there is a change in distribution at that point?

MR. GREEN:

There is not a formula that basically says as you annex, it changes. Formula components, as far as addressing growth, are the percentage increase in population and increase in assessed value. However, the percentage distribution of the CTX over the last five or six years has not changed, even though Reno and Sparks have grown. Distribution has remained the same as far as percentage of CTX, even though that distribution for excess and the intent is well-intentioned to push it toward growth. The City of Henderson testified that seems to be working. That percentage distribution would not change. It stays the same. As far as the formula, what should happen is as population grows and the assessed value grows, the excess percentage distribution should change.

MR. CASHELL:

If we annex something, our percentage should go up, but it does not seem to work that way.

SENATOR TOWNSEND:

Logic tells you this should be self-regulating.

CHAIR MCGINNESS:

Local governments can negotiate change, and you have found them not to work.

MR. CASHELL:

We found that not to work. An outside agency did a study and it did not come back to the likes of Washoe County. They then had another study done and they said there were no inequities in the formula.

CHAIR MCGINNESS:

Someone also said to look closely at the formula and not just the population. Are there other indicators we should view?

MR. GREEN:

The best indicator is population. If you are looking at provision of services, your assessed value can grow to whatever. Property growth alone does not necessarily dictate an additional provision of services, but if your population grows, you have to provide additional services. The City of Reno contends that population is the best indicator in addressing our service provision and resultant growth in revenues.

CANDACE FALDER (Deputy Director, Department of Finance and Business Services, City of Las Vegas):

My written testimony ([Exhibit E](#)) states no further adjustments are needed at this time.

GREGORY E. ROSE (City Manager, City of North Las Vegas):

The issue of CTX is controversial and tends to pit each jurisdiction against one another. Our intention has never been to harm any other jurisdiction. We recognize the CTX formula is simply not fair and equitable. It is not a North Las Vegas issue. It is a statewide issue. We are part of the group that brings this to you today, but in the past, it was Henderson or Elko. After we are long off the scene, if it is not corrected, it will be just another jurisdiction.

MARY HENDERSON (City of North Las Vegas):

When we put the formula in place in 1997, we put an appeal process in place. The Department of Taxation recommended appeals, but it was subsequently turned down. There were appeals by several entities. Please see our presentation handout titled "Consolidated Tax Formula," pages 1 through 8 ([Exhibit F](#), original is on file in the Research Library.)

KIMBERLY McDONALD (City of North Las Vegas):

I will address the base and growth issues from [Exhibit F](#), pages 9 and 10.

PHILIP F. STOECKINGER (Director, Finance Director Services, City of North Las Vegas):

I will talk to CTX distribution and competition issues in [Exhibit F](#), pages 11 through 18.

MS. HENDERSON:

We tend to sometimes forget the history of what brought us to the dance on this controversy that arose between Clark County and the City of Las Vegas

and whether Summerlin would be in the County or the City. That was the genesis of the interim study as directed by S.C.R. No. 40 of the 68th Session. One of the primary objectives of our 1995 and 1997 efforts was to eliminate competition among government. Please refer to [Exhibit F](#), pages 19 through 20.

MR. ROSE:

The importance of the CTX issue for each jurisdiction has to do with property tax. Those not receiving a proportionate share of CTX, especially North Las Vegas, have to supplement services provided to our citizens. As a result, North Las Vegas now has the highest property tax rate in the Valley. We have worked hard trying to lower that rate because we are put into a position to compete economic development-wise against all other jurisdictions in the Valley, throughout the country and world. We are not in a very good position at this time. If you look at the property tax comparison in [Exhibit F](#), page 20, it shows North Las Vegas with a tax rate in excess of 1.16 of assessed valuation. That is 72 percent above the average if you purchase a home for \$100,000 in another jurisdiction that has a lower property value. Effectively, you pay a higher amount for that same \$100,000 home in North Las Vegas than a competing jurisdiction. As it relates to business, if you have an opportunity to locate in a jurisdiction with a lower property value, then your cost of conducting business will be lower. From a competitive perspective, it is a significant disadvantage.

MR. STOECKINGER:

I will review pages 23 through 26 of [Exhibit F](#) on comparison figures.

MS. HENDERSON:

Please refer to pages 27 through 29 of [Exhibit F](#) for my discussion on CTX formula change results and solutions.

