

**MINUTES OF THE
SENATE COMMITTEE ON TAXATION**

**Seventy-fifth Session
May 12, 2009**

The Senate Committee on Taxation was called to order by Chair Bob Coffin at 1:42 p.m. on Tuesday, May 12, 2009, 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 in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Bob Coffin, Chair
Senator Michael A. Schneider
Senator Maggie Carlton
Senator Randolph Townsend
Senator Mike McGinness
Senator Maurice E. Washington

COMMITTEE MEMBERS ABSENT:

Senator Terry Care, Vice Chair (Excused)

STAFF MEMBERS PRESENT:

Joe Reel, Deputy Fiscal Analyst
Mike Wiley, Committee Secretary

OTHERS PRESENT:

Carole Vilardo, President, Nevada Taxpayers Association
Ray Bacon, Nevada Manufacturers Association
Barbara Smith Campbell, Consensus
Dino DiCianno, Executive Director, Department of Taxation
Gail Tuzzolo, Nevada State AFL-CIO
Barry Smith, Executive Director, Nevada Press Association, Inc.
Alfredo Alonso, Nevada Beer Wholesalers Association; Southern Wine and Spirits

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CHAIR COFFIN:

We will open the hearing on Senate Concurrent Resolution (S.C.R.) 35. This resolution was drafted at the request of nearly every business organization in the State of Nevada, and labor also wants to be involved.

SENATE CONCURRENT RESOLUTION 35: Urges Congress to enact legislation allowing states to collect sales taxes on remote sales, including sales on the Internet. (BDR R-1312)

CAROLE VILARDO (President, Nevada Taxpayers Association):

We plan to take the resolution and send the resolution with letters to our Congressional Delegation. This tax is not new; it is an existing tax in statute that is supposed to be paid. Because of the U.S. Supreme Court decisions, the problem is the individual is responsible for downloading the Consumer Use Tax Return Form and remitting the tax to the State. Before the 1969 decision, the retailers collected the tax and remitted it to the State. There has been a consistent erosion of the tax base because consumers do not know they are supposed to do it. We are very supportive of this resolution and need the U.S. Congress to change the definition of nexus.

RAY BACON (Nevada Manufacturers Association):

We are in support of S.C.R. 35. The fundamental principles of taxation from Adam Smith evoke the broadest possible base, transparency, stability, dependability and the lowest possible rate. This resolution will do all of those things.

BARBARA SMITH CAMPBELL (Consensus):

It is mind-boggling to me that we need to send a resolution to Washington, D.C., to get our U.S. House of Representatives and U.S. Senators to vote to initiate the change on the definition of nexus. This would help our State and others have the ability to collect these sales and use taxes from the Internet. I support the passage of this resolution.

CHAIR COFFIN:

A response I received from Nevada Congressman Dean Heller on a letter I sent to our Congressional Delegation gave me the impression that Mr. Heller did not see the letter, or his staff sent a letter which would keep him from being committed to a tax increase. This will help our Delegation understand that they are not voting for a tax increase.

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DINO DICIANNO (Executive Director, Department of Taxation):

I am here in support of this resolution as the voting member of the Streamlined Sales Tax Governing Board. I have worked on this since 1999. Our businesses are getting impatient, and it is time for the U.S. Congress to act, allowing the states to level the playing field between remote sellers and Main Street retailers.

GAIL TUZZOLO (AFL-CIO):

I would like to be put on the record in favor of this resolution.

CHAIR COFFIN:

Would you like us to amend the Nevada State AFL-CIO into the resolution?

Ms. TUZZOLO:

Yes, we would.

BARRY SMITH (Executive Director, Nevada Press Association, Inc.):

The Nevada Press Association supports this resolution.

CHAIR COFFIN:

Add the Nevada Press Association to the resolution, Mr. Reel. I will close the hearing on S.C.R. 35 and open the work session on Assembly Bill (A.B.) 193.

ASSEMBLY BILL 193 (1st Reprint): Provides for reporting by certain governmental entities concerning the collection of fees and taxes.
(BDR S-243)

SENATOR WASHINGTON:

Are we including Amendment Nos. 680 and 119 ([Exhibit C](#) and [Exhibit D](#)) in this bill?

JOE REEL (Deputy Fiscal Analyst):

Assemblywoman Marilyn Kirkpatrick wanted to address two items. There is an additional reporting requirement for the Department of Taxation to include a list of special districts granted an exemption from the requirements of the Local Government Budget and Finance Act for filing on certain budget documents and audit reports. The other section had to with information from the State Controller that excluded the Controller from having to report certain information.

