

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON TAXATION**

**Seventy-Sixth Session
May 19, 2011**

The Committee on Taxation was called to order by Chair Marilyn K. Kirkpatrick at 8:43 a.m. on Thursday, May 19, 2011, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn K. Kirkpatrick, Chair
Assemblyman Harvey J. Munford, Vice Chair
Assemblyman Elliot T. Anderson
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblyman John Ellison
Assemblywoman Lucy Flores
Assemblyman Ed A. Goedhart
Assemblyman Pete Livermore
Assemblywoman Dina Neal
Assemblywoman Peggy Pierce
Assemblyman Lynn D. Stewart
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Brenda Erdoes, Legislative Counsel
Russell Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Mary Garcia, Committee Secretary

OTHERS PRESENT:

Joshua Wilson, Assessor, Washoe County
Carole Vilardo, President, Nevada Taxpayers Association
Christopher Nielsen, Acting Director, Department of Taxation
Michael Randolph, Member, Paradise Greens Homeowners Association
Brenda L. Lovato, representing General Services Corporation and Institute of Real Estate Management
Paul J. Enos, Chief Executive Officer, Nevada Motor Transport Association
Geoffrey Lawrence, Fiscal Policy Analyst, Nevada Policy Research Institute
Keith Lee, representing Southwest Airlines Co. and the Air Transport Association of America, Inc.

Chair Kirkpatrick:

[Roll was taken.] We have six items this morning for our work session, and I would like to go over the policy with the Committee on Assembly Bill 569.

I would like to open the work session on Senate Bill 13 (1st Reprint).

Senate Bill 13 (1st Reprint): Revises provisions relating to the collection and payment of certain fuel taxes. (BDR 32-494)

Michael Nakamoto, Deputy Fiscal Analyst:

[Read from work session document ([Exhibit C](#)).] This bill was first heard in this Committee on May 12, 2011. It is sponsored by the Senate Committee on Revenue on behalf of the Department of Motor Vehicles (DMV). Senate Bill 13 (R1) authorizes the Department of Motor Vehicles to use email to serve certain notices of determination related to the collection and payment of fuel taxes. The bill also repeals *Nevada Revised Statutes* (NRS) 365.135, which authorizes the DMV to grant a 30-day extension for making any report or return required pursuant to Chapter 365 of NRS.

The testimony in support of the bill was provided by Wayne Seidel, Administrator of the Motor Carrier Division of the DMV. He noted that there

was some cost savings in switching to email in certain circumstances. He also indicated that repealing this section of Chapter 365 of NRS would remove inconsistencies regarding how extensions of fuel tax returns were handled by the DMV. There were no amendments to the bill. No testimony was received in opposition.

Chair Kirkpatrick:

Are there questions or comments? [There were none.] I will entertain a motion.

ASSEMBLYMAN GOEDHART MOVED TO DO PASS
SENATE BILL 13 (1st REPRINT).

ASSEMBLYWOMAN BUSTAMANTE ADAMS SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.

Senate Bill 32 (1st Reprint): Makes various changes relating to equalization of property valuations. (BDR 32-433)

Michael Nakamoto, Deputy Fiscal Analyst:

[Read from work session document ([Exhibit D](#)).] Senate Bill 32 (1st Reprint) was heard in this Committee on May 17, 2011. It is a bill brought forth on behalf of the Department of Taxation and makes various changes relating to the equalization of property valuations. In its first reprint, S.B. 32 (R1) makes various changes relating to the process by which the equalization of property valuations occur. The bill allows appeals to the county boards of equalization to be filed on the first business day following the current January 15 deadline, if January 15 falls on a Saturday, Sunday, or holiday. It proposes to extend certain deadlines for the State Board of Equalization to perform its duties of hearing appeals from the actions of the county boards of equalization. The bill also requires the State Board of Equalization of the Department of Taxation to post a schedule of meetings on the Internet and amends the requirements for posting notice of meetings held in locations other than Carson City.

Senate Bill 32 (R1) requires the State Board to notify each local government entity of a proposed equalization on or before April 30 if the equalization affects local government entities in more than one county and is likely to have a substantial effect on tax revenues. The bill also extends the deadline for equalization cases that do not have a substantial effect on tax revenues or are related to decisions made in individual cases to November 1.

Under current law the State Board of Equalization is required to conclude its business of equalization on or before April 15 on cases that are deemed to have a substantial effect on tax revenue, while cases having a less substantive effect may be heard at additional meetings before October 1. The October 1 date would then move to November 1.

The discussion of this bill was given by Terry Rubald, Chief of the Division of Assessment Standards of the Department of Taxation. The testimony given by Ms. Rubald is summarized and I am not going through all of it. Ms. Carole Vilardo of the Nevada Taxpayers Association also spoke in support of the bill.

The only testimony in opposition to the bill was given by Trevor Hayes of the Nevada Press Association. His opposition was to the provisions in section 3, subsection 3, of the bill which would eliminate the requirement to publish notices of meetings in a newspaper of general circulation for meetings that are held outside of Carson City. These notices could be published for the State Board of Equalization on the Internet. There were no amendments proposed to the bill.

Chair Kirkpatrick:

Assemblywoman Woodbury, would you like to address your concerns of section 3, subsection 3?

Assemblywoman Woodbury:

In section 3, subsection 3, it removes the provision to provide notice to the public in a newspaper and adds Internet. I thought it would be best to have both. We should uncross the elimination of newspaper so that you can receive notice in both the newspaper and Internet.

Chair Kirkpatrick:

Is there any other discussion? [There was none.] I spoke to the Department of Taxation but have not spoken to the Senate so this could come back in a conference committee, but they may be fine with the change.

Assemblywoman Woodbury, would you like to make a motion?

ASSEMBLYWOMAN WOODBURY MOVED TO AMEND AND DO PASS SENATE BILL 32 (1ST REPRINT) WITH THE ORIGINAL LANGUAGE IN SECTION 3, SUBSECTION 3, LINES 25 THROUGH 28.

ASSEMBLYMAN ELLISON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

I will open the work session on Senate Bill 33 (1st Reprint).

Senate Bill 33 (1st Reprint): Consolidates provisions requiring confidentiality of certain taxpayer-specific records. (BDR 32-435)

Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau:

[Read from work session document ([Exhibit E](#)).] Senate Bill 33 (1st Reprint) in its first reprint was heard in this Committee on May 17, 2011. It consolidates provisions requiring confidentiality of certain taxpayer-specific records. The bill is brought forward on behalf of the Department of Taxation. This bill does two things. It repeals several sections of the *Nevada Revised Statutes* (NRS) governing the confidentiality of records and files related to the taxes and fees administered by the Department of Taxation throughout the various sections of NRS. In place of those provisions, it has one consistent section dealing with confidentiality placed into Chapter 360 of NRS which is the general administrative chapter of NRS for the Department of Taxation.

The bill clarifies in this new section that the confidentiality provisions allow the disclosure of certain information in confidence to a federal agency that requests the information for use in a criminal investigation or federal prosecution. Senate Bill 33 (R1) additionally places into statute certain provisions of the *Nevada Administrative Code* governing closed hearings of the Nevada Tax Commission and additionally provides for the confidentiality of the circumstances in which information provided to the Tax Commission in advance of an appeal may be deemed confidential.

Christopher Nielsen, Acting Director for the Department of Taxation, testified in support of the bill as did Carole Vilardo of the Nevada Taxpayers Association.

The testimony in opposition to the bill presented by Trevor Hayes of the Nevada Press Association was to the provisions dealing with the Tax Commission. According to Mr. Hayes, a potential loophole is opened when

presenting the information to the Tax Commission; it becomes public information under the open meeting law so they may have to have the information released before it is closed. Mr. Hayes suggested the information should be provided to the Tax Commission 30 days prior to the meeting. Mr. Nielsen noted there is a problem with moving the date out to 30 days based on the deadlines that the Tax Commission has with respect to filing agendas and making decisions.

There were no amendments presented to the bill and there was no other testimony regarding the bill

Chair Kirkpatrick:

I agree to disagree with Mr. Hayes on this issue. I believe that when it is proprietary information and there are deadlines, it should be made to work. We worked hard in 2007 to get this in place. I believe that we should leave the bill the way it is.

Are there any questions or comments? [There were none.]

I would be happy to take a motion.

ASSEMBLYMAN GOEDHART MOVED TO DO PASS
SENATE BILL 33 (1st REPRINT).

ASSEMBLYWOMAN BUSTAMANTE ADAMS SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

I will open the hearing on Senate Bill 34 (1st Reprint).

Senate Bill 34 (1st Reprint): Makes various changes regarding the
administration of Sales and Use Taxes. (BDR 32-432)

Michael Nakamoto, Deputy Fiscal Analyst:

[Read from work session document ([Exhibit F](#)).] Senate Bill 34 (1st Reprint) makes various changes regarding the administration of Sales and Use Taxes. The bill was heard in this Committee on May 17, 2011. This is the Department of Taxation's bill that makes the necessary changes to remain in compliance with the Streamlined Sales and Use Tax Agreement (SSUTA). The changes proposed in this bill will incorporate amendments to the SSUTA that have occurred since the 2009 Legislative Session.

The primary testimony in support of the bill was provided by Christopher Nielsen, Acting Director for the Nevada Department of Taxation, who gave a historical overview of SSUTA and Nevada's involvement in the agreement. There was some testimony on the technical aspects of the bill from Paulina Oliver, Tax Manager for the Department of Taxation. Carole Vilardo from the Nevada Taxpayers Association also testified in support of the bill.

