

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

**Seventy-Eighth Session
March 26, 2015**

The Committee on Taxation was called to order by Chairman Derek Armstrong at 1:02 p.m. on Thursday, March 26, 2015, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B 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. 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; 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:

Assemblyman Stephen H. Silberkraus, Assembly District No. 29

Minutes ID: 668



STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Megan Bedera, representing Nevada Firearms Coalition
Vernon Brooks, Private Citizen, Las Vegas, Nevada
John Wagner, State Chairman, Independent American Party of Nevada
Jordan Slotnick, Reno Guns & Range, Reno, Nevada
Tina Clare, Office Manager, Silver Bullet Gun Works, Sparks, Nevada
Randi Thompson, Director, National Federation of Independent Business
Bonnie McDaniel, Private Citizen, Las Vegas, Nevada
Robert Herr, P.E., Assistant Director, Public Works, and Parks and Recreation, City of Henderson
David Cherry, Specialist, Intergovernmental Relations, Public Affairs, Economic and Cultural Development, City of Henderson
Brian McAnallen, Manager, Government Affairs, Office of Administrative Services, City of Las Vegas
Yolanda T. King, Chief Financial Officer, Department of Finance, Clark County
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Jeff Fontaine, Executive Director, Nevada Association of Counties
Carole Vilardo, President, Nevada Taxpayers Association
Joannah Schumacher, Private Citizen, Reno, Nevada

Chairman Armstrong:

[Roll was called and housekeeping items discussed.] On today's agenda we have two bills, Assembly Bill 316 and Assembly Bill 366. At this point I will open the hearing for A.B. 316.

Assembly Bill 316: Revises provisions governing the taxation of occasional sales of firearms. (BDR 32-918)

Assemblywoman Jill Dickman, Assembly District No. 31:

I am here today to present Assembly Bill 316. This bill addresses a ruling from the Department of Taxation that I believe needs to be corrected by the Legislature.

The Department has taken the position that when a retailer, that is a federally licensed firearms dealer who facilitates a transfer of a firearm between a seller and a purchaser, the dealer must not only collect the sales tax on the sale, but is also being forced to pay sales tax on the transfer fee.

First of all, a transfer fee is essentially a service fee, and we do not tax services in the state of Nevada. This interpretation would be like forcing a United Parcel Service (UPS) driver to collect sales tax on a delivery to my home from an out-of-state retailer.

This bill makes it clear that the Department of Taxation shall consider the sale of a firearm to be an "occasional sale" unless the sales price is paid to a retailer or licensed firearms dealer in Nevada.

The bill includes the facilitation of a firearms transfer from out of state as a specific example of what is deemed an "occasional sale," so there will be no confusion on this point.

The language is repeated twice: once in section 1, covering Chapter 372 of *Nevada Revised Statutes* (NRS), that imposes the 2 percent state sales tax rate, and again in section 2, covering NRS Chapter 374, that imposes the local school support tax (LSST), and also covers other local sales taxes.

Quite simply this bill will correct a misinterpretation of our sales tax laws and I urge your support.

I would now like to turn it over to Megan Bedera, who is representing the Nevada Firearms Coalition, who will take you through some more of the details.

Megan Bedera, representing Nevada Firearms Coalition:

Thank you for hearing this legislation, and thank you for bringing it forward, Assemblywoman Dickman.

This issue came up late last year when the Department of Taxation issued a tax bulletin ([Exhibit C](#)) determining that a gun store that conducts a transfer is liable for collecting the sales tax. This legislation is proposed because this issue is far too complex for a bulletin to do justice and apply the law fairly.

Our organization has had many conversations with the Department of Taxation regarding their bulletin, and they have been incredibly responsive, but it became clear that we need NRS to provide further clarity on the direction regarding taxation of transfers.

To jump right into the issue, we needed to be 100 percent clear that a transfer is not a resale, where a store buys a product from out of state and then resells it in Nevada. A transfer is when a consumer buys a gun from out of state and has to pick it up from a gun store in Nevada. It is a delivery, and no different than UPS or Federal Express (FedEx).

I am not here today to talk about the merits of use tax, how it is collected. I am here today to talk about one industry that has been targeted to collect the tax when the business actually has no involvement in the retail sale. They are simply a third party, only providing the service of delivery and conducting a background check.

To provide a little background on firearms transfers, you are not allowed to sell a firearm across state lines without a background check. A firearm bought out of state must be delivered through a Nevada firearms dealer. That firearms dealer is not reselling the firearm and has no involvement in the sale besides the background check.