RANDY ROBISON (City of Mesquite):

Our city manager and finance officer are relatively new to Mesquite at respectively over one year and almost two years. Given their limited familiarity with the CTX, they immediately recognized something awry with the formula as it impacts Mesquite in a negative fashion. They attribute that to our above-average growth. We are still one of the fastest-growing small cities in the state as well as the country. We support solutions this body might consider to include continuing study of the formula to address impacts that have a direct effect on residents of our community.

CHAIR MCGINNESS:

Did you happen to see this proposal? Do you agree with the numbers for Mesquite?

MR. ROBISON:

My finance officer who looked at those numbers agreed with the numbers and the proposed solutions.

CHAIR MCGINNESS:

Senator Woodhouse is here; let us go to S.B. 172. If you recall, Senator Woodhouse's bill proposes to exempt sales of certain mobility-enhancing equipment from sales and use tax.

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

SENATOR JOYCE WOODHOUSE (Clark County Senatorial District No. 5):

After testimony from the hearing a few days ago, we would like to include a larger list from Assembly Bill (A.B.) 169.

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

SENATOR RHOADS:

Do we have a fiscal impact on what this would do?

CHAIR MCGINNESS:

No, we do not have that information for the hearing aids. I bring these back today to see if the Committee is interested in hearing the sponsors; that would give the Fiscal Analysis Division an opportunity to prepare a fiscal note. Now we will open the hearing on S.B. 152. This was the original request. If this request is granted, there would be two questions on the ballot, one for the ophthalmic devices and ocular devices or appliances. Mr. Griffin is proposing to add aircraft.

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

JOSHUA GRIFFIN (Coalition of Nevada-Based Aircraft Companies including Sundance Helicopters and Vision Aviation Holdings, Incorporated):

We would need an amendment that you could submit for its fiscal impact. We ask for Committee consideration from an amendment standpoint so we can get better information for the next step, which is pushing it through the process. This industry of Nevada-based aircraft, helicopter or fixed wing and their related parts has typically enjoyed this exemption. Up until either this year or last year, there were some staggered regulations. When this went into implementation, it was enjoyed until the ballot question in 2004 which put a lot of industries into the same category. This is a portable industry. It can go anywhere and has gone anywhere.

JOHN SULLIVAN (Chief Executive Officer, Sundance Helicopters):

We are the oldest and largest helicopter company in the state. Founded in 1985, we employ 110 people, and our entire base of operation is in Nevada. We have been in Las Vegas since the beginning and would love to stay there. As Mr. Griffin said, our businesses are portable. All our employment and activities are based in Las Vegas. Probably 90 percent of the time, our aircraft are flying over the state of Arizona because we are primarily a Grand Canyon tour operator. The aircraft readily cross state lines. We operate in central Nevada, southern Utah and southern California. The sales tax is a huge issue for us. It applies to air carriers, such as us, which are commercial operators, the people who make their living by operating aircraft. It applies to the purchase of new aircraft and also for parts used on the aircraft. Aircraft are expensive, multimillion dollars per helicopter, and the parts we use are also expensive. This tax is a huge impact on our small businesses. All our employees are in southern Nevada, and we would like to keep it that way. Unfortunately, if we have to purchase parts and pay this tax, we would have to consider splitting off or fracturing our maintenance by moving our maintenance division to Arizona. The other states recognize the portability of the assets; all surrounding states provide the exemption for air carriers such as us—California, Utah and Arizona. We have had this exemption for many years, we have built our business plans around it, we would love to keep the exemption and we are here to ask for your support.

CHAIR MCGINNESS:

You indicated that all surrounding states offer this exemption.

MR. SULLIVAN:

Yes, that is correct, Mr. Chair. Arizona, California and Utah have the exemption. I would think the majority of the states do, but I know all the surrounding Western states have this exemption specifically for air carriers based in those states, such as my type of company.

SENATOR CARE:

What other airline companies are affected?

MR. GRIFFIN:

Part of the coalition includes Allegiant Air, Scenic Airlines, Maverick Helicopter Tours, Papillion Grand Canyon Helicopters and Las Vegas Helicopters. To be eligible for this tax, you have to be a Nevada-based company providing a commercial service. It is not for individuals who own an aircraft.