There was no testimony presented in opposition to the bill or to the proposed amendment presented by Mr. Nielsen.

There were two amendments proposed to this bill. The first was presented by Mr. Nielsen who, on behalf of the Department of Taxation, proposed the removal of the words "in good faith" from two places in the bill. The first place was on page 14, line 18, section 12, subsection 2(a)(2) of the bill. The second place was on page 19, line 34, section 21, subsection 2(a)(2) of the bill. Mr. Nielsen noted that removal of these words would maintain consistency with other provisions of the bill where the language had been removed from elsewhere in the *Nevada Revised Statutes* (NRS).

The second amendment to the bill was presented by Mr. Bryan Wachter representing the Retail Association of Nevada. He proposed an amendment to section 11 of the bill that would add language establishing a nexus for Sales and Use Tax for any seller who contracts with a resident of Nevada who, for a commission or other consideration, directly or indirectly refers potential customers to the seller by an Internet website link or otherwise. The language that is most commonly referred to in this type of amendment is an "affiliate nexus" law.

The testimony in support of this affiliate nexus amendment was provided by Mr. Wachter. He noted this was designed to modernize the method of collecting Sales and Use Taxes and was meant to shift the burden for an existing tax rather than impose a new tax.

There was testimony from Jeremy Aguero of Applied Analysis giving some potential economic effects upon the state. Ms. Margaret Borso, a private citizen from Fernley, also testified in support of the amendment.

The primary opposition to the amendment came from John Griffin, representing Amazon.com and Zappos.com. Mr. Griffin noted that in many other states that have passed similar language, such as Rhode Island, North Carolina, Texas, and Illinois, Internet retailers such as Amazon.com and Overstock.com have terminated their affiliate relationships with residents of those states, thereby eliminating the nexus that was established under these states. In these states

where the relationship has been terminated, Mr. Griffin noted that no increases in revenue have been realized.

Mr. Griffin also noted that passage of the amendment may result in Amazon's reconsideration of maintaining business facilities in the state, including the distribution center in Lyon County and the Zappos.com headquarters in Clark County.

There was a question from Assemblyman Anderson regarding the effect of this amendment on the SSUTA. Mr. Nielsen indicated that they are not related issues. The SSUTA governing board had not taken a position on this, but Mr. Nielsen did raise caution that depending on how this language is drafted by the Legislative Counsel Bureau Legal Division, it could cause compliance issues with the SSUTA.

Chair Kirkpatrick:

I spoke with Mr. Wachter and told him that I would work with him on this during the interim rather than preparing an amendment on this complicated issue. I told him that I did not want to entertain an amendment because of other issues.

I believe a motion to amend and do pass with technical amendments from the Department of Taxation is probably the most appropriate; however, I know that they need their own bill.

Assemblyman Ellison:

I think you are going the extra mile to try and resolve this issue. After going through this earlier, it appears there is an area that might be unfair business practice. I would like to be part of the interim work if possible.

Chair Kirkpatrick:

I do not disagree. I walked my district begging people to vote for Ballot No. 3 which talked about the SSUTA instead of voting for me, because it could be a huge win for our state. I tried to get the public to understand that we need to talk about this issue.

Are there any additional questions? [There were none.]

ASSEMBLYMAN GOEDHART MOVED TO AMEND AND DO PASS
SENATE BILL 34 (1st REPRINT) WITH THE TECHNICAL
AMENDMENTS PROVIDED BY THE DEPARTMENT OF TAXATION.

ASSEMBLYMAN STEWART SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

I will open the hearing on Senate Bill 79 (1st Reprint).

[Senate Bill 79 \(1st Reprint\)](#): Makes various changes relating to the Tobacco
Master Settlement Agreement. (BDR 32-291)

Michael Nakamoto, Deputy Fiscal Analyst:

[Read from work session document ([Exhibit G](#)).] Senate Bill 79 (1st Reprint)
was heard in this Committee on May 12, 2011. It was sponsored by the
Senate Committee on Revenue on behalf of the Office of the Attorney General.
The bill makes various changes relating to the Tobacco Master Settlement
Agreement (MSA).

Testimony was given by Keith Munro, Assistant Attorney General.
Michon Martin, Lead Tobacco Counsel for the Office of the Attorney General,
gave background on the tobacco MSA and some information on the current
arbitration that is occurring related to that issue. The issue that was brought
forth related to various nonparticipating manufacturers who are hopping from
state to state and not complying with the terms of the MSA and various laws
regarding escrow. The intent of this is to be able to remove these
noncomplying manufacturers from the list of manufacturers before they get to
the state rather than waiting until they come to Nevada and violate laws here.
There was also reference with respect to the arbitration and the risk of the state
losing approximately \$40 million per year retroactive to calendar year 2003.

The testimony said that the passage of this bill would be a benefit to that
arbitration. The only other testimony that was received on the bill was neutral
testimony from Alfredo Alonso, attorney at Lewis and Roca LLP representing
Reynolds American, and Samuel McMullen, attorney at Snell & Wilmer LLP
representing Altria Group, who noted that although they were neutral on the bill,
the manufacturers they represent were supportive of the concepts and viewed
the bill as positive in protecting both the liability of the state and the wholesale
dealers.

There was no testimony in opposition and no amendments were presented.

Chair Kirkpatrick:

If there are no comments or questions, I would entertain a motion.

ASSEMBLYMAN ELLISON MOVED TO DO PASS
SENATE BILL 79 (1st REPRINT).

ASSEMBLYMAN LIVERMORE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

I will open the hearing on Senate Bill 249 (1st Reprint).

Senate Bill 249 (1st Reprint): Makes various changes relating to administration of taxes on property. (BDR 32-793)

Michael Nakamoto, Deputy Fiscal Analyst:

[Read from work session document ([Exhibit H](#)).] Senate Bill 249 (1st Reprint) makes various changes relating to the administration of property taxes. This bill was heard in this Committee on May 17, 2011, and was sponsored by Senator David R. Parks, Clark County Senatorial District 7. Senator Parks spoke in support of the bill and of the proposed amendment. The bill was brought forward on behalf of the Nevada Assessors Association.

The primary testimony in support of the bill was given by Michele Schafe, Clark County Assessor; Joshua Wilson, Washoe County Assessor; and Jeff Payson, Clark County Assessor's Office, who provided a section-by-section overview of the provisions of the bill. The provisions of the bill would provide the definition of a bona fide resident to clarify a seasonal resident is not eligible to receive certain property tax or Governmental Services Tax exemptions. It requires under specified circumstances that any declaration or recorded deeds that are associated with a common-interest community be used for the purpose of allocating a portion of the assessed value of any common elements in such a community to each of the individual units of that community.

The bill revises various provisions governing personal property taxes by expanding the circumstances for which installment payments are allowed for the payment of personal property taxes, reducing the threshold by which installment payments may be made from \$10,000 to \$5,000.

The bill extends the prospective expiration date from June 30, 2011, to June 30, 2013, for an additional 2 percent commission that county assessors

may keep from the proceeds generated from the Tax on the Net Proceeds of Minerals for the acquisition and improvement of technology.

There were also outdated provisions related to *Nevada Revised Statutes* (NRS) related to inventory taxes and minimum value of land that are removed.

There was an amendment provided to this bill which would amend NRS 361.300 to add provisions requiring that the list of the public roll for property taxes be published on the Internet with the option for the list to also be published in the newspaper as is currently done. It also requires the county assessor to include in notices that are sent to taxpayers regarding their assessments that the secured roll is available on the Internet.

There is also a provision to amend NRS 361.565 which deals with the delinquency roll to delete the requirement that this be published in the newspapers and instead to go onto the Internet. There was testimony in support of this amendment from Erin Neff representing ProgressNow Nevada. Ms. Neff indicated the cost savings as well as the flexibility for the counties. Barry Smith from the Nevada Press Association testified in opposition to the amendment citing the similar testimony that he gave to this body in its other role as the Assembly Committee on Government Affairs on Assembly Bill 342 which was heard on April 12, 2011. That bill would have allowed any state or local government agency to publish legal notices and public advertisements on the Internet instead of in the newspaper.

Chair Kirkpatrick:

Thank you. If there is any discussion on the amendment, we can address that now. I think you all know how I feel about the amendment, but I know there are other members of the Committee who like this bill. This is a policy decision for this Committee, but I am a no.

ASSEMBLYWOMAN PIERCE MOVED TO AMEND AND DO PASS
SENATE BILL 249 (1st REPRINT).

Chair Kirkpatrick:

This would be the bill with the amendment to take the assessor's roll off. Assemblywoman Pierce, do you want to make the motion clear?

Assemblywoman Pierce:

This means that every December that enormous newspaper does not crack your sidewalk. It means that we would no longer be requiring that the assessors' rolls be printed in the newspaper. The amendment means that we are not requiring the assessors to print the roll in the newspaper—it is up to them.

Chair Kirkpatrick:

We will vote on just the amendment. We can see who is in favor of the amendment. I do not want the wrong motion to kill the entire bill.

Assemblyman Livermore:

As I read the amendment, it "authorizes" the county assessors rather than "requires" the county assessors to print the roll in the newspaper. I cannot support the amendment with that wording.

Chair Kirkpatrick:

Assemblywoman Pierce can you please restate your motion and whether or not we should consider this amendment.

[The previous motion on S.B. 249 (R1) was rescinded.]