In an effort to tackle the larger problem of consumers not paying use tax for online purchases and online merchants not collecting Nevada sales tax, the firearms industry has been unilaterally targeted, in a way no other industry can be, because of the requirement to pick up the firearm from a gun store.

In meeting with legislators before this hearing I was asked, "what is the difference between a firearm transfer and when one store does not have a product you want so they order it from another store?" In the latter example, the product is sold wholesale, and the sales tax is collected from the retail sale. In the case of a gun transfer, the retail sale actually happens out of state. The Nevada gun store did not buy the gun at wholesale and did not receive any benefit from the sale. The retail sale happened out of state, thus the sales tax should be collected and paid by the out-of-state vendor.

Fees and service charges by the firearms dealer are not part of the retail sale; they are part of the delivery service after the retail sale and should not be subject to sales tax.

I have also been asked what the big deal is about who collects the sales tax. By putting this burden on the gun store, it is forcing local businesses to absorb the sales tax liability for sales that are conducted out of the state, in which they were playing no larger role than that of the delivery service.

I have just a couple of facts for you: According to the bulletin that was put out by the Department of Taxation ([Exhibit C](#)), a gun store is to include the total

value of the firearm in their gross sales number. This presents several challenges.

First, the only form available from the Nevada Department of Taxation does not give an opportunity to separate actual retail sales from the value of the firearms that are being transferred, requiring the store to report artificially high gross sales numbers to the state.

Second, if it is even permissible to report these numbers separately, a business has to take on the expense of keeping two sets of books; one with their actual retail sales and one with the value of the transfers, for which they received no profit.

There are countless penalties to a business that has to artificially inflate its gross sales numbers. Not only does this business receive no profit for those sales, but in many cases insurance and even the Governor's proposed business license fee are based on a business's gross sales numbers.

Last, unless the consumer can produce the receipt that proves both the value of the firearm and that sales tax was or was not paid, the gun store has to make a judgment call, opening them to liability. What do you do if the gun store and customer cannot agree on the value of the firearm? What if the firearm was given as a gift and the consumer honestly does not know what price was paid?

In a changing national and global sales environment, there needs to be a strategy on collecting sales tax. We ask you to not use this one industry as the guinea pig, especially when this industry is the exception and not the rule in regard to delivery services. The only equivalent way to apply this rule would be to hold delivery services, such as UPS or FedEx, to the same standard for collecting sales tax. The model the Department of Taxation is trying to create here will not be the magic solution to collecting sales taxes from online and out-of-state sales. We urge you to pass this bill to ensure Nevada small gun stores are not singled out.

I would be happy to answer any questions.

Chairman Armstrong:

For the record, upon advisement of my staff, in *Nevada Revised Statutes* (NRS) 372.025, subsection 2, paragraph (a), in regard to the sales and use tax, does include "any services that are a part of the sale." Whether or not you agree with that being part of the sales tax is a different discussion. I wanted to make sure we got this information on record.

You talked about what a transfer is, and gave a definition, so my question is why did you not include that definition of a transfer as related to the section in the bill?

Megan Bedera:

The bill text that was suggested to us was a recommendation from the Legislative Counsel Bureau (LCB). I think it would be a friendly amendment to include a definition of a transfer as part of that, but we started with language that was provided to us.

Chairman Armstrong:

I know there was a fiscal note attached to this. Maybe the definition of a transfer might help clarify some of those concerns.

Assemblyman Hickey:

Since you think you are being unfairly singled out, can you give me an example of another Nevada business that is doing business, transferring products from out of state, but is not required to pay the sales tax? Can you give me an idea where this is being unfairly applied?

Megan Bedera:

There is not another example because if you buy a product online, or until just recent years through Amazon, that product was delivered directly to your doorstep. No person in the middle was required to open the box and hand it to you across a counter. There is no other example of a product, that we are aware of, that is required to be delivered through another entity that is not reselling the product.

Assemblyman Hickey:

You have made the point, in the case of UPS or FedEx, as an example of where an item gets delivered, but they are not required to collect the sales tax on the item delivered. Is that what you are saying?

Assemblywoman Dickman:

That is correct. If I purchase goods from an out-of-state retailer, and they are delivered to my home by UPS or FedEx, it is my duty to pay the tax on that in the form of a use tax.

Assemblyman Hickey:

Are you saying it should have been included in the price and it is paid by the seller, or are you required on the spot? Is it included on your invoice when it arrives?

Assemblywoman Dickman:

No. That is something that we, as Nevada citizens, are supposed to be doing. We are supposed to file a use tax form and pay use tax on anything that we purchase from out of state, because at this point the out-of-state seller is not required to collect any tax if they are shipping it out of their state.

Chairman Armstrong:

Can you give us an example of this type of transaction, and explain how the money flows from the person purchasing the gun to the person who is selling the gun? Does it go directly to them or does the total amount of the purchase go through the licensed dealer?

Megan Bedera:

In a hypothetical situation, I am an antique firearms collector and a gun I would like to purchase is not available in my town. I go to a website like gunbroker.com, which is a very reputable website, and I find the gun I would like to purchase. I give them my credit card number and they run the sale. They then put the firearm in a box and they deliver it to my local gun store, which is responsible for conducting a background check before they hand me the firearm.

Currently, when I go down to the gun store to pick up the firearm I bought online, I have to pay an additional fee for the background check, and then any additional fees that the gun store charges for facilitating the transfer. I pay those fees and head out the door. The retail cost of the firearm is taken by the out-of-state company, whereas the only fees collected by the Nevada gun store are for running the background check.

Assemblywoman Dickman:

That is how it has been done ever since the ruling was made by the United States Department of Justice, Bureau of Alcohol, Tobacco, Firearms and Explosives that a background check had to be done upon delivery of a firearm. This determination by the Department of Taxation only came out late last year, to change the way this is done.

Assemblyman Kirner:

I am trying to follow the transaction. In your example, if the gun is delivered here, is there a sales and use tax charged, or is it just the transaction fee because the local store is providing a service with the background check?

Megan Bedera:

That is exactly the question at hand. I believe up until January 26, 2015, there was no sales tax collected at the time that you had the background

check run. At the beginning of the year the Department of Taxation instituted adding that collection of sales tax at the time you pick up the firearm from the Nevada gun store.

Assemblyman Kirner:

So in your example they would not only charge you for the background check and any fee for services, they would charge you a sales or use tax?

Megan Beder:

Yes, that is what has just taken place this year.

Assemblyman Kirner:

Since January 26? The other example you gave in your testimony was if someone gave you a gift of a gun. Can you not take possession unless it is shipped to the local gun store? Now you have the background check, you have the facilitation service fee, and do you then get charged sales tax on a fictitious number?

Megan Beder:

I would not call it a fictitious number. I would call it a number that is agreed upon between the consumer and the gun store as a possible value of the firearm. The only industry I can think of that has an established valuation system would be automotive, where you can go to the Kelley Blue Book (KBB) and look up the value of a vehicle. There is no set established value for a firearm, so it would be an agreement between the consumer and the gun store, and what liability the gun store would be willing to take if their sales tax records were to be audited.

Assemblyman Kirner:

So there is nothing like KBB for the gun business?

Megan Beder:

No. There is no established industry standard valuation.

Chairman Armstrong:

Just a clarification, it seems the intent of this is to eliminate the sales tax portion but not the use tax that would be on the purchaser.

Assemblywoman Dickman:

That is correct. This bill never intended to say that sales taxes are not due on these sales. It is a matter of the collection mechanism.

Assemblywoman Kirkpatrick:

If I went to a gun store and had them order a gun for me off the gunbroker.com website, and I did not have to pay all those additional fees, how is that mechanism different, except for the convenience of being able to order the gun from my home? I am trying to understand this.

I get concerned when we talk about services. There are a lot of people who talk about that being the direction the state has to go at some point, and this would be subject to it regardless, or we talk about cross-docking? I am in the food business and we cross-dock a lot, and there is a service charge that is applied. In my world it is a very common thing. We get things that come in from out of state, we cross-dock it, and there is a handling fee.

I am just wondering if this could all be resolved if you just went to the gun store and they ordered it for you?

Megan Badera:

We have several Nevada gun store owners here to testify. I think they would give you a variety of answers. They would probably be supportive of having consumers come through their store to make those purchases online, because in addition to not having to question what the value of the firearm is, the gun store would have the opportunity to buy it at wholesale and mark it up to retail.

When dealing with consumers, how do we tell the consumer you cannot buy these firearms online? I think this is going to continue to be a challenge, because consumers do not always know the rules and the laws before they make a purchase. You mentioned we may be going down the direction of a service tax at some point in time.

Assemblywoman Kirkpatrick:

I did not say that, and I want that to be clear because I will get 9,000 emails. What I said is there is a lot of conversation about that for the future of our state. I want to be clear because that is not where I am headed.

Megan Badera:

I apologize for implying that, but if a service tax were to happen in the future, we would hope that the service, as opposed to the tangible product, would not be taxed, specific to firearms. Does that