

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

**Seventy-Eighth Session  
March 3, 2015**

The Committee on Taxation was called to order by Chairman Derek Armstrong at 1:46 p.m. on Tuesday, March 3, 2015, in Room 4100 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/App/NELIS/REL/78th2015](http://www.leg.state.nv.us/App/NELIS/REL/78th2015). In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Derek Armstrong, Chairman  
Assemblyman Randy Kirner, Vice Chairman  
Assemblywoman Teresa Benitez-Thompson  
Assemblywoman Irene Bustamante Adams  
Assemblywoman Olivia Diaz  
Assemblywoman Jill Dickman  
Assemblyman John Hambrick  
Assemblyman Pat Hickey  
Assemblywoman Marilyn K. Kirkpatrick  
Assemblywoman Dina Neal  
Assemblyman Erven T. Nelson  
Assemblyman Glenn E. Trowbridge

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None



**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Michael Nakamoto, Deputy Fiscal Analyst  
Gina Hall, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Wayne Seidel, Administrator, Motor Carrier Division, Department of Motor Vehicles  
Jaron S. Hildebrand, Manager of Government Affairs, Nevada Trucking Association  
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities  
Michael (Mike) Cathcart, Business Operations Manager, Finance Department, City of Henderson  
Mary McElhone, Section Manager, Business Licensing Division, Department of Planning, City of Las Vegas  
Dagney Stapleton, Deputy Director, Nevada Association of Counties

**Chairman Armstrong:**

[Roll was called and housekeeping items discussed.] Today we have two Senate bills, Senate Bill 21 and Senate Bill 22. I will start by opening the hearing on S.B. 21.

**Senate Bill 21: Revises provisions relating to certain taxes imposed on special fuels. (BDR 32-381)**

**Wayne Seidel, Administrator, Motor Carrier Division, Department of Motor Vehicles:**

Before you today is Senate Bill 21. This is actually a clarification and cleanup bill from Assembly Bill No. 413 of the 77th Session, which is the Clark County indexing bill.

Senate Bill 21 is specific to the refunds on fuel purchased in Clark County, where the diesel fuel is used outside the state of Nevada. This bill is to clarify that. I will open it up for questions.

**Chairman Armstrong:**

Can you take us through some of the sections of the bill, and give us a broader overview.

**Wayne Seidel:**

This is a very simple bill. When A.B. No. 413 of the 77th Session was written, there was indexing of all fuel in Clark County, which began January 1, and it was \$0.03 for the first six months. It is currently up to \$0.065 for all gasoline, as well as special fuels sold in Clark County. With the bill, there was a refund component for all special fuel. The indexed amount paid on the special fuel for gallons purchased in Clark County where an interstate carrier would use that fuel outside of Nevada, those miles would be eligible for a refund. Senate Bill 21 clarifies that we use International Fuel Tax Administration (IFTA) mileage, because they report their miles within every state. We would use that documentation to determine and work with the motor carriers on those gallons that we can verify and certify were used outside of Nevada, for them to be eligible for refunds.

We are anticipating the refund program. Regulations have been passed. This month we are having refunds that should start coming in. They are due to us by April 1 for the calendar year 2014. That is pretty much the bill.

**Assemblyman Nelson:**

Are other states doing this? Is this an interstate compact type thing?

**Wayne Seidel:**

This is just Clark County. The IFTA compact is using the state tax that we share with fellow states. This is a county tax that is being refunded. To my knowledge, Nevada is the first state that has created this refund program.

**Assemblyman Nelson:**

Clark County will be refunding this tax for diesel that is used outside of Clark County and outside of Nevada. Is that correct?

**Wayne Seidel:**

That is correct.

**Assemblyman Nelson:**

Is there a reciprocal provision anywhere for Clark County to get back the equivalent when people are using diesel in Clark County that was bought in California for instance? Is there a quid pro quo?