ASSEMBLYWOMAN PIERCE MOVED TO ACCEPT THE AMENDMENT TO REQUIRE THE BOARD OF COUNTY COMMISSIONERS OF EACH COUNTY TO DIRECT THE ASSESSORS TO POST THE ROLLS IN A PUBLIC AREA OF EACH LIBRARY, AT THE OFFICE OF THE COUNTY ASSESSOR, AND ON THE INTERNET AND AUTHORIZES RATHER THAN REQUIRES THE COUNTY ASSESSORS TO PUBLISH THE LIST IN THE NEWSPAPER. COUNTY ASSESSORS SHOULD INCLUDE NOTICES LISTING WHERE THE ASSESSOR ROLL IS AVAILABLE. THIS WOULD ALSO APPLY TO A TAX RECEIVER.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

Chair Kirkpatrick:

Is there any further discussion?

Assemblyman Livermore:

I plead with the Committee to consider the transparency issue of people who do not have Internet services and who are not accustomed to using Internet services. I plead that we not support the amendment.

Assemblywoman Neal:

Does the amendment completely eliminate the publishing in the newspaper in the counties where they do not have Internet access?

Chair Kirkpatrick:

It gives them the option.

Assemblywoman Neal:

If they print it on their website and know that the residents do not have access to the Internet, then what?

Chair Kirkpatrick:

That is my point.

Assemblywoman Neal:

Then I am a no.

Assemblywoman Pierce:

If you are over 40 years old, you cannot read the assessor's roll without a magnifying glass as the print is so small. The other thing is that if you want to know how much your neighbors are paying in taxes, you have to know their full names. It is easier to spy on your neighbors on the Internet where you only need to know the address. I have a large percentage of seniors in my district. Some probably do not have computers but their families have computers and would help them. If they cannot do that, they can go to the library. I believe that in terms of saving taxpayer dollars this would be a good thing. I have voted for this every session.

Assemblyman Ellison:

I agree with my colleague, Assemblyman Livermore, and have since the beginning. We need to give the public every tool that is available to know what the taxpayers are doing. Many people do not have Internet access. We have discussed this on many issues. I stand firm in not supporting this amendment.

Assemblywoman Flores:

I wanted to stress that this only authorizes the county assessors to stop printing in the newspaper but, I would hope, in counties where they know that there is limited Internet access, the county assessor would not take away the newspaper printing. It just gives the county assessors the flexibility, as opposed to requiring, they are no longer printed. It is available at public locations if people want to look for it.

Assemblyman Anderson:

I want to clarify that we are requiring the assessors' rolls and not legal notices be posted on the Internet and that all assessors are elected.

Chair Kirkpatrick:

The assessors are elected and the amendment is how you read it. My personal opinion is that everything is on the Internet. Personally, I have never voted for

it but I recognize that my Committee does want to discuss it and have the opportunity to vote for it. This is what you think is best.

There is a motion on the floor by Assemblywoman Pierce to consider the amendment as written, seconded by Assemblywoman Flores. Is there further discussion? [There was none.]

THE MOTION PASSED. (ASSEMBLYMEN BUSTAMANTE ADAMS, KIRKPATRICK, LIVERMORE, MUNFORD, NEAL, AND WOODBURY VOTED NO.)

Chair Kirkpatrick:

The amendment passed. Now we can consider the bill with the amendment. I want to clarify for the assessors that the 2 percent we give back is going to help our demographers when they are asking for information in the future.

Joshua Wilson, Washoe County Assessor:

That 2 percent commission will help the demographer with providing the information they have requested free of charge.

Chair Kirkpatrick:

We will now consider S.B. 249 (R1) with the amendment. Is there any discussion? [There was none.] I need a motion.

ASSEMBLYWOMAN PIERCE MOVED TO AMEND AND DO PASS
SENATE BILL 249 (1st REPRINT).

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE
MOTION.

THE MOTION PASSED. (ASSEMBLYMEN BUSTAMANTE ADAMS, KIRKPATRICK, LIVERMORE, MUNFORD, NEAL, AND WOODBURY VOTED NO.)

Chair Kirkpatrick:

I will open the hearing on Senate Bill 495.

Senate Bill 495: Proposes a competing measure to Initiative Petition No. 1.
(BDR 32-1275)

Michael Nakamoto, Deputy Fiscal Analyst:

[Read from work session document ([Exhibit I](#)).] Senate Bill 495 was heard in this Committee on May 12, 2011, and was sponsored by the Senate Committee

on Revenue. The bill proposes a competing measure to Initiative Petition 1 of the 2011 Legislative Session. The bill would amend Nevada's Taxpayer Bill of Rights to require the Sales and Use Tax rates levied in each county to be uniform and equal within that county and would prohibit the imposition of any Sales and Use Tax rate that would cause the rate in one portion of a county to be higher than in other portions of that county.

Under current Nevada law there are varying tax rates between counties. For example, the tax rate in Carson City is different than in Washoe County and different than in Clark County, but there are no rates that apply only in one portion of a county that do not apply in other portions. For example, the rate in Clark County is 8.1 percent everywhere within the county. The provisions of S.B. 495 would prohibit the imposition of a rate that would cause the rates to be different in any portion of the county.

The testimony in support of the bill was given by Russell Rowe, representing Taxpayers for the Protection of Nevada Jobs; John Griffin, representing Boyd Gaming Corporation; Josh Griffin, representing MGM Resorts International; Matt Griffin, representing Griffin Rowe & Nave; Randy Robison, representing General Growth Properties, Inc.; and Sean Higgins, representing Station Casinos, Inc.

Testimony in opposition to the bill was given by John Sande III and Michael Alonso, representing Caesars Entertainment, and Danny Thompson, representing the charitable foundation for the proposed arena.

There were no amendments to the bill.

Chair Kirkpatrick:

Thank you. Assemblywoman Woodbury, I believe you have a disclosure.

Assemblywoman Woodbury:

This bill proposes a competing measure to I.P. 1. I want to disclose that my father is the chairman of the board of the Las Vegas Arena Foundation which is the organization proposing the arena project in I.P. 1. Because I believe that my commitment to my father would materially affect the independence of judgment of a reasonable person in my position, with respect to this matter I am hereby making this disclosure for the purposes of Assembly Standing Rule 23 and will abstain from voting on this bill.

Assemblyman Anderson:

I discussed this with our legal counsel and would like to offer disclosure. This bill proposes a competing measure to I.P. 1. I am employed as a security officer by Caesars Palace Las Vegas which is a proponent of the arena project and I.P. 1. I have consulted with counsel and understand that the independence of judgment of a reasonable person in my situation would not be affected by this fact because it has no effect on my private economic interest or my employment. Thus, I am not required under Assembly Standing Rule 23 to make this disclosure but have decided to do so out of an abundance of caution. I will be voting on this bill.

Chair Kirkpatrick:

Are there questions or discussions? [There were none.] There being no discussion on this bill, I will entertain a motion.

ASSEMBLYMAN GOEDHART MOVED TO DO PASS
SENATE BILL 495.

ASSEMBLYWOMAN PIERCE SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN WOODBURY
ABSTAINED FROM THE VOTE.)

Chair Kirkpatrick:

That concludes our work session on the bills we need to move prior to the deadline. There are additional bills coming, and the Committee will continue to meet. I would like to go through Assembly Bill 569.

Assembly Bill 569: Imposes a Nevada Transaction Tax. (BDR 32-1290)

We have heard this bill many times and have had many questions. We have been working to get answers to the questions. It is my understanding that the Senate wants to take up this bill as an information piece on Saturday, May 21, 2011. I would like to discuss some of the policy decisions because if the Senate is going to have an information hearing, we should not rehash our discussions. It appears we will be having an information meeting on Senate Bill 491 and I have asked them to extend the same courtesy for our Committee so we do not have to rehash the same arguments. I believe we could put out a working amendment to the public and to the Senate so that the same issues would not have to be rehashed.

Carole Vilardo, President of the Nevada Taxpayers Association, has spent a lot of time on A.B. 569 but if she has to go to the Senate, she would have to

put the same information out to them which would be redundant. Not all of the issues are addressed; however, I would like to go over some with the Committee.

Some of the important issues to be addressed would be financial issues such as interest or automated teller machine (ATM) fees. I believe that should probably be excluded but did not know what the Committee thought about this. Before I put a working amendment in place, I would like to have discussions with the Committee.

Assemblywoman Pierce:

Are you talking about only ATM fees or are you also talking about investment services?

Chair Kirkpatrick:

I would like to consider investments, mortgages, pawn shops, payday loans, and ATMs. Think about people who use payday loans and pawn shops. They would then be paying a service fee when they are trying to get money to pay their bills. There is no easy way to exclude some financial services and not others.

Assemblywoman Bustamante Adams:

I agree that all financial activities should be excluded.

Chair Kirkpatrick:

We will continue with these open discussions. We are not going to vote today. I want the policy to be correct so people can be clear before they vote.

There was discussion on section 31 which the Retail Association of Nevada and Ms. Vilardo brought up on allowing the businesses to have a certain amount to write off to keep their software in place. We currently do this with sales and goods and give them a 0.25 percent write-off to keep their software in place. The \$2,000 cap does not help all of the businesses. It may be somewhat of a windfall for the smaller businesses and may be a "drop in the bucket" for the larger businesses. If we stay consistent with the sales and goods of the 0.25 percent, it would be a consistent measure with how we already do business but would not allow either side to have a windfall or a shortfall.

