

**MINUTES OF THE  
SENATE COMMITTEE ON TAXATION**

**Seventy-fifth Session  
February 3, 2009**

The Senate Committee on Taxation was called to order by Chair Bob Coffin at 1:40 p.m. on Tuesday, February 3, 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 Terry Care, Vice Chair  
Senator Michael A. Schneider  
Senator Maggie Carlton  
Senator Randolph Townsend  
Senator Mike McGinness  
Senator Maurice E. Washington

**STAFF MEMBERS PRESENT:**

Russell J. Guindon, Senior Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Kyle Casci, Committee Secretary

**CHAIR COFFIN:**

I would like to have my opening and closing remarks for the record.

Good afternoon, everyone, and welcome to the 2009 version of *Let's Make a Deal*. It is going to be wide open this year, and I am pleased to be here and pleased to be chairman again. It has only been 18 years, and I find that there is a gavel that has not changed. It looks like one I might have had then; it has been beat up a bit. So, I am Bob Coffin, your chair.

I would like to start with introductions of people you might not know. Our committee manager is here, and she is also my personal secretary—Linda Gentry. I would just like to introduce her to you, so when you come by the office, you can always see Linda and get in to see me if you can. Thank you, Linda. Our secretaries, minute

takers, are Kyle Casci and Mike Wiley. They have never worked in the Legislature before, and I consider that to be a real advantage, because they are not bound by any of the old conventions and they don't know any of you, which means you cannot get too close to them. If they receive an offer to buy dinner from one of you lobbyists, they are told they cannot accept. However, the chairman can accept in their place or any two designated members.

We don't hold back in this Committee, and I am not going to stop being Bob. I am just the way I am. I'll try and run this as loose as possible. We are going to have such a workload that it will be different than past committees, I am sorry to say, because I have served on Taxation for probably 20 years out of my 26. We have had some burdensome years—1991, 2003, several others in between—but nothing quite like this one. In my lifetime, I have lived in Nevada for 58 years, so I looked at the chart in the newspaper the other day and it showed ten recessions that happened nationally in the country since I moved to Nevada. Yet, they missed one big recession which was as bad in southern Nevada; Marvin [Leavitt], you would remember the 1964-1965-1966 recession, which wasn't a blip on the national scene, but was every bit as bad as it is today. So, I have seen this before in my adult life, and so we are in a situation where we have to take advantage of every opportunity we can to work hard to try to raise some money to help balance a budget, which is currently drawn a bit short. Then, the question becomes, well, how far short? That's the kind of argument that gets settled in the Finance Committee, and maybe, if this Committee is up to it, we will match that.

In any case, any member is always free to object to anything we do, and we will try and keep this an open-mic committee and not to ridicule Mike, but I do want to say now at this time: thanks to Mike McGinness for doing such a wonderful job managing this Committee the past eight or ten years. I think Mike did a wonderful job. You always treated me great, Mike. I felt right at home. You allowed me to have the time to sit on my computer, answer my mail, and read the Internet. Now it's your turn. The gavel is a heck of a responsibility. You did a wonderful job as chair, and I know all of us who served with you would second that.

Senator Townsend is a veteran of this Committee and a veteran of the Legislature. He and I came in together 26 years and almost 4 months ago. I went to the Assembly first, and he came right here. So, we have seen it all and we have stepped up to the plate when it was necessary. To the left ... well, Russell Guindon—I am sorry, Russell, I missed you. Russell Guindon is a veteran of our Committee. He is a fiscal analyst, and he is our Chief Fiscal Analyst for Taxation. Joe Reel, sitting next to me, is his deputy, and he will be principal here on the Committee. They are all, and there is another gentleman named [Michael] Nakamoto who serves with the Assembly Committee. So, all in all, the team of three is not nearly big enough to handle all the needs we have, and the requests the chairman has made already have outstripped their time availability.

To my right is my good friend and veteran Terry Care. Terry is our Vice Chair, and Terry has been in the Legislature now about 12 years. Six sessions—it will be 12 when he is finished. Maggie Carlton—we want to welcome Maggie to the tax fights. Maggie hasn't had the privilege of serving on Taxation. Maggie knows how to do this process, so all of us are veterans and including Mike Schneider, who has just sat down. Mike has been on Tax with us—he has been in the fights of 2003. If you have been here six years, you have been through some pretty horrible stuff. If you have been here through 26, you have probably seen it all. Maurice Washington is not here yet, but we will get him.

Let me just take advantage of the fact that I have the gavel here to just say a little bit more about where I hope the Committee will go. For the last year the mantra in this State, from leadership all the way down through the elected officials and through the people who are responsible for executing the laws we passed, they have said that everything is “on the table.” If you have heard it once, you have heard it a thousand times, haven't you? Everything on the table means everything that you represent.