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SENATOR WASHINGTON MOVED TO AMEND AND DO PASS AS AMENDED A.B. 193 WITH AMENDMENT NOS. 119 AND 680.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

CHAIR COFFIN:

I will close the work session on A.B. 193 and will open the work session on Assembly Bill 267.

[ASSEMBLY BILL 267 \(1st Reprint\)](#): Requires certain golf courses assessed as open-space real property to be designated as open-space real property under applicable zoning ordinances. (BDR 32-640)

CHAIR COFFIN:

Based on the testimony we had, this bill has been narrowed down to help the homeowners who live in a historic neighborhood from the possibility of a golf course being abandoned or converted into something other than open space. No motion was made. I will close the work session on A.B. 267 and open the work session on Assembly Bill 307.

[ASSEMBLY BILL 307 \(1st Reprint\)](#): Revises provisions governing the publication of certain information relating to property taxes. (BDR 32-714)

CHAIR COFFIN:

Assemblyman Paul Aizley has proposed an amendment based on questions from the Committee concerning how people find out where this information is published.

SENATOR MCGINNESS:

I know a lot of people who do not have the Internet, so I will be voting no on A.B. 307.

SENATOR MCGINNESS MOVED TO INDEFINITELY POSTPONE A.B. 307.

SENATOR TOWNSEND SECONDED THE MOTION.

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THE MOTION FAILED. (SENATORS CARLTON, COFFIN, SCHNEIDER,
AND WASHINGTON VOTED NO.)

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CHAIR COFFIN:

If the amendment is satisfactory to the Committee, we can have a discussion; if not, do we have a motion?

SENATOR CARLTON MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 307.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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I will close the work session on A.B. 307 and open the work session on
Assembly Bill 329.

ASSEMBLY BILL 329: Provides funding for recreational facilities in certain
smaller counties. (BDR 32-745)

SENATOR MCGINNESS MOVED TO DO PASS A.B. 329.

SENATOR TOWNSEND SECONDED THE MOTION.

SENATOR CARLTON:

This was the provision where voters chose to put money into an account for a
pool? The pool never materialized, so they want to use the money for
recreational facilities.

CHAIR COFFIN:

Yes.

SENATOR CARLTON:

I will not be supporting A.B. 329.

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THE MOTION PASSED. (SENATOR CARLTON VOTED NO.)

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CHAIR COFFIN:

I will close the work session on A.B. 329 and open the work session on Assembly Bill 369. We had no opposition. Are there any questions?

ASSEMBLY BILL 369 (1st Reprint): Revises provisions relating to the property tax exemption for the property of certain nonprofit organizations. (BDR 32-916)

SENATOR WASHINGTON MOVED TO DO PASS A.B. 369.

SENATOR SCHNEIDER SECONDED THE MOTION.

SENATOR MCGINNESS:

I have a concern for the people in rural Nevada because if this land is taken off the tax rolls, it affects their local governments. Allowing them to keep the land off the tax rolls longer will be a problem. I will not support this bill.

CHAIR COFFIN:

Are there any additional comments?

THE MOTION PASSED. (SENATOR MCGINNESS VOTED NO.)

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CHAIR COFFIN:

I will close the work session on A.B. 369 and open the work session on Assembly Bill 378.

ASSEMBLY BILL 378: Revises provisions governing distributors of intoxicating liquor. (BDR 32-894)

CHAIR COFFIN:

We have two amendments proposed; one by the legal counsel of Anheuser Busch Companies (Exhibit E) makes major changes to the bill. The

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second is Amendment No. 679 ([Exhibit F](#)) from Alfredo Alonso. Section 1, subsection 2 of Amendment No. 679 says:

A wholesale dealer may not receive more than 15 percent of the total amount of any brand of liquor imported into this State during a calendar year pursuant to this section. Any liquor received by the wholesale dealer from an affiliate pursuant to this section must be purchased in accordance with the terms and conditions of the wholesaler's franchise with the supplier.

SENATOR TOWNSEND:
Is this Mr. Alonso's amendment?

CHAIR COFFIN:
Yes.

SENATOR CARLTON:
The testimony we had on the bill said this is the exception when they move product across State lines. Does the 15 percent make a difference when not much product is moving?

ALFREDO ALONSO (Nevada Beer Wholesalers Association; Southern Wine and Spirits):

There are two issues: One, the Committee wanted a cap and allowed for situations where bringing product across State lines was necessary. Second was the pricing issue; if there is a price differential, it should be a Nevada-suggested wholesale price. If there is a differential by buying it cheaper than we sell it, we should be able to true that up. If we need to add the language, we can work with Mr. Reel and make sure it happens.