Assemblywoman Pierce:

Is there a cap on that?

Chair Kirkpatrick:

There is not a cap, but there is a formula that is based on their business. We do that in the Sales and Use Tax.

Assemblywoman Neal:

So are you suggesting we take out the \$2,000 cap and keep it at 0.25 percent?

Chair Kirkpatrick:

In Transaction Taxes we do not have anything; however, in discussions with the bill sponsor when this bill first came out, he wanted to do something so he suggested the \$2,000, got some feedback, and decided what direction to go. After evaluation it seems there could be a windfall for small businesses and a shortfall for larger businesses. If we kept the consistent formula as we use on sales and goods, it would also help the Department of Taxation implement the tax rather than trying to determine the best way to get the \$2,000. It would also maintain consistency within the statute.

Assemblywoman Neal:

I agree with you on that issue.

Assemblywoman Pierce:

I believe we should keep it consistent with the sales tax.

Chair Kirkpatrick:

I am looking for feedback or other ideas. Regarding the six-month period when the tax is first implemented, do we agree or disagree that there should be no penalties put into place? In my opinion, we are asking people to do something completely different, and if we penalize them the first day, it will only make it more difficult to get them to participate. The bill says they would be penalized, but I wondered whether there could be some flexibility for the first six months. There will be some people who will be aware they should be paying the tax.

Assemblywoman Pierce:

I thought there was something about a warning letter.

Chair Kirkpatrick:

Yes, there is a warning letter but it also requires penalties and interest to be paid. I suggest we allow six months for people to get everything in place.

Assemblywoman Pierce:

I agree.

Assemblyman Goedhart:

Being in the farming business I know there are many farmers who sell hay. If a farmer hires someone to spray the fields, he pays the services tax for every ton of hay. He pays someone to swath the fields and he pays the tax on every ton of hay. He pays to have the hay baled and pays the tax on every ton of hay. He pays to have the hay put into a yard and pays the tax again. Now he has to pay to have the hay hauled and pays the tax again. In that area it is a pyramid effect. This would go from the hay farmer to the person who feeds the hay to the animals, and it has not gone to retail yet but has already been taxed several times.

The dairy farmers cannot pass the cost on to the customer because we are mandated by the federal government milk marketing order that tells us what we can charge for milk. We would be losing money. We currently do not pay tax on feed we purchase because it is not taxed by us and we do not charge tax to the store for food. This is a de facto tax on food and will make a difference. In some cases we only have a 2 or 3 percent profit margin. If you are being taxed multiple times on 70 percent of your input cost, it could mean the difference of being able to have an economically viable business and being taxed out of business. In that case we will have no milk being produced in Nevada and will have to import all of our milk from out of state.

Chair Kirkpatrick:

That is a good point. We heard in this Committee from Ray Bacon, representing the Nevada Manufacturers Association, about the resale factor. I have been trying to do some research on that, but in talking with the bill's sponsor, the goal for him was that the broader it is, the smaller the percentage. That was key. I do not disagree there will be pyramiding, but I do not know how to solve that issue. When looking at the bill from the 2003 Legislative Session, some of the rates were fairly high when limited to smaller groups. I do not disagree, and as we go through these discussions, those are things that people need to think about.

One of the things that came up in discussions was tips and gratuities. If there is a larger group dining and they are paying the 18 percent gratuity, would that have to be included or excluded? There are a lot of scenarios popping up. I believe that tips in general should be excluded because it is not a service. This is why the discussions are so important. I have not found the answer to pyramiding yet.

Assemblyman Livermore:

Section 26 of the bill reads, "A service provider shall hold the amount of all the Transaction Tax for which he or she is liable in a separate account in trust for

the State.” What that would mean is that if a barber charges \$10 for a haircut and does 25 haircuts a day, he would collect \$250 that day. If you have a 1 percent tax on that service, you would be required to take \$2.50 and deposit it in a separate bank account. Some banks charge for deposits and withdrawals. Apparently it has been in the tax law for years that you must use a separate account. During my 35 years of business I was never required to have a separate account, but I was responsible to pay the tax. Why is the requirement to have a separate account important in this bill?

Chair Kirkpatrick:

I can ask Carole Vilardo, representing the Nevada Taxpayers Association, to help with this question. In my perspective, in the Sales and Use Tax law there is a requirement for a separate account. I believe that the intent is to ensure the money is there to pay the taxes and not be comingled.

Assemblyman Livermore:

It does not require that you make a daily deposit, only that you have an account.

Chair Kirkpatrick:

I would like to hear from Ms. Vilardo and from Chris Nielsen, from the Department of Taxation.

Carole Vilardo, President, Nevada Taxpayers Association:

I will speak to practicality. The reality is that you book it on your books. I know of no retailer that sets up a separate account in a bank, but you do separately account for it. The issue goes back to Sales and Use Tax law trying to parallel this to make it easier. I would like to see the law updated. We have the *Nevada Revised Statutes* (NRS) Title 55 provision but to make it simpler for that retailer, who is doing tangible goods and has been complying with the Sales and Use Tax law, it is much easier to have everything track with that law than to try to separate it. I agree with you and I know of no business that opens a separate bank account to deposit that money.

Christopher Nielsen, Acting Director, Department of Taxation:

In the interest of administration, I believe it prudent to make that consistent with the sales tax. It is correct that we currently have the separate bank account rule in Sales and Use Tax law. I believe this is more of a trust fund tax. Consumers pay this, and the retailer or the service provider holds it in trust for the state and is required to remit it at the end of each month or quarter or annually.

As a practical matter, when auditors and revenue officers need to ensure people are remitting those taxes, they are concerned about making sure the taxes they collect are remitted. That is the number one job. The separate account is certainly a rule in place but not our priority when doing audits or collections. We do not look to make sure people have a separate account. We want to make sure that the sales tax they collect is remitted to the state in accordance with current law. This is unlike a Modified Business Tax where it is not money collected from anybody. This is just a payroll tax that employers pay themselves. That is why there is not a separate account requirement for that tax type.

Assemblyman Livermore:

I appreciate you clarifying this information. I have gone through many audits, and as long as I tracked my sales against my sales tax transaction and made payment to the Department of Taxation, that was their first concern. I was in a franchise business and had to pay a franchise fee. I separated that because I did not want to pay a franchise fee on the tax increment.

Assemblyman Ellison:

I agree. I have several small businesses and I do not have a separate account for them. I just wait until the end of the year. Under section 34, subsection 5, it discusses bonding.

Chair Kirkpatrick:

That is on my list. I believe we took the bearer bonds out because we do not use those anymore. This is the process of going through the bills and deleting some of it that is antiquated. Some of this is from 1955 in our sales tax law. Some has to stay in to allow us flexibility to utilize it. I believe Ms. Vilardo had addressed that from the beginning so the bearer bond section would be removed.

Assemblyman Ellison:

The construction industry is probably one of the hardest hit industries in the state. I see construction owners doing everything they can to give the employees 20 to 30 hours a week to try to help them survive. Service repair people are doing anything possible to keep people working. To hit them with a tax right now is one of the worst things we can do for this economy. I will stand on the record that I will not support this tax because of that fact.

Chair Kirkpatrick:

We have talked for the past two years about changing our tax structure because we have heard that our structure does not necessarily reflect how our economy does business. Back in 1955 goods were high and services were low.

Now goods are low and services are high. From my perspective this is a dialogue to discuss the policy part of this bill. We have to change our tax structure. When times are good people say that it does not need to be changed. When times are bad people say that is not the right time to make changes. What I am offering to the Committee is the opportunity to fix the policy first and then determine if it is still a direction we need to go. Many other states are doing the same thing we are doing. Whether or not you vote for this, I think everyone should have the opportunity to consider the policy, whether or not I agree. I am asking for help to form the policy.

Kudos to Assemblyman Goedhart for bringing the ATM fees to the attention of the Committee. That could have been a huge unintended consequence if we had not discussed it. Discussing things here gives people the opportunity to think about how we can fix policy issues.

Assemblyman Livermore:

I would like to discuss the merits of how policy supports governments.

Assemblyman Anderson:

I agree with much of what Chair Kirkpatrick said. We have to work through the policy whether or not people vote for it. The good thing about the process this session is the opportunity to have more input into the policy decisions. I would like to compliment Chair Kirkpatrick.

In terms of the structure, we do have the biggest budget deficit percentage-wise in the country, which indicates problems with our structure. I understand that the debate on taxes and the budget is up in the air until the end of session. We need to fix our structure and I do not think that anyone can deny that the numbers are a problem for our state. To some degree every state is going to have a budget deficit, but ours is much worse when the economy goes down.

Chair Kirkpatrick:

I would like to continue with our discussions. I feel that it would be an inefficient process if we let the Senate discuss all of this, so the more we can clear up now, the better off we will be.

Assemblyman Ellison:

One of the issues brought up in Committee was testimony on section 10, subsection 1(c). You heard testimony from the lodging and commercial retail businesses regarding the amount of commercial spaces that were empty. I made a trip through town here in Carson City and one section was totally

empty, no businesses at all. This tax is an undue burden on someone who is not making money.

Chair Kirkpatrick:

We heard from a constituent on the property management section. I spoke with one of the bill sponsors who would like for them to be included because he does not know how you exclude one without the others. Something that came up for discussion was whether there should be an exemption for commercial contracts that were negotiated before the implementation of the law. I have not heard any policy decision on that issue.