**Wayne Seidel:**

Not at the county level. The IFTA fuel tax is the state tax that is shared through the compact. This is a county tax, collected at the county level, for county use, so the refunds are actually from the county funds that we would receive. We are developing this refund program. It is the first of its kind. As you know, Washoe County does have indexing that started back in 2005. There are no refunds in their program, but based on the negotiations during the 77th Session, there was a 20 percent cap on potential refunds, and it is specific to special fuel, which is the diesel fuel. There are no refunds on the gasoline portion of the taxes that are collected.

**Chairman Armstrong:**

Just for some clarification, this bill changes it from a requirement to do those refunds to now being an option. Is that correct?

**Wayne Seidel:**

That is correct. There is a \$100 application fee. They would have to provide all of their records, with their mileage log and such, and we would certify and verify that the miles were actually run outside of the state to be eligible for these refunds.

**Assemblywoman Benitez-Thompson:**

My question follows into that because we are going from "shall" to "may," so people may request the reimbursement if they want to. Were there people who we were requiring to be reimbursed that did not want to be reimbursed? Could you explain more about that?

**Wayne Seidel:**

You are absolutely correct. The original legislation said that you "will" apply, and it actually implied that you may owe the county some money. It was never intended to be a balancing of taxes. It was strictly set up to refund for the miles outside the state. That is why we are bringing it back, to clarify the "may" language versus the "will" language.

**Assemblywoman Bustamante Adams:**

In Washoe County, is this the same status as it is in Clark County now, with the change that it is not mandatory to file?

**Wayne Seidel:**

This refund program is specific to Clark County, with that legislation of A.B. No. 413 of the 77th Session. There is no refund program currently set up in Washoe County. Another item relative to these cash flows was the bonding requirement, as with the 80 percent requirement of A.B. No. 413 of the 77th Session. Clark County is eligible to bond up to 80 percent of that tax flow. I believe Washoe County has 100 percent of their indexing for paying off bonds.

**Assemblywoman Bustamante Adams:**

Thank you for the clarification.

**Chairman Armstrong:**

Are there any other questions? [There were none.] I have several people signed in so I will take testimony in support of S.B. 21.

**Jaron S. Hildebrand, Manager of Government Affairs, Nevada Trucking Association:**

This is simply an administrative fix to A.B. No. 413 of the 77th Session, as Mr. Seidel stated. We are here in support.

To add to Assemblywoman Bustamante Adams's question, the program is set up statewide, however, Washoe County was already passed. Once those bonds have fully matured, which is about 20 years from now, then trucking companies can request the refund. Those bonds are set. Those are not being touched.

**Chairman Armstrong:**

Are there any questions? [There were none.] Is there anyone else who would like to speak in support of S.B. 21? Seeing no one, I will take testimony from those who would like to speak neutral on S.B. 21. Seeing no one, would anyone like to speak in opposition to S.B. 21? Seeing no one, I will close the hearing on S.B. 21, and we will open the hearing on Senate Bill 22.

**Senate Bill 22: Revises provisions relating to certain licenses pertaining to intoxicating liquor. (BDR 32-455)**

**Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:**

The intent of Senate Bill 22 is to end a duplicative process and to allow certain businesses whose primary place of business is within the limits of an incorporated city to obtain the necessary permit from the Department of Taxation without having to go to the county commission. Businesses required to obtain this permit under *Nevada Revised Statutes* (NRS) 369.180 include

importers of liquor, wholesale dealers of beers or wines and liquor, winemakers, instructional wine-making facilities, breweries, brew pubs, and craft distilleries.

I would now like to turn this presentation over to individuals who are much more knowledgeable about the business license process than I am, and who can provide you with more information regarding the bill.

**Michael (Mike) Cathcart, Business Operations Manager, Finance Department,  
City of Henderson:**

First, I want to talk a bit about where the idea for this change came from. During the interim, we had a group in southern Nevada called the Southern Nevada Forum that was looking at policy issues that would impact businesses in southern Nevada as a whole. One of the subcommittees, which was chaired by Majority Leader Roberson and Assemblyman Thompson, was tasked with looking at streamlining business license processes, and this is one of the ideas that was brought to that committee, among many others. In fact, Assemblyman Thompson will have a bill later in the session that came from that subcommittee as well.