SENATOR SCHNEIDER:

Is the Venetian air force certified? If you know the size of the seven aircraft, their value is probably greater than most air forces in the world. I want to make sure exactly who this impacts. In order to get the fiscal note for this, we need to know. Does the sale, lease, purchase or use of aircraft primarily used to transport passengers or freight for hire, mean passengers for hire or just freight for hire? If it is to transport just passengers, you would sweep in all the private aircraft that unrestricted licensees would have as well.

LARRY SIGGELKOW (Chief Operating Officer, Vision Aviation Holdings, Incorporated):

The particular wording on this is you have to be a commercial operator certified under Federal Aviation Regulation (FAR) part 135 or 121. I do not know if the Venetian air force is certified. It is mostly for the Venetian Casino Resort high rollers. It takes a great deal of effort and expense to certify as a commercial air carrier. Most casinos do not certify under that; they are considered private air carriers, which this bill would not affect. We have been certified in Las Vegas since 1994. I was here in 1995 testifying to get the exemption for FAR, parts 135 and 121 air carriers straightened out; there was a definite program that delineated who was exempt. The original exemption came in 1985 based on Sunworld Airlines, the big carrier out of Las Vegas. Wording leaned more toward the part 121 air carriers, which are the larger air carriers and there was a lot of debate back and forth. When we got it reestablished in 1995, our company took that and we established our business plan, growth and

development. Shortly, we will be certified as a 121 air carrier. We currently have 335 employees in our operation and are going to the larger, more expensive aircraft. We currently have a plan at the North Las Vegas Airport where the county has accepted leasing us 12 acres for a \$25-million development with a new terminal facility and large hangars for maintenance. Losing this exemption caught us totally by surprise. We had no idea this would come back to haunt us. We have had to take drastic steps. We put our development on hold in Las Vegas; in the interim, we leased a large, commercial hangar space in Louisville, Kentucky, for heavy maintenance on our aircraft. Heavy maintenance takes three to four months on an aircraft for a C check, and it costs hundreds of thousands of dollars. Having to pay sales tax for those expensive aircraft parts took Las Vegas and Nevada right out of our budget, our realm, everything we had projected over the last several years.

CHAIR MCGINNESS:

You said you were doing the maintenance in Kentucky?

MR. SIGGELKOW:

Yes, for our larger aircraft. We do maintenance in Kentucky because it is a depressed area, labor is cheap and hangar space was quite cheap.

CHAIR MCGINNESS:

Do they offer the exemption?

MR. SIGGELKOW:

Yes, they do. We have a short-term, two-year commitment there. We had hoped to do it in Nevada. We are a Nevada-based carrier, and our heart and soul are here in this state. When other states offer the exemption and Nevada does not, it is strictly a business decision to take our business elsewhere. We bring the mechanics into Las Vegas, train them and ship them back to Kentucky to work.

SENATOR COFFIN:

I remember voting for and helping pass this bill in 1985 in the Assembly Taxation Committee. I was taken by surprise that this was repealed because I support tax exemptions relating to economic development and growth and because our state is always trying to diversify. I have a standing policy on these things; however, I am reluctant to support exemptions for just about anything not related to economic growth. If you attach this to S.B. 152, I might have a

hard time. I am in a quandary. I am not in favor of exemptions—especially ones with a fiscal impact like that one—when another part of the bill is something I want to support. I could support attaching this for purposes of finding the fiscal note if you want to amend and rerefer back to the Committee so we can get something from Fiscal on local government. I do not see this as an economic development bill you are trying to attach.

MR. GRIFFIN:

We need information for ourselves and this Committee. You need information that we want to provide and work with you and your staff.

SENATOR COFFIN:

I would be willing to move to amend S.B. 152 with this proposed amendment and refer it back to Committee so we could have information to process the bill or at least consider passing the prospect of what would come back on the aircraft.

CHAIR MCGINNESS:

Mr. Guindon says since we are considering this in work session, we can ask staff to bring the amendment back with a fiscal note and consider it at that time. Unless someone on the Committee has a problem with that, it is the way we will proceed.

SENATOR TOWNSEND:

The omnibus tax bill—S.B. No. 483 of the 68th Session—had a number of items, all of which were important to someone. It was put on the ballot as one question, then there was controversy over a number of components. It meant that everyone of them died. In the case of the one on which I am making the point, it wiped out the entire exemption. The particular industry had to go back, resubmit, get back on the ballot and spend a great deal of time and money on that one component for the one industry to get that exemption in place since day one, to stay in place. If these issues go on the ballot separately, which is what the Chair said, each industry has to get out and let the public know what it is and why it is important. Even though public opposition may not spend money against you, it would be easy to say to heck with that.

SENATOR RHOADS:

The fiscal note will tell us how much money the state and local government may lose. You people have to put some figures up to show us how much



money we stand to lose if you move to Kentucky and Arizona. Those are the figures we really need.

THOMAS SUMMERS (Deputy Executive Director, Department of Taxation):  
I will attempt to answer your questions.

CHAIR MCGINNESS:  
Was there an issue on the constitutionality of the old exemption or the current one?

MR. SUMMERS:  
The NRS 372.317 was declared in violation of interstate commerce by showing favoritism to state-based companies. I will research that.

CHAIR MCGINNESS:  
Has there been a ruling on that?

MR. SUMMERS:  
Yes, there has.

SENATOR COFFIN:  
If you abate the tax on the local portion of the 5-plus percent versus the 2 percent, do you then have a state conflict?

MR. SUMMERS:  
In order to be in compliance with the Streamlined Sales and Use Tax Agreement, we have had to dispense with mixed rates. It is an all-or-nothing package.

CHAIR MCGINNESS:  
We would appreciate your help on that. We will close the hearing on S.B. 152 and have a work session on S.B. 94. Because a new section of this bill amended section 26 of the Tahoe-Douglas Visitor's Authority Act, there had to be some changes pursuant to the request of Douglas County.

**SENATE BILL 94**: Revises provisions governing the occupancy tax imposed on lodging in Douglas County. (BDR S-39)

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SENATOR TOWNSEND MOVED TO AMEND AND DO PASS AS AMENDED S.B. 94.

SENATOR AMODEI SECONDED THE MOTION.

SENATOR COFFIN:

Does this bill make any change in the taxability of the property that would be built in California with these Nevada tax dollars? Would we be getting any sales tax off of goods sold at these developments and any property tax from these developments built in California?

CHAIR MCGINNESS:

Staff indicates no, not from the California portion.

MARY C. WALKER (Douglas County):

No, we would not get any property tax off that California property, but room tax dollars collected, for example, at Lake Tahoe are used in other states right now in regard to advertising. This goes into a \$400 million project of which our portion is only \$15 million. We get back the sales tax, room tax, cigarette tax and liquor tax.

CHAIR MCGINNESS:

But not from the California side.

MS. WALKER:

It would be additional California visitors to us. That is where it would be generated.

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

\* \* \* \* \*

CHAIR MCGINNESS:

Senate Bill 146 would allow Churchill and Lyon Counties to authorize up to 8-cents ad valorem outside the abatement. The 8-cent part of property tax would go up but not be capped, like the 3-cent part.

**SENATE BILL 146**: Authorizes the boards of county commissioners of certain counties to levy an ad valorem tax to pay the costs of operating a regional facility for the detention of children. (BDR 31-937)

SENATOR TOWNSEND MOVED TO AMEND AND DO PASS AS AMENDED S.B. 146.

SENATOR AMODEI SECONDED THE MOTION.

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

\* \* \* \* \*

CHAIR MCGINNESS:

Senate Bill 179 is Senator Titus's bill to raise the amount of liquid assets senior citizens can own from \$150,000 to \$205,000 and still qualify for assistance.

**SENATE BILL 179**: Revises provisions governing refunds of accrued property taxes to senior citizens. (BDR 38-1326)

SENATOR TOWNSEND MOVED TO DO PASS S.B. 179.

SENATOR AMODEI SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR MCGINNESS:

Senate Bill 257 is an entirely new bill.

**SENATE BILL 257**: Authorizes the Board of County Commissioners of Nye County to increase the sales tax to recruit, employ and equip additional deputy sheriffs. (BDR S-137)

SENATOR TOWNSEND MOVED TO AMEND AND DO PASS AS AMENDED S.B. 257.

SENATOR AMODEI SECONDED THE MOTION.

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SENATOR CARE:

I will vote in the affirmative on this bill with the qualification that upon further review, that is not an indication of how I will vote on the floor, assuming it makes it to the floor.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR MCGINNESS:

We are adjourned at 2:55 p.m.

RESPECTFULLY SUBMITTED:

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Julie Birnberg,  
Committee Secretary

APPROVED BY:

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Senator Mike McGinness, Chair

DATE: \_\_\_\_\_