Assemblyman Livermore:

I appreciate the information on commercial real estate. I provided you some information regarding advertisements and advertisement fees. I would like to add that to the list for discussion.

Chair Kirkpatrick:

I will put that on the list. Mr. Livermore gave me some information from Minnesota on advertising. I have not had the chance to go all the way through it. It was exempt in 2003 from Senate Bill No. 382 of the 72nd Session.

Coming back to my policy decision, the broader it is, the smaller it is. If everyone is okay with going somewhat higher for the long term, because we are trying to replace the taxes that you have in place for a better structure, you have to generate the same amount of dollars. Just so we think about that. If everyone thinks that one particular group should pay 3 percent, I think you should look at the Delaware law which is all over the map.

Assemblyman Livermore, we will put the advertising issue as part of our discussion.

Other policy issues were babysitting and snow shoveling. I have tried two different scenarios and am not sure whether either will work. I have tried to look at it based on age requirements and minimum wage requirements that would exclude them. I looked at it based on the Internal Revenue Service (IRS) requirements of when you report your taxes. I believe that currently if you make less than \$600 annually, you do not have to report. I could not figure out a way to make that accountable. If anyone has ideas, I would appreciate your input. The idea is not to get the teenage babysitter down the street or the high school student trying to raise money to be included. I do believe that a handyman or others was the intent.

Assemblywoman Pierce:

Why does an age requirement not work?

Chair Kirkpatrick:

Age requirement was one of the areas I discussed. If someone is 18 and going to school and works part-time in the summer but babysits while in school, would that person be exempt or have to pay the services tax just because the person was 18 years old? Should the age be 21 years old? There are some 16-year-olds who have good business skills. I tried to think about college students and whether they would be getting the brunt of it.

I tried to go more with the IRS law because it changes. I did not know what the Committee would think about doing that.

There was plenty of discussion on the Internal Revenue Code section 501(c)(3). When going through the list presented by Samuel McMullen, attorney for Snell & Wilmer LLP, at the May 14 meeting, I could not find an easy way to exclude certain groups or to include all of them. It became very broad on who was being excluded. I went back to section 501(c)(3) as the ones that do the charitable work. I spoke with the bill sponsor and I believe that Ms. Vilardo was correct that her association would have to pay. It is a 1 percent tax so if your association fees were \$1,000 per year, you would pay \$10 for the year. Those are some of the groups that have not been captured in the past. I do not believe that all of the groups are opposed to it, but when you go through the list, there are organizations such as the Black Lung Association and many others. Because we would not know the unintended consequences of how many of those groups actually existed, in speaking with the bill sponsor, if we left only the section 501(c)(3) in, you could come back and address that at a later date if it became an issue. I would appreciate some input.

Assemblywoman Bustamante Adams:

When I looked at the list, I went through the same process. I would support only giving the exemption to the section 501(c)(3) and letting the others participate in the Transaction Tax.

Chair Kirkpatrick:

I believe that if you have membership dues, you can write them off at the end of the year. One of the items that need to be discussed is transportation and delivery services. This has morphed into a large package so I wanted to revisit that issue. We answered many of the questions put forth by Ms. Vilardo. There is no movement to act on this today or tomorrow, but I would like to clean it up so that we have a clean document from which to work.

Assemblyman Livermore:

Paul J. Enos, Chief Executive Officer of Nevada Motor Transport Association, discussed the trucking industry and regulations. He discussed businesses that would apply broad-based in this without "pancaking" or trying to make sure that the results of what you eventually hope to accomplish do not create the pancake scenario. We do not want to create an unfair burden on a lot of people who would eventually be at the end and have to multiply services together.

Chair Kirkpatrick:

That is the discussion to ensure that it is fair. You can look at it two ways. Most people could be out, and I do not think that is what we want. Everybody could deliver something or we could exclude them all and the base again shrinks. Transportation is a big issue and we need more time to work on that. I would like the Committee to provide as much input as possible, either on the record or in writing.

Assemblyman Ellison:

Even though we may not support the entire bill, we can whittle down the areas we feel could be a problem. Did we remove section 51, subsection 2?

Chair Kirkpatrick:

That is an area where I worked with Ms. Vilardo. Section 51 says, "In its administration of the Transaction Tax, the Department *may* require the filing of reports by any person or class of persons having *in their possession or custody information relating to* any taxable services used in this State." [Emphasis added by Chair Kirkpatrick.] If you meet those criteria, then you must supply this additional information. We thought it best to leave it in so that the Department of Taxation could determine when you would fit those criteria.

Michael Nakamoto, Deputy Fiscal Analyst:

That is a correct interpretation. What this section is saying is that if a business actually has this information as part of its normal course of doing business, the Department of Taxation may require it to be turned over to them for their administration purposes. As was pointed out, this is language that is in the Sales and Use Tax currently. If the business does not collect this information, there is no requirement to do so. They do not have to start collecting it. There were instances of cash-based businesses such as bowling alleys. The question was asked whether this would require the bowling alley to collect the name and address of anyone, for example, who is renting shoes from them. Based on our discussion with the Legislative Counsel Bureau Legal Division, there would not be a requirement to collect this information. The information is only to the extent already actually available in the course of a business.

Chair Kirkpatrick:

Could you give us an example where they might have that information? I can see that in smaller businesses it might be a lot of paperwork, but this is saying only if the information is currently available.

Assemblyman Livermore:

Take the example of a drive-through car wash. You drive away and would not be required to provide that information.

Chair Kirkpatrick:

That would be similar to the bowling shoes. Perhaps Mr. Nielsen can give us an example where this might apply.

Christopher Nielsen:

I think the most common scenario where the Department of Taxation expects or makes it easier for the taxpayer during an audit is to determine whether the sales are or are not for resale. If there is a Sales and Use Tax due, we need to know how much should be reported. If it is a resale, we must make sure that the sales they are making for resale are recorded on their books and are consistent with the purchases made from their vendors.

I think services may be a little different, but it is the same basic concept. When we audit for sales tax, we do not care who the customer is. If you go to a convenience store, they do not care who is buying gum or beer. Some of the larger retailers track things through the use of a discount card. We are not interested in that. We are interested in making sure that the amount they purchase from the vendor is correctly reported and corroborates with what they are reporting on their books.

Assemblyman Ellison:

We use spreadsheets on our computers and a backup. In service work you take material, taxes, labor, and the 1 percent on top of the labor. When they do the spreadsheets, they put in the name and the name goes into the log. At the bottom of the log it automatically totals and shows the amount to be paid for the tax. That is kept at the business and not sent in for reporting. If a person had to report that based on how I interpret the bill, the Department of Taxation would receive huge amounts of paperwork.

Christopher Nielsen:

Typically we go to the place of business for auditing. There are times when the business records are located outside the state and we have authority if they do business in Nevada to request those records. I believe there is some discretion on what the business sends the Department. In the Sales and Use Tax context

and my understanding of how this bill works, it is confidential and we take that very seriously. We regularly get requests for information from competitors and people who are in litigation, but we refuse to provide any information. I do not see any issues with confidentiality.

Assemblyman Livermore:

The Department provides exemption letters to nonprofits to use when making purchases from a retail store. A nonprofit must provide the retailer a nonprofit statement. Do you see that in this service fee?

Christopher Nielsen:

It appears the way this bill is written, the scope of that exemption is a little different. Currently under the sales tax, nonprofits apply to the Department for exemption. A letter is issued to the nonprofit. In this bill it appears that if the business falls under section 501(c)(3), it is automatically exempt.

Assemblyman Livermore:

For purposes of this bill, how would the retailer know the business fell under section 501(c)(3)? There would need to be some record.

Chair Kirkpatrick:

I believe that is something established through regulations.

Christopher Nielsen:

That is correct. It could be put into statute but there would need to be some sort of check-and-balance procedure in the regulations.

Chair Kirkpatrick:

That is no different than with the sales tax. I worry about putting it into statute because if an unintended consequence comes up, there would be a two-year wait for the Legislature to address it.

Assemblyman Anderson:

Regarding the problem of pyramiding, is there a way to establish at a certain point in the distribution chain that the tax is 0.25 percent rather than 1 percent so that it adds up to 1 percent for the end-user?

Chair Kirkpatrick:

I do not believe this would be practical, but I would like Mr. Nielsen to give us his thoughts.

Christopher Nielsen:

Our biggest concern is that many businesses provide services and sell goods and sometimes there is an overlap. An oil change, for example, provides both goods and services. I think we need to make sure the service component is being assessed at one rate and the sale of the goods at another rate and there is no overlapping. From an audit standpoint, it would be difficult to enforce different rates along a distribution chain. It would be difficult to determine at what point along the chain we charged what rate. From an administration standpoint, it would be problematic.

Chair Kirkpatrick:

Assemblyman Anderson, I can bring you the example I had earlier in the week that depending on how you itemize out, your receipt will determine whether you pay sales and goods and the Transaction Tax or whether you just pay one. I can provide the Committee a copy of that example.

At this time I would like to hear some testimony from southern Nevada.

Michael Randolph, Member, Paradise Greens Homeowners Association:

I provided written testimony ([Exhibit J](#)) regarding A.B. 569 and homeowners' associations (HOAs).

As a gated, private community we are completely responsible for 100 percent of the maintenance on our community. Once you step onto the property, 100 percent of the maintenance of the property is our responsibility. The county or city does not maintain our streets, roads, curbs, gutters, sidewalks, lighting, or other services. As a gated community we cannot get animal control to come in to pick up a dog running loose. We pay the same property tax as any homeowner who does not belong to an association but we receive no services. Since we provide no services ourselves, I am requesting that the homeowner association assessments be excluded from the services tax.