What we really wanted to do was look at processes that duplicated themselves, and this is one of them. The small businesses that Mr. Henderson outlined, such as a brew pub or a liquor manufacturing distillery, would come in and want to do business in the City of Henderson. They would come to us to do their licensing, and the first thing we would have to do is send them to the county. They would then go through the Clark County Commission process, get approved through the Clark County Commission, and then they would come back to the City of Henderson and start our licensing process. This bill would eliminate the county step. It would put the licensing and application, enforcement process, revocation, appeals, and fee collection for these types of businesses within the incorporated city. It would put that responsibility on the City of Henderson. Currently we already do all of these things and that is why this is just a streamlining bill. We already license these businesses. We already enforce on these businesses. We also do revocations if needed. What this bill would do is take the county out of the process of us communicating with the Department of Taxation, because they also regulate these types of businesses.

This bill was also brought up at the Local Government Summit that we had in January. There were county commissioners and city council members from all over the state at that meeting. There was no opposition at that time. In fact, they encouraged us to look at more ways we could streamline these types of processes.

When this bill was in the Senate, we had the opportunity to talk to industry extensively before the hearing. We had a little meeting out in the hallway right before we heard this bill, and we think they are on board with this as well. They did not oppose it at that time in the Senate.

Section 1 of the bill separates this type of business if it is in an incorporated city, then the incorporated city would be the licensing entity for this business. The rest of the bill, section by section, goes through all the things that I mentioned before as far as enforcement, revocation, appeals to revocation, and fee collection on behalf of the Department of Taxation. It goes through and substitutes "or incorporated city." I do have staff down south that deal with this on a day-to-day basis, if you have questions on how this is being handled on the front lines. I would be happy to answer any questions.

**Assemblywoman Kirkpatrick:**

Can you walk us through the process? Currently the county shuts down a business if they are not compliant, so how will this work? Is there a memorandum of understanding? It seems odd to do it through the city versus the county. It seems like it should be the other way around. I do not see the county here, which is surprising.

**Mike Cathcart:**

Right now, we are doing the enforcement. That is something that is confusing about this. We license these businesses as well. We are doing enforcement if they are breaking the rules, if they are serving minors, whatever rule they may be breaking. In our code, we would be doing that enforcement. When I talked with the county before the hearing in the Senate, they stated they are not sending business license enforcement into the incorporated cities at this time, so we are really doing that enforcement function. To my knowledge, I do not believe there has been a revocation. I believe in the City of Henderson we only have 12 of these businesses, but it is a growing industry. Every session a few more of these types of businesses are approved. We have a distiller in Henderson now because of the new state rules, so that is why we wanted to streamline this and make it into a good process for those businesses. It really just takes the county out from between us and the Department of Taxation. If there were a revocation situation, we would have to revoke as well because they hold a City of Henderson business license.

**Assemblywoman Kirkpatrick:**

I just want to be clear on what the process is, in case it comes back at a later time because it did not work or there were unanticipated consequences.

**Mike Cathcart:**

Clark County was part of the subcommittee that I mentioned earlier.

**Assemblyman Trowbridge:**

There is nobody here from the county at all? I remember in my old planning commission days, there used to be provisions that said if a piece of property was going to be developed within a certain distance of the county, they had to have mutual review and approval. The reason was that it could often off-load some of the negative aspects of a project on to the other government entity's responsibility. I do not know if I am making that clear or not. If it was a long peninsula of vacant land and you wanted to put it on the far end of that vacant land, but right on the other side of the border is the county's project, which has high density housing, you would have this negative element that you are trying to build that is not going to affect anyone in the city because they all live farther away, but by the county area you have negatively impacted them. It could work in either direction, so they had a mutual review process. I forget the exact name. The planners could tip you off. I wonder if that type of measure would be necessary in this bill.

**Mike Cathcart:**

I believe that would be more of a zoning land use issue. I am going to ask my colleagues down south if either are familiar with this, as I am not familiar with the zoning process you are talking about.