You folks out there, those of you who are lobbyists, spectators and interested constituents, everything on the table means it is “code” for any tax that could possibly be raised in order to possibly balance the budget will be raised or will be considered. Therefore,

this Committee is an everything-on-the-table Committee. That means that gaming, mining—all industries—are vulnerable to the necessities, the needs, the pressing urgency of balancing our budget. We all have a lot of friends in these industries. We have become friends and acquaintances with many, many people here. They have been our supporters. Yet, even in these tough times we have to say to them, can you do more, because we need to save our education system. We need to save our human resources commitments we have made to the mentally ill, the elderly, the young and the helpless. We have a certain amount of conscience in this State, and we have all stepped to the plate at one time or another—all of us in both parties. I have found that common sense is the best guidance for us to follow. I do want to say that, well, we may be raising taxes and we don't know how much, nor do we know which ones, and we may create a few new ones. I hope that whatever we do, we make sure that it is not a permanent increase. I feel that what we have done in the past is a mistake. We have raised taxes and then not had a governing mechanism other than what you saw in 2005, when so much money was given away, given back to the taxpayers, it's true, but not really to the people whose taxes we raised in the previous session. So, I want it to be a guiding principle on the Committee, and all of you to remind us, that if we raise these taxes, well, let's consider a mechanism for perhaps reducing them in the future or changing the rate. These kinds of things mean we have to be flexible.

I hope the members of the Committee will remember this: in several sessions when it was important, we were taken out of the picture. I was upset to be a member of the tax-writing committee, the committee of expertise, and to find that leadership usurped the authority of the members of this Committee. That happened all over the building. By doing so, it lengthened the session because in entering negotiations with the other side and dismissing the efforts of the tax-writing committee, what happened is that bargaining took place and a lot of hard feelings occurred because a lot of people were left out of the loop. We do know Taxation! Those who are new will know it, too, when they are done. The five of us who are sitting here have been through this before. We don't want to lose our position. The best way to lose your position in this building

is to just say no, to just have a closed mind. If you have a closed mind, then you are locked out of all the discussions. So, I hope we will have an open mind and continue to forge our way as the Committee on Taxation, not to be overtaken or outdone by anybody else. Before I turn it over to staff for the agenda, any members of the Committee wish to chime in—we have an open mic right now. Let's do it and talk about it. Then we will hit the agenda, which is the presentation by our fiscal staff. Anybody want to be recognized? Fair enough. Joe Reel, you may take over.

JOE REEL (Deputy Fiscal Analyst):

Today, I am going to go over a couple of documents provided to the Committee in the blue binders.

CHAIR COFFIN:

In front of us are the Standing Rules of the Senate Taxation Committee ([Exhibit C](#)) that I would like to use for this Committee. We used these rules in the 2007 Session, and they worked well. Therefore, I would like to use them again. Would anyone like to make a motion to adopt these rules?

SENATOR CARE MOVED TO ADOPT THE STANDING RULES.

SENATOR TOWNSEND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

Senators, I would like to outline the tabs in the blue binder that each of you have. The first is the *Revenue Reference Manual* ([Exhibit D](#), original is on file in the Research Library) and the second is the Senate Committee Policy Brief ([Exhibit E](#), original is on file in the Research Library). The *Revenue Reference Manual* is a document produced by the Fiscal Analysis Division that includes information regarding the State's revenues. Outside the binder is an updated version of the Economic Forum forecast for General Fund revenues ([Exhibit F](#)). The forecast in the binder was approved by the Economic Forum at the December 1, 2008, meeting. The separate handout is the forecast that has

been adjusted based on actions taken during the Twenty-fifth Special Session of the Legislature.

CHAIR COFFIN:

The glossary of tax terms is important. The terms exemption, abatement and deduction are misused by most people. Can we have the common definitions of these words?

RUSSELL J. GUINDON (Senior Deputy Fiscal Analyst):

These terms will be discussed in detail at the meeting on Thursday.

CHAIR COFFIN:

That is acceptable. Having a complete definition of the tax terminology will be extremely helpful.

MR. REEL:

Behind the blue tab is a copy of the Senate Taxation Committee Policy Brief. This is a resource document for Committee members. This document has background information, dates and other information applicable to this Session. The brief includes a complete discussion of all the tax legislation from the 2007 Session and the 2008 Special Sessions.

SENATOR CARE:

There has been quite a bit lately in the news about the net proceeds of minerals tax, also referred to as a mining tax. The Committee should take a strong look at this area.

CHAIR COFFIN:

Taxation committees will definitely be addressing the mining situation this Session.

SENATOR TOWNSEND:

There are two ongoing court cases based on taxes. They are both important for our discussions. One case has direct effect on Clark County's subdivisions and School District, the Southern California Edison Case in southern Nevada which affects the discussion of the net proceeds of minerals and sales taxes. It deals with a significant amount of southern Nevada. The other case deals with the recent ruling on property taxes and assessments in Washoe County that affects the tax revenue for Washoe County School District and subdivisions.

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SENATOR MCGINNESS:

The rural areas of Nevada are hit hard by the economy. We should keep them in mind and the effect some taxes will have on those areas.

CHAIR COFFIN:

I have received a lot of suggestions on tax policy in my e-mail. The one I like the best predominates the discussion in every letter I receive: Not In My Backyard (NIMBY). Nobody wants to be taxed. Tax the other guy. All suggestions like that are going to go in a NIMBY box. So, that is where all these suggestions are going to go and any others you have heard of that you would like to put in there. We entertain these very entertaining suggestions. No one is protected. Any suggestion to the contrary—we will leave no sacred ox ungored.

CHAIR COFFIN:

There is nobody here for public comment today, so I adjourn this meeting at 2:20 p.m.

RESPECTFULLY SUBMITTED:

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Kyle Casci,  
Committee Secretary

APPROVED BY:

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Senator Bob Coffin, Chair

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