Chair Kirkpatrick:

We will review your information.

Assemblywoman Flores:

How is your HOA organized under the tax code?

Michael Randolph:

We are not a section 501(c)(3), but I do not know where we fall under the code.

Chair Kirkpatrick:

I have staff researching to determine that information. We talked about the reserves at our last meeting. Are you talking about reserves and assessments being the same? Are the fees that are collected through the HOA to pay for certain services the same as the reserves you alluded to in earlier testimony?

Michael Randolph:

The assessment on page 3 of [Exhibit J](#) shows the association assessments and the reserve funding assessment all become part of one assessment that the homeowner pays. Reserve assessment is collected for a reserve study that says in the next 10 to 20 years what capital items would have to be replaced. If a gate motor breaks, we have to have the funds on hand to be able to replace the motor. If the pump for the lift station for the sanitation service breaks, it must be replaced immediately and we must have the funds on hand. We are required by NRS Chapter 116 to have the study done at a cost of \$1,800 annually.

Assemblywoman Benitez-Thompson:

Thank you for supplying the information. I am interested in getting from broad numbers and anecdotal information down to real numbers and how this Transaction Tax will impact people in actual dollars and cents. If the 19 homeowners are making a monthly investment of \$215 per month and if the tax were to be applied, it would be an additional \$2.15 a month. What I wanted clarification on is whether the tax would be on the \$215 monthly fee?

Chair Kirkpatrick:

I will get you some answers.

Assemblywoman Benitez-Thompson:

For your gated community, Mr. Randolph, do you think that \$2.15 per month of the Transaction Tax is burdensome?

Michael Randolph:

Yes, I do. As a nonprofit, every time my association spends \$100, being one of 19 members, that is \$5.26 out of my pocket. All the money that we are collecting in our operating assessment is to pay such things as state business license, the ombudsman fee, postage, office supplies, power bills, and water bills that are already exempted.

Assemblywoman Benitez-Thompson:

It is \$215 per month that the homeowners are paying which would be a total of \$25.80 per year, and you maintain the position that it is burdensome or a financial hardship. I am struggling with that.

Michael Randolph:

Yes, unfortunately it is. We have an annual budget meeting to work out the budget. Every year we have to try to take into consideration the increases in water bills and power bills. I have 18 other homeowners complaining about how the dues keep going up. It gets harder and harder to explain to them that their dues went up another \$25.80 this year because we are getting taxed for services that we are not providing.

Chair Kirkpatrick:

As Assemblywoman Benitez-Thompson referred to it, there are two ways to could look this issue:

1. The HOA would pay at the time of service. For instance, you typically use landscaping a couple times a month and would pay the 1 percent for each service. There might be times when you would do mailings twice a year so you would not necessarily pay on that and some of the other expenses are exempt.
2. What I thought I heard Assemblywoman Benitez-Thompson say is that if the policy decision was that you only paid an additional \$2.15 per month or \$25.80 a year that would include all of the services you already had in place. I am wondering if the \$25.80 for the year versus the 1 percent based on when you use a service might be more feasible. Looking at your list you would not pay a fee on the business license fee. We just discussed exempting all financial institutions, so you would not pay on that. We just discussed the utilities, so you would not pay on that. We are weeding down the list. If, however, you have one major plumbing issue the Transaction Tax might be thousands of dollars versus the \$25.80 per year.

As opposed to exempting altogether, is there any thought on which scenario might work better for HOAs in general?

Michael Randolph:

If you look on page 3 of the exhibit, we have a grounds contract of \$12,000 per year. The landscaper would be collecting the 1 percent service tax for that item. Under management contract it is scheduled at \$3,192 per year. The management company would be responsible for collecting that tax and forwarding it to the state. The lift station contract is scheduled at \$4,200 per year. The Transaction Tax would be collected by that vendor. It is not that we would not be paying the Transaction Tax; we would be paying through the course of the services that we are purchasing from the outside vendors as opposed to the overall budget that comes in every month.

Chair Kirkpatrick:

That was my point. As suggested by Assemblywoman Benitez-Thompson, it would just be \$2.15 per month based on the current HOA dues . . .

Michael Randolph:

Would that be not only paying the \$2.15 per month but also the 1 percent tax to the contractors? We would be taxed twice.

Chair Kirkpatrick:

I do not disagree, but I was trying to see if there was a better policy that we could put into place as opposed to doing both. What I think I heard was that the services would be more expensive than the additional amount to the homeowners per month based on their current association dues.

Michael Randolph:

If I understand it correctly, if we were to pay the \$2.15 per month based on the monthly assessments, we would be exempted from paying the Transaction Tax from all of the services that we purchase. How would we let those vendors know that we are exempt from those because we already paid for it through our monthly assessment?

Chair Kirkpatrick:

There is no decision yet. I am trying to figure out a balance. Because you are typically a section 501(c)(4) or a section 501(c)(6) and seldom a section 501(c)(7), if you were exempt from the portion of the services, would there be another mechanism to ensure that our base was still somewhat broad?

Michael Randolph:

Yes. My thought would be exempting the amount that we are collecting because we are not providing a service but then making us responsible for paying that Transaction Tax on all services we use.

Chair Kirkpatrick:

Thank you. That is a policy decision, but because there are many thousands of HOAs we need to have something similar in place, that would work.

Assemblyman Livermore:

That spurs my imagination talking about HOAs. What about apartments, condominiums, and others that pay for these things that are embedded in the rent? How would you deal with that?

Chair Kirkpatrick:

The rents are already exempt. That is in section 25, subsection 1.

Assemblyman Livermore:

It is difficult to describe as rent because it is an agreement that they have agreed to work to pay themselves within this gated area where they have elected to live.

Chair Kirkpatrick:

I am at a disadvantage because I do not live in an HOA environment, but I will try to investigate it a little more.

Assemblywoman Benitez-Thompson:

I think you are asking a good question. Having this level of specificity in the numbers helps because you have your income and your operating costs ([Exhibit J](#)), so we can look at it both ways and decide which makes more sense and which is fair. Is it looking at the Transaction Tax on what the homeowners are paying or just looking at it being paid as the services are performed? It will be a fun exercise to work through these expenses and see what is or is not exempt and what the numbers would work out to be.

Michael Randolph:

Thank you, Assemblywoman Benitez-Thompson. I would like for you to come to our annual meeting in July when we discuss our annual budget. We get to work out all these numbers and try to tell the homeowners that we are trying to keep their neighborhood as nice as we can and as well maintained as possible, yet keep the costs down as much as possible.

Chair Kirkpatrick:

We do not disagree. We are trying to do the same thing. We appreciate you coming because it was important, and you spurred some additional discussion on how we look at this area.

If there is anyone else in southern Nevada who would like to testify, please come forward.

Brenda L. Lovato, representing General Services Corporation and Institute of Real Estate Management:

I spoke on May 14, 2011, in opposition to this bill. In 2008 the private sector, including the casinos, laid off workers. Our company laid off 10 percent of our workforce. My company has closed offices one day per week.

I want to bring an issue to your attention. The service tax has a lot to do with services to maintain the properties. I represent residential apartments, commercial properties, shopping centers, strip malls, and offices. We are just "treading water" at this time. We cut back and cut back and cut back. Now

you are considering bringing a tax to us. If you bring the tax to us, there will be more layoffs in the private sector. We need to create jobs so we can hire again. I would like to rehire the 10 percent workforce and open my offices seven days a week. The casino industry shows a profit as of 2010. I am not asking to increase taxes for casinos, but we need to create jobs. If we create jobs, we would not need to add this tax. I have been contacted by many people who do not want this tax.

The school district and the government entities are just now looking at laying off personnel. The private sector laid off workers in 2008. Had the school district and the government entities laid off workers in 2008, maybe we would not be looking at such a large shortfall. The school districts and government entities continually come to the taxpayers in the private sector to get more taxes for goods and services they use. They do not generate tax dollars into the state.

Today's testimony indicated you are looking into collecting the fair share due Nevada. Again, I would like to point to the mining industry. Gold and silver stand to make more money than it has in the past. Gold and silver are at their highest levels, which mean record profits. Where are we taxing them?

I want to talk about the senior citizens because several have contacted me. The tax will impact them and their ability to continue to have their hair done and their pets groomed and other amenities.

This tax is going to hurt all taxpayers. They are already paying taxes that go into the school district. As I looked over the budget documents, 39 percent of the money you collect in taxes goes to the school districts. The balance goes to goods and services. We need to create jobs and we need to quit "killing" jobs. We do not need more taxes. We need to get Nevada back on top to attract businesses and to continue to move in the direction we have been.

I would like to read into the record a letter I received:

Dear Assembly:

I understand the Assembly Committee on Taxation is considering a tax on a broad array of services. I am opposed to this tax as it would create a hardship for families and individuals of the state. Nevada has over 13 percent unemployment and one of the worst economies in the country. This tax would put an additional burden on the sector which least deserves it.

Democrats are supposed to be for the middle and lower classes. How does this tax help families when you are taking money out of their pockets?

Sincerely,
Mr. Mark Algore

Chair Kirkpatrick:

If you could leave those documents with the secretary, we will put them into the record and make them available on NELIS. [Documents were not submitted.] I know you testified on May 14, 2011, and I have yet to get you the information on the use tax but I have your card. I will make sure I do that tomorrow. I apologize for not getting it sooner.

Paul J. Enos, Chief Executive Officer, Nevada Motor Transport Association:

I appreciate the discussion we are having today on the policy issues and the desire of the Committee and the bill sponsor to try to keep the base as broad as possible and not have a number of different industries exempted.

I would like to discuss transportation and the interstate nature of the business. Most of the services we are discussing, whether personal care from a hair stylist, nail salon, or doctor, are things that will occur instate or intrastate. With transportation, much of that service occurs on an interstate level through multiple jurisdictions, whether a package from United Parcel Service (UPS) or a power transformer shipped across the country. Sometimes that delivery will happen in the state of Nevada and sometimes it will not. I would like to talk about apportioning that or if that is something we want to discuss. That may be something we need to look at to ensure we are not running afoul of the Commerce Clause in taxing. If you have, for instance, a power transformer moving through 19 different states and being delivered to Nevada and the cost of the service is \$40,000 to get that power transformer moved, where do you place that tax? Do you place the tax in Nevada where the equipment is being delivered? Do you place the tax for the service of delivery on the entire movement, or do you apportion it out? I think that is something the Committee may want to consider as we move forward in this. There are some real-world issues that may arise.

Maybe Mr. Nielsen with the Department of Taxation has some different ideas. I know that currently the trucking industry does apportion on fuel and registration taxes as they are not a point of purchase tax but a point of use tax. The trucking companies have to report this on a quarterly basis for their international fuel tax agreement. Their registration is on an annual basis. I do not know whether this would be something we could talk about as a policy—

how to apportion these kinds of interstate services. There may be others out there such as railroad and air freight services, and there may be other services that occur intrastate.

Chair Kirkpatrick:

That goes back to when I first started looking at transportation. It morphed from something very small to something very big. I believe that discussion has to be made. If you have any suggestions, I will be happy to take those under advisement.

Assemblyman Anderson:

Mr. Enos, I wondered whether section 25, subsection 1, would be strong enough to not run afoul of the Commerce Clause because we do not want to have any constitutionality questioned. The section reads, "Any services that this State is prohibited from taxing under the Constitution or laws of the United States or the Constitution of the State of Nevada." This would appear to me to be strong enough language to avoid an issue.

Paul J. Enos:

I would hope so, but when I showed that section to my tax experts at the American Trucking Association, their response was that it depended on how that tax is imposed. I appreciate the language being in there, but when you have someone paying for package shipment across a state, that movement is going to be taxed on fuel and registration. The service is not something that is taxed. I know there are some issues in New Mexico in trying to determine how they tax on a gross receipts tax for UPS. They have not been able to determine how to do that so they have agreed to a flat fee paid monthly. There are some of these issues that we need to discuss in order to get into the real-world imposition of how this tax will be carried out.

Assemblywoman Flores:

You answered my question regarding whether other states have similar programs and how they manage them. Is there a similar scheme in which these things are done in origination so that if something was to be transported and it originated in Nevada, we would charge a fee before shipping and vice versa? If something came from outside the state, the fee would not be imposed because it would not be under the taxing jurisdiction.

Paul J. Enos:

I am not sure how that would work. You may only have a small portion of shipping originating in the state of Nevada. If I am shipping something from Reno to the Bay Area, I am going to have a very small percentage, probably in single digits, that is going to occur within Nevada. The rest of the movement

would be in California. That is why we may want to talk about this. Would that put Nevada at a competitive disadvantage?

Assemblyman Livermore:

As we start looking at exempting components like health care, providers of health care, food, and such, the delivery service of those are assessed a delivery or service fee. Would it be your conclusion that is a violation of what we started doing by exempting these types of services?

Paul J. Enos:

We have talked about a resale license or trying to exempt some of these services. I understand the want of the Committee and the sponsor of the bill to keep a broad base. When you have services consumed and taxed by the end-user you do not have that pyramiding effect. When you have services that occur and threaten the supply chain, you can create a de facto value-added tax on those products.

Assemblyman Livermore:

Some of the larger retailers have their own freight lines. They do not have a separate charge, just an operation cost. How could you see that being fair and equitable?

Paul J. Enos:

You are correct. When you have private carriers, they may not be paying that service tax as a "for hire" carrier would. For clarification, my members would still be paying the services tax that they have performed either on the maintenance of their vehicle or the services that go into maintaining a fleet of trucks. We would not be exempt from those taxes. It would just be the service that we provide to our customers. Our customers would be exempt from that tax to help prevent that pyramiding effect.

Assemblyman Goedhart:

We have a dairy that is five miles from the state line. We pay the bill in Nevada. Those miles are apportioned with the fuel tax, on the miles driven, and in what state. It is only 5 miles to the state border and 280 miles across the border. If our annual trucking bill is \$6 million per year, probably only \$100,000 of that actually occurs within the state of Nevada. That is a good point for us, as we go forward in looking at how we implement this tax and look at the consequences to keep in mind.

Assemblywoman Neal:

I am trying to get a better understanding. First you were talking about moving a particular item. You were talking about the value of the item. What were you saying?

Paul J. Enos:

I was not talking about the value of the item but the value of the cost of moving that item. There is a big difference. I could ship a diamond for a small amount across the country, but if I want to ship a large load of dirt that has a smaller value, it is going to cost me more. It is not the value of the item; it is the cost of hauling that item.

Assemblywoman Neal:

Would that fall into bundled services? If you are transporting an item, that is the service you are providing. It is a sale to a degree, or are you involved in the sales at all?

Paul J. Enos:

The shipping company would not be involved in the sale. It is usually independent and just providing a service facilitating the delivery of the product sold from the seller to the buyer.

Assemblywoman Neal:

How does contract law apply? If it is a delivery, would we not be going from the place of delivery? It all depends on the contractual arrangement. How are you currently taxed? Is it based on delivery?

Paul J. Enos:

The trucking industry is taxed based on the miles we travel through each state. It is not based on the delivery; it is based on where the truck travels. For example, if I am delivering something from California to Maine, I am going to pay a tax on every state I travel through completing that delivery.

Chair Kirkpatrick:

Assemblywoman Neal, sales tax currently does not apply to delivery unless it is built into the cost of the goods. For instance, where I work transportation is built into the cost of goods because transportation rates fluctuate depending on where you are going from, what your time frame is, and how soon you have to get to your destination. Much of it is dependent on whether the truck is backhauling and they want to fill their truck to move. It can get expensive depending on your situation and how unique your situation is to someone else. That is why I said that transportation is a bigger issue than I first thought. Rail

could be cheaper based on the direction goods have to travel. I want to look closer at the issue and continue to work with Mr. Enos.

If you order flowers and they are delivered, can you say free delivery or is it included in the price of the flowers or do you pay a transaction fee on the flowers being delivered?

Paul J. Enos:

At some point someone is paying for that delivery; it is just a matter of who absorbs it. There are a number of companies who are private haulers. A private hauler only hauls goods for itself. It would not be taxed for hauling its own product; however, if you are a "for hire" carrier or a package delivery company such as UPS or FedEx, those movements would be taxed.

Chair Kirkpatrick:

Would it be possible for you to give the Committee a document explaining how this tax is actually captured in transportation and the different ways that it is implemented? I need to see that to be able to understand the different avenues and areas.

Paul J. Enos:

I have a PowerPoint presentation that shows how the tax is calculated. I would be happy to sit with the Committee members and explain how the tax issue works in the trucking industry. We have a streamlined process through the International Fuel Tax Agreement and the International Registration Plan to track what taxes have been paid in each state.

Chair Kirkpatrick:

Thank you. I think the Committee could benefit from viewing the presentation you mentioned.

Paul J. Enos:

I would be happy to provide any information available.

Chair Kirkpatrick:

Is there anyone else who would like to testify on A.B. 569?

Geoffrey Lawrence, Fiscal Policy Analyst, Nevada Policy Research Institute:

I understand there are a number of technical issues that we have been discussing surrounding this bill. However, I would like to tackle it from a more abstract level from the viewpoint of a theoretical economist. I would begin by saying that all tax instruments affect human behavior in unique ways. This proposed Transaction Tax is a tax on consumption. Consumption taxes wind up

increasing the final price facing the consumer of whatever good or service is being taxed and, as a result, results in reduced revenues for the business making the sales. These reduced revenues are translated backwards into factor inputs, such as labor and capital.

Proportionate to the tax rate there is always going to be some marginal level of either reduced wages or higher unemployment as a result of any consumption tax. At the same time, you are likely to see higher consumer prices because a business cannot absorb the entire burden of the tax. Business is like a jelly donut: when you squeeze it, the jelly has to come out somewhere. Generally that is going to be either through reduced wages or higher consumer prices.

That is why we at Nevada Policy Research Institute like to see low and uniform tax rates to reduce the tax induced distortions to the minimal amount possible. As you may know, we have advocated for a revenue-neutral expansion of the sales tax base in order to lower the rate facing consumers and minimize those distortions, because sellers of goods are subject to the tax where services are not, and it creates a consumer bias towards a service in lieu of a good.

One of the examples I like to use is that as a result of the tax, you might be more likely to purchase hair care services in lieu of hair care products such as shampoo.

Part of the reason we have advocated in the past for a revenue-neutral expansion sales tax base is to achieve four primary objectives within the state tax structure. Our idea, theoretically, is that these sales taxes would apply only to end-use consumer transactions so that would avoid the pyramiding issue. As I understand this bill, that may not be the case with this proposal. The possibility of creating unnecessary distortions would be an immediate concern.