**Mary McElhone, Section Manager, Business Licensing Division, Department of Planning, City of Las Vegas:**

All of our liquor licenses, including the ones that are appurtenant to this bill, have to go through the City of Las Vegas Planning Commission. Additionally, after they have been approved or denied, they are also placed on the city council agenda. There is definitely a zoning approval that takes place for the City of Las Vegas. As most people know, in the City we do have some islands of unincorporated Clark County. We do take into consideration schools and residential areas, and also other liquor license locations, when we are addressing zoning.

**Assemblyman Trowbridge:**

Yes, I understand that, but does the county have any say as to whether you are able to allow what they might consider an undesirable element built right up against them, just as if the city has a say if the county wants to build an undesirable element right against the city borders?



**Mary McElhone:**

At the planning commission they are just the City of Las Vegas planning commissioners. There is no direct communication with the county at the time that the zoning is being approved, and I think that answers your question as to if there is direct communication. I believe the answer is no.

**Assemblywoman Kirkpatrick:**

I think the question to ask is whether your rules are consistent with the county, because there are distance requirements. Are they consistent rules, so at some point folks know where we are? I know in 2007, we tried to get you to use the same definitions, and those types of things, so we could streamline things when we wanted but, at least for us, we have to know that there are consistent rules across the board in order for it to even work as being streamlined.

**Mary McElhone:**

I do not know exactly what their distance separations are. I do know we shared distance separations for schools, churches, and other types of similar businesses. I am not familiar with the exact numbers.

**Assemblyman Kirner:**

Mr. Henderson, I appreciate that this came out of a southern Nevada caucus. Have there been discussions with other counties, such as Washoe County?

**Wes Henderson:**

Yes, sir, and the Washoe County business licensing department is on board with this.

**Assemblyman Kirner:**

Is the City of Reno, City of Sparks, et cetera, also on board?

**Wes Henderson:**

Yes, sir.

**Assemblywoman Bustamante Adams:**

You mentioned the discussions that we had in the south, and that Assemblyman Thompson has other legislation regarding the refinement of this. Was this portion not in his bill?

**Mike Cathcart:**

This portion is not. His bill is going to be dealing with how local governments interact with the business portal. There is some cleanup of some required affidavits that can be done electronically, with electronic signatures and other streamlining type events. We decided to approach the Nevada League of Cities and Municipalities to see if they would carry this bill, since it is statewide in nature.

**Assemblywoman Bustamante Adams:**

What is the impact we are talking about? You mentioned the 12 businesses in Henderson, but statewide what are the numbers? How much are we talking about?

**Mike Cathcart:**

We can get you those numbers. The biggest impact is the time, and I know the City of Las Vegas testified to this in the Senate, and they probably will when we get down to them in support. It is not necessarily the numbers that are already in place. I believe we all have the business license capability to handle the businesses that are in place. This is really a benefit for the new businesses because at times, it can delay them 30 to 60 days by having to go through a duplicative process. They have to go to the county and wait to be scheduled on the commission agenda, and then they come back to us to be scheduled for a city council agenda. That timing is why we started looking at this, and to get the businesses open and help them get their licensing in place.

**Assemblyman Trowbridge:**

I appreciate what you are trying to accomplish, and anything that we can do to eliminate bureaucracy is appreciated. I would appreciate it if you could get us some more information. I would appreciate some kind of a comment from the county planning commission. If they support the bill, then I have no problems with it at all.

**Chairman Armstrong:**

Just for clarification, if one business has two locations, one inside of the city and one inside of just the county, do they have to have separate licenses for each establishment?

**Mike Cathcart:**

Yes, and that is currently the situation today.

**Assemblywoman Kirkpatrick:**

Is there a fiscal impact on the counties now that they will not be giving those licenses?

**Mike Cathcart:**

When we talked with Clark County, which is the largest county, they were not charging the licensing fees for these businesses. They were basically just sending them through the commission agenda, because they were required to by law.