SENATOR SCHNEIDER:
What about wine? Could wine be taken out of sections 3 and 4 of the bill?

MR. ALONSO:
It is my understanding there are wholesalers that have had issues with wineries, which tend to be the larger wineries. The small wineries can pull out of the wholesaler relationship under a certain gallonage, so it is my clients that would be opposed to that suggestion.

SENATOR SCHNEIDER:

Las Vegas does a tremendous amount of business, and a good operator knows the big products and what time of year they sell. Las Vegas should be exporting to California or Arizona. One of the facilities sold more G.H. Mumm Cordon Rouge champagne in Las Vegas than anywhere in the United States. Southern Wines and Spirits carries such a huge inventory that they should be the exporter. I understand the large wineries, but what about the smaller ones?

MR. ALONSO:

In 90 percent of the cases with the small wineries, this does not apply because the wholesaler relationship has no good-cause language, and they can pull out anytime. The problem is the larger organizations that apply too much pressure. While they have tremendous inventories, they continue to run out frequently. That is why we are willing to cap it, so it is understood this is not about large numbers but unique circumstances where we need to satisfy customers.

CHAIR COFFIN:

Do we have a motion?

SENATOR TOWNSEND MOVED TO AMEND AND DO PASS AS AMENDED A.B. 378 WITH AMENDMENT NO. 679.

SENATOR MCGINNESS SECONDED THE MOTION.

SENATOR SCHNEIDER:

Would the maker of the motion consider eliminating wine?

THE MOTION PASSED. (SENATOR SCHNEIDER VOTED NO.)

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CHAIR COFFIN:

I will close the work session on A.B. 378 and open the work session on Assembly Bill 403. This is an essential ballot question to streamline the Streamlined Sales and Use Tax Agreement, and it has no amendments.

ASSEMBLY BILL 403 (1st Reprint): Revises various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement. (BDR 32-752)

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SENATOR TOWNSEND MOVED TO DO PASS A.B. 403.

SENATOR WASHINGTON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

CHAIR COFFIN:

I will close the work session on A.B. 403 and open the work session on Assembly Bill 492.

ASSEMBLY BILL 492 (1st Reprint): Imposes certain requirements on the enactment of legislation and the provision of notice regarding certain tax abatements and exemptions. (BDR 32-602)

MR. REEL:

This bill carries out the provisions of section 6 of Article 10 of the *Constitution of the State of Nevada*. It puts into statute the requirements of the constitutional provisions. It would limit any legislation passed which includes abatement or an exemption granted by the Commission on Economic Development. It would require that after ten years the legislation expire.

CHAIR COFFIN:

Who testified on behalf of the bill?

MR. REEL:

Assemblywoman Kirkpatrick.

CHAIR COFFIN:

Did we have any opposition?

MR. REEL:

There was none.

SENATOR WASHINGTON:

I talked to Assemblywoman Kirkpatrick and Carole Vilardo about amending the bill to allow an expiration date on certain taxes, and Ms. Vilardo said I was

going down a slippery slope. I would like to have certain taxes reviewed at certain periods of time to make sure they are still effective or identified for modification. I would like to amend the bill if the Committee wishes to have those taxes reviewed.

MS. VILARDO:

After the hearing, I spoke to Senator Washington and expressed my concern about having exemptions put on the tax bills because of the political gamesmanship of sunseting taxes played at the end of Session. I suggested it was more efficient to periodically review the taxes. I discovered that every ten years, Florida selects a legislatively approved committee, approved by the voters, to review all of their taxes and recommend structural changes. There is precedence in other states for review, and most of them are ten-year reviews. I would recommend a ten-year cycle.

CHAIR COFFIN:

Did you say vote of the people?

MS. VILARDO:

On the commission in Florida, the voters approve the names. I am not suggesting we do that.

CHAIR COFFIN:

If Senator Washington wants to draw up language and present it to the Committee on Thursday, we can review it.

SENATOR WASHINGTON:

Maybe we could have Legal Division draw up the language and discuss it on Thursday.

CHAIR COFFIN:

We will go back to S.C.R. 35.

SENATOR WASHINGTON MOVED TO AMEND, AND BE ADOPTED AS AMENDED S.C.R. 35.

SENATOR MCGINNESS SECONDED THE MOTION.

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THE MOTION PASSED. (SENATOR TOWNSEND WAS ABSENT FOR THE VOTE).

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CHAIR COFFIN:

I will close the work session and the hearing of the Senate Committee on Taxation at 2:30 p.m.

RESPECTFULLY SUBMITTED:

Mike Wiley,
Committee Secretary

APPROVED BY:

Senator Bob Coffin, Chair

DATE: _____