The second objective we were trying to achieve is horizontal equity. As I mentioned, sellers of goods already pay a tax whereas sellers of services do not. An expansion of the sales tax base to include services should also reduce volatility within the state tax structure. Our proposal was to eliminate more volatile tax instruments such as the Modified Business Tax and to replace it with this tax. Services are more likely to be consumed by instate residents rather than tourists; whereas the sales taxes on goods are more sensitive to the volume of tourism. As we know, tourism is tied to disposable income worldwide which makes the tax structure in Nevada very cyclical. There is some merit to tax exporting, but the more that you export a tax the more volatile that tax becomes.

The final objective was to create a low and uniform tax rate. This would also reduce compliance costs for businesses because you take the tax as a percentage of revenues. However, in this case with differing tax rates, it fails to achieve that objective because you now have to keep a separate accounting of what are goods and what is a service. I think it would be difficult to define legally which product would fall into each category. It could create potential criminal liability against someone who is failing to comply with the tax code if he does not understand which product falls into which category. This proposal, in my opinion, fails to achieve some of the major objectives we would have liked to see.

Finally, because taxes distort economic behavior in direct proportion to the size of the tax burden, the additional revenue that would be gained by this tax instrument would only exacerbate that dynamic.

Assemblywoman Pierce:

I do not believe you have anything to back your first premise. You stated that all taxes will create a job loss. The truth is that taxes were higher in the Clinton Administration, and his record of job creation was higher than when taxes were lower during the Bush Administration. The Bush Administration record on job creation was abysmal. Do you have any information that would back up your original premise?

Geoffrey Lawrence:

I think you misunderstood my statement. I said that all taxes distort economic behavior, not necessarily that they create unemployment. I believe that because a consumption tax raises the final price facing consumers, lost revenue will fall back onto factor inputs such as labor causing either reduced wages or higher unemployment. I am speaking specifically of a consumption tax. It is possible that the tax revenue can be taken and used to hire government workers. At best there would be a zero-sum gain. However, because government services are not necessarily accountable to consumers according to a price scale, it is highly likely there will be less utility created through a government worker as opposed to a private sector worker. In terms of job loss it may be neutral, but in terms of total consumer welfare there is likely to be a loss.

Assemblywoman Pierce:

The difference would be job creation. During the Bush Administration, job creation had nothing to do with public sector employment; it had to do with private sector employment. The fact is that job creation was better during the Clinton Administration when taxes were higher than during the Bush Administration when taxes were lower.

Geoffrey Lawrence:

Could I respond briefly, Madam Chair?

Chair Kirkpatrick:

I do not want to get into that debate. I want to point out that we were currently reviewing just one agency and within the last five or six years, private business had over 3,000 contracts with one governmental agency, so private business does benefit from government so that has to be part of the discussion. We cannot just be the "horrible government" because, without the horrible government, private business does not benefit. For one agency within the state to have over 3,000 contracts with private sector business is huge.

Assemblyman Anderson:

Before I ask my question, I would like to point out that at some level society does not exist without government. You would have lawlessness and no contracts that would be honored. Private enterprise cannot exist without that overall societal stability which is why we get the term "essential services."

Over time we have heard that every tax will get passed on, and I think that has led to people taking that as the truth without thinking about it. That is why a lot of us get upset when we hear that some big businesses and high-taxed California will give the same prices they do in Nevada. So we asked about that on the record to the Retail Association of Nevada, and they said that was one input into prices, not the only one. I have to challenge the assertion that it is automatically a jelly donut. There may be some correlation sometimes, but there is not always causation. Do you agree with the Retail Association, or do you want to stay with the jelly donut example?

Geoffrey Lawrence:

I want to clarify that I am not making a case for anarchy. I think there are a number of public goods, a specific economic term that refers to goods that have certain qualities, that government is responsible for providing. When you go beyond that array of public goods and government gets into roles that it probably should not be in, that is when you get to the point that you have destruction of wealth.

Regarding the differing tax rates in different states and how they affect prices, particularly with retailers, I would say that it is all math equation. They have to make a bottom line to stay in business. When you are squeezing profitability because of a higher tax rate in one state, I would say you are likely to see that come out somewhere else, whether in repressed wages or maybe they benefit from lower rents in that state. It all has to balance out in the end.

Chair Kirkpatrick:

Does anyone else have questions for Mr. Lawrence? I do not understand how we can get to the safe space you want us to get to in the short term. Over the long term the bill does allow for us to get to the same kind of sales tax. How do we put the policy in place in the short term to get us to the long-term structural changes? I think that it is the short term that has people concerned, but I believe that we all have the same long-term goals. I do not believe that in the short term anyone has been able to figure out how we do that and still stay within our requirements of the state in balancing the budget. What are your thoughts on this? Because I cannot seem to get the magic answer except you have to put something in place in order to eventually change your structure. It is like asking someone to do something immediately without having the proper tools in place.

Geoffrey Lawrence:

I am sensitive to that issue. From a purely structural standpoint, I understand the need to phase in that change incrementally.

Chair Kirkpatrick:

So then do you believe that we are on the right track at least by moving our structure to the Transaction Tax as opposed to solely counting on the goods which generally come from out-of-state folks within our state?

Geoffrey Lawrence:

From a purely structural standpoint, yes.

Chair Kirkpatrick:

I just want to be clear. I think we all have the same long-term goal, but over the short term, I am not sure how we get there.

Do you have any further testimony? [There was none.] Is there anyone else who would like to testify?

Keith Lee, representing Southwest Airlines Co. and the Air Transport Association of America, Inc.:

I sent the bill to my people to look at and they are still analyzing it but asked me to put on the record some of the concerns they have. One question was whether the Transaction Tax would be intended to apply to the purchase of airline tickets and additional perks, such as baggage charges. For information purposes, when you pay for the price of a ticket, there are a lot of other charges included such as security, passenger facility charges, and Transportation Security Administration charges. The cost of the ticket does not represent the full value to the airline. My client asked me to put that

information on the record so as the Committee goes through their deliberations, they are aware of this issue. Once I hear back from my client with a more definitive response, I will share the information with the Committee.

Chair Kirkpatrick:

That is an area that we do need to talk about. Are there any questions for Mr. Lee?

Assemblywoman Neal:

I know that we did not get into this, but looking at section 19 and the absorption of the service tax, I started thinking about what was the connection between regression and the absorption to a limited degree that might help certain consumers if situations arise where they could absorb the tax into the retail.

Chair Kirkpatrick:

Let me restate your question. You are wondering whether section 19 could solve the issue we had earlier with the nexus for the retail, is that correct?

Assemblywoman Neal:

Even though the tax is only 1 percent, it still raises the cost of the services the poor people of the community need to purchase. How can we somehow limit or have some kind of absorption rather than a complete ban? Is that possible?

Chair Kirkpatrick:

I will ask that question but I can tell you that the more complicated the structure, the more difficult it will be for the Department of Taxation to implement it and the more apt people will be to not pay it. I will speak with Legislative Counsel Bureau (LCB) Legal Division and try to get the answer. I can tell you when going through section 25, I tried to think of things that people had to have and did not have the choice, such as utilities. You could have a choice of whether to have a cell phone or a landline. I will talk to LCB Legal Division and see if it begs for further questions.

Assemblyman Livermore:

When we had the first hearing on this bill, we talked about the Department holding a hearing regarding noncompliance with the regulation. Have you had any thoughts about the ten-day written notice and the ramifications? I am trying to find the process of due course here.

Chair Kirkpatrick:

I believe there is a process in place that is standard on how the appeals process works. It is established within the current regulations used for the sales tax.

Assemblyman Livermore:

I understand there will be a new group of people who are service-oriented.

Chair Kirkpatrick:

I appreciate that because I think there will be a transition period for people to understand who is in and who is out.

Assemblyman Livermore:

We do not have the tax code here and people are testifying on what is embedded in this bill. It is difficult to process between what is already accepted policy and operational policy against new regulations we are going to adopt.

Chair Kirkpatrick:

That is correct. One thing I could do would be to get a copy of the regulations. The *Nevada Administrative Code* is currently on the website. I could send a link or print copies to use as a reference within the Committee as they are discussed.

Are there other questions from the Committee? [There were none.]

Is there anyone else from southern or northern Nevada who would like to testify on A.B. 569? [No one came forward.]

The hearing is closed on A.B. 569.

Is there any public comment? [There was none.]

The Assembly Committee on Taxation has completed all work sessions, and we have met our deadlines.

[The meeting adjourned at 11:24 a.m.]

RESPECTFULLY SUBMITTED:

Mary Garcia
Recording Secretary

Linda Blevins
Transcribing Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: May 19, 2011

Time of Meeting: 8:43 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance roster
S.B. 13 (R1)	C	Michael Nakamoto	Work Session Document
S.B. 32 (R1)	D	Michael Nakamoto	Work Session Document
S.B. 33 (R1)	E	Michael Nakamoto	Work Session Document
S.B. 34 (R1)	F	Michael Nakamoto	Work Session Document
S.B. 79 (R1)	G	Michael Nakamoto	Work Session Document
S.B. 249 (R1)	H	Michael Nakamoto	Work Session Document
S.B. 495	I	Michael Nakamoto	Work Session Document
A.B. 569	J	Michael Randolph	Written Testimony