**Assemblywoman Benitez-Thompson:**

This is just to clear up the record. You started off by saying this was a southern Nevada caucus priority, and for some reason I missed those meetings. Could you clarify a little bit more about when this discussion happened with that under-represented caucus?

**Mike Cathcart:**

It was in the interim, and we were tasked to look at ways to streamline business license processes for small businesses and large businesses, to look through the *Nevada Revised Statutes* to find places where there was duplication, and to find things that we could do to be more business friendly. This was one of the ideas brought to that group, but as we are sitting here today, it is being sponsored by the Nevada League of Cities and Municipalities because we thought it was something that would benefit the entire state.

**Wes Henderson:**

The way the League develops bills is we solicit ideas from our members, they come together, and then we have a committee that is made up of members statewide. They discuss the various proposals that are put forward, and this one gathered a lot of support. All of the bills we have submitted were approved by our board of directors unanimously.

**Assemblywoman Kirkpatrick:**

I just want to clarify, because it was not one of the priorities that came out of the Southern Nevada Forum. The bigger issue was the business licensing so that it was streamlined. I want to be clear, because there were a lot of meetings and a lot of folks participated in those; however, if there are good bills that entities can sponsor so we can streamline the process, then we are all about that as a Legislature. We want to get businesses open as fast as we can.

To my colleague from the north, I was shocked myself when they said it was a southern Nevada caucus, because I did the last vote on it. I was asking myself if I was under-represented. Maybe it really was part of a discussion, and then the cities decided to adopt it.

**Mike Cathcart:**

Yes, it was part of our subcommittee discussions, and it did not make it into the final bill that is going to be moving forward with Assemblyman Thompson, so we took the idea to the Nevada League of Cities and Municipalities.

**Assemblyman Kirner:**

To follow up with my colleague who asked whether there was a fiscal impact on Clark County, I am more interested in whether there is a fiscal impact on Washoe County. Is it the same process?

**Wes Henderson:**

I believe so, but I will have to verify that and get back with you.

**Chairman Armstrong:**

Are there any other questions. [There were none.] I will open it up for testimony for those who would like to speak in support of S.B. 22.

**Mary McElhone:**

The City of Las Vegas is indeed in support. This proposed legislation is a result of work by business licensing professionals, local businesses, and state agency administrators to identify and streamline our licensing process. The passage of this bill will reduce the time for our applicants to get a license by 30 to 60 days. It would also provide a clear communication between the approving authority and the local jurisdiction in which the businesses intend to operate.

**Chairman Armstrong:**

Is there anyone else to speak in support of S.B. 22? Seeing no one, I will take testimony in neutral. Is there anyone who would like to speak neutral on S.B. 22?

**Dagney Stapleton, Deputy Director, Nevada Association of Counties:**

The Nevada Association of Counties is neutral on this bill. If this is a function the cities would like to take over, that works for the counties as well.

**Chairman Armstrong:**

Can you speak to individual counties, like Clark County and Washoe County? Have you had any conversations regarding this bill with those two specific counties?

**Dagney Stapleton:**

I cannot speak to individual counties, but we can get you more information if you would like. It is our understanding that all the counties were fine with it.

**Assemblyman Trowbridge:**

Having said that, I withdraw my concerns.

**Chairman Armstrong:**

Is there anyone else who would like to speak neutral on S.B. 22? Seeing no one, I will take testimony for those in opposition to S.B. 22. Would anyone like to speak in opposition? Seeing no one, I will close the hearing on S.B. 22. That is the last item on our agenda. At this point, I will open it up for public comment. Seeing no one, I will close public comment.

Just for the Committee, we are currently working on scheduling a joint hearing next week. We are thinking about Tuesday, but we are still waiting on the drafting of some language, so it might get pushed to Thursday. Hopefully, I will have a better idea by Thursday. We are adjourned [at 2:16 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall  
Committee Secretary

APPROVED BY:

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Assemblyman Derek Armstrong, Chairman

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

**EXHIBITS**

**Committee Name:** Committee on Taxation

**Date:** March 3, 2015

**Time of Meeting:** 1:46 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster