

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

**Seventy-Sixth Session
March 15, 2011**

The Committee on Taxation was called to order by Chair Marilyn K. Kirkpatrick at 9 a.m. on Tuesday, March 15, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other exhibits if applicable, 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:

Russell Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Cyndi Carter, Committee Manager
Mary Garcia, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Mark Froese, CPM, Administrator, Management Services and
Programs Division, Department of Motor Vehicles
Caleb S. Cage, Captain, U.S. Army, Executive Director, Office of
Veterans' Services
Dave Dawley, C.N.A., Carson City Assessor, representing the
Nevada Assessors Association

Chair Kirkpatrick:

[Roll called.] We are going to begin our work session right after we hear Assembly Bill 245. We will open the hearing on A.B. 245.

Assembly Bill 245: Revises provisions governing eligibility for certain tax exemptions. (BDR 32-348)

Assemblyman Lynn D. Stewart, Clark County Assembly District No. 22:

I am here to introduce A.B. 245. I would like to acknowledge the veterans behind me. I appreciate their support whenever we have a veterans' bill, and I appreciate their service.

Assembly Bill 245 was brought about because of a constituent request. The bill basically says if a veteran so desires, he could sign an affidavit giving his vehicle exemption to his spouse. In doing so, he would relinquish his own exemption and would have to file an affidavit with the county. If he moved from one county to another, he would have to start the process over again because of the different taxes in different counties.

This would be temporary. If the veteran died, it would be revoked. If he decided to revoke it, he could do so.

The purpose of this is if the veteran is incapacitated in some way—he cannot drive or the car is not in his name, as was the case of the constituent who brought this forth—then the spouse could take the exemption on behalf of the

veteran. The veteran might be ill, incapacitated, deployed, or something of that nature and could not utilize the exemption himself.

I have with me for testimony Caleb Cage from the Office of Veterans' Services and Mark Froese from the Department of Motor Vehicles (DMV). If there are no questions for me, I would like Mr. Froese to testify.

Chair Kirkpatrick:

Are there any questions from the Committee? [There were none.] Mr. Stewart, we may have to make a small amendment to clarify that if he moved from county to county, he would have to reapply.

Assemblyman Stewart:

We would be happy to do that.

Chair Kirkpatrick:

Which one of you gentlemen would like to go first?

Assemblyman Stewart:

I think Mr. Froese needs to get back to work. He has very graciously come forward to testify, so if we could have him go first, I would appreciate it.

Chair Kirkpatrick:

Good morning.

**Mark Froese, CPM, Administrator, Management Services and Programs Division,
Department of Motor Vehicles:**

Good morning. With regard to A.B. 245, the Department did receive a fiscal note request. After analyzing and researching the bill, it was determined that there would be no fiscal impact to the Department based on a couple of assumptions we had. One assumption is that there would be no new exemptions created by the passage of this bill. The second is that the affidavit of transfer and eligibility would be the responsibility of the county assessor, and that the person presenting the exemption would be one of the registered owners of the vehicle. Based on those assumptions, there is no fiscal impact to the Department.

Chair Kirkpatrick:

Okay. Does anybody have any questions? [There was no response.] Does the DMV currently have the initial form for the exemption?

Mark Froese:

I believe that form falls under the county assessor.

Assemblyman Anderson:

Just for clarification, I use that exemption, and it is done through the county assessor. You simply bring the stub to the DMV when you pay.

Caleb S. Cage, Captain, U.S. Army, Executive Director, Office of Veterans' Services:

It is an honor to be here to testify in support of A.B. 245 this morning [[Exhibit C](#)]. I would also like to thank the veterans from the American Legion, Disabled American Veterans (DAV), Nevada Gold Star Families, and others who showed up in support of this bill.

Transportation issues remain one of the biggest concerns for veterans in the state, legislative or otherwise, specifically in our metropolitan areas. Transportation and access to the U.S. Department of Veterans Affairs (VA) hospitals is very difficult, considering the bus routes do not run to those yet, although we are working on that. In rural Nevada, this continues to be a problem as well.

The DAV and other organizations currently run vans for these veterans and their families to get them to their support services and to obtain their benefits. I believe this bill would go a long way in ensuring that a very specific group of veterans—those who can no longer provide for their own transportation—would be able to continue to do so through his or her spouse's ability to obtain this tax break.

I do not see any problem with this. The only issue that has been brought to my attention is the fact that it does not expire upon a divorce decree, but it does expire when the veteran so chooses.

We are in support of this, and I am open to any questions at this time.

Chair Kirkpatrick:

Thank you. Does anybody have any questions?

Assemblyman Ellison:

When the sponsor of the bill brought this forward, I thought it was a great bill. I was hoping it would go further, but I am happy with the bill. I support the bill, and I hope the Committee will also.

Assemblyman Livermore:

As a veteran myself, I am in full support of this bill. We are dealing with the transfer of motor vehicles. I believe veterans can choose to use their exemption

on a motor vehicle or on personal property. My question is, are there any changes or elements in this that would affect the personal property?

Assemblyman Stewart:

It was the intent to do so. You still have the option to check either the personal property or the vehicle.

Assemblyman Livermore:

Okay, thank you.

Chair Kirkpatrick:

So, Mr. Ellison, there already is a surviving spouse exemption in place. My understanding, Mr. Stewart—and correct me if I am wrong—is that we have so many disabled veterans who cannot drive, but their spouse may still have a vehicle. This allows them to keep that exemption in place because they earned it. Is that correct?

Assemblyman Stewart:

Yes, that was the intent.

Chair Kirkpatrick:

Are there any other questions? [There were none.] Thank you both for coming. At this time, we will call up anyone wishing to testify in support of A.B. 245. You can come right up to the witness table. [There was no response.] Is there anyone in opposition? [There was still no response.] Is there anybody who is neutral?

Dave Dawley, C.N.A., Carson City Assessor, representing the Nevada Assessors Association:

I am the Carson City Assessor, and I am also representing the Nevada Assessors Association. We are neutral toward this bill. We try to support the veterans as much as we can, but the devil is always in the details. I am going to try to play the devil's part today.

One of the concerns the Assessors Association has is that, as we read the bill, it only affects veterans, not disabled veterans, because that statute is not included in this. We would like to get clarification on that.

The second issue we have is that we like to trust the taxpayers, and we hope the taxpayers will be honest with us. However, what happens if the veteran dies and the spouse does not contact us to let us know he has died? There is a spouse's exemption, but that exemption is not nearly as beneficial as the veteran's exemption. If that spouse continues to receive the veteran's

exemption, she will get more than she would be entitled to if it was a regular spouse's exemption.

Unfortunately, the only reason I mention that is it has happened in the past. We have spouses who are entitled to the exemption, but they are not entitled to it once they remarry. They do not tell us they have remarried; they do not change their names. There is no way for us to tell if they have remarried, so there is no way for us to stop them from getting this exemption. Those are our two major concerns.

Chair Kirkpatrick:

I know, from my constituents, that when somebody passes on, the assessor's office very quickly sends out something that says you now qualify as a surviving spouse. Why would you not know this as well?

Dave Dawley:

We do if we find out about it. We look at the obituaries every day. If there is no obituary in the paper, and if nobody notifies us that the person has died, there is no way for us to track it. We cannot get the information from the Office of Vital Statistics. If we can physically see it or somebody notifies us, we will, at that point, inactivate the veteran's exemption and send out the notification that they are eligible for the surviving spouse's exemption. It is a guess as to whether we can find it or not.

Chair Kirkpatrick:

I am kind of shocked by that. Being here the last three sessions, I have never heard of that being an issue. In fact, most of my senior citizens see the notification pretty quickly. I have never heard of anybody, at least in Clark County, who did not get notified within a short time. Maybe it is different here in the north. You probably have better papers up here that are faster and more accurate, so I find that hard to believe.

What, then, do you think the fiscal impact would be? I think this is nothing new. It just allows the spouse to use the exemption for the time being.

Dave Dawley:

I do not think there will be a fiscal impact. Those are just my concerns—just being able to track them.

Chair Kirkpatrick:

So do you think there is something we could do within the language that would make it more clear for you?

Dave Dawley:

Unfortunately, it is just one of those unintended consequences. It happens with the surviving spouse's exemption.

Assemblyman Anderson:

Mr. Stewart, correct me if I am wrong, but this exemption is still in the name of the veteran who earned it, is it not? Whether it is transferred for use or not, according to this bill, it is still recorded in the assessor's office as going to that veteran. If that veteran dies, whether or not the exemption has been transferred for the use of the spouse, it is still in his or her name. Is that correct?

Assemblyman Stewart:

That is the intent. The exemption is his, and he is transferring it temporarily to his spouse. With his death, it would no longer be in effect. That was the intent.

Chair Kirkpatrick:

Are there any other questions? [There was no response.] Thank you. Is there anyone else who is neutral on the bill? [Again, there was no response.] Mr. Stewart, do you have any final words for us?

Assemblyman Stewart:

I appreciate your support on this, and we will work on that issue about the counties. Thank you.

Chair Kirkpatrick:

Okay, if there is no more discussion on A.B. 245, we will close the hearing on A.B. 245 and move to our work session. I am going to turn it over to Mr. Nakamoto.

Michael Nakamoto, Deputy Fiscal Analyst:

The one bill on today's work session is Assembly Bill 46.

Assembly Bill 46: Clarifies the inapplicability of certain partial tax abatements to various assessments relating to the adjudication of water rights and management of water resources. (BDR 32-468)

Michael Nakamoto:

This bill was sponsored by the Assembly Committee on Taxation on behalf of the Division of Water Resources, State Department of Conservation and Natural Resources. The bill was heard on February 22 [[Exhibit D](#)]. This particular bill clarifies that various assessments levied by the Division of Water

Resources are not property tax rates for the purposes of calculating the partial abatements to property taxes that were passed by the Legislature during the 2005 Session. Specifically, the assessment in question by the Division was the assessment levied pursuant to *Nevada Revised Statutes* 534.040, which deals with administrative costs for certain well and underground water districts.

Primary testimony in support of the bill was given by Jason King, the State Engineer from the Division of Water Resources. Testimony in opposition to the bill was given by Michael Murphy from Clark County. Carole Vilardo from the Nevada Taxpayers Association testified in opposition to the retroactive provisions contained within the bill. The Department of Taxation testified as neutral to the bill but expressed concerns about the retroactive provisions.

No formal amendments to the bill were submitted. However, given the concerns raised regarding the retroactive provisions, one of the considerations this body may give with respect to this bill is to remove those retroactive provisions and make the provisions of the bill prospective only. Mr. King, in his testimony, indicated he would be willing to accept the provisions being prospective rather than retroactive.

If anybody has any questions at this time, I can answer them. Thank you.

Chair Kirkpatrick:

I, myself, would like to see it prospective as opposed to retroactive. I think it is problematic to try to go backwards to see how that would work. I am formally submitting an amendment, as of now, to make it prospective. Are there any questions from the Committee? [There was no response.]

ASSEMBLYMAN ANDERSON MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 46, WITH THE AMENDMENT TO REMOVE
PROVISIONS OF THE BILL MAKING THE MEASURE RETROACTIVE
AND, INSTEAD, MAKE IT PROSPECTIVE.

ASSEMBLYWOMAN FLORES SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Kirkpatrick:

That concludes our work session. Mr. Anderson, would you like to present the floor statement for this bill? [Assemblyman Anderson indicated he would.]

Is there any public comment? [There was no response.] I have just a couple of things for the Committee. Your secretaries should have seen a revised agenda for Thursday. We are meeting at 1 p.m. in room 4100. I know there are a couple of you who have other committees that are meeting during that time, so you can come before, and come back after, your other meeting. Most of you do not have another meeting that afternoon.

We will have some presentations in the next couple of weeks with the Senate Committee on Revenue, so be aware we are going to get heavily into taxation as the bills start coming out. As of March 21, all bills have to be introduced off the floor, so we will see a lot of them in this Committee.

If nobody else has anything, we are adjourned [at 9:20 a.m.].

RESPECTFULLY SUBMITTED:

Mary Garcia
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: March 15, 2011

Time of Meeting: 9 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Caleb Cage	Testimony
	D	Michael Nakamoto	Work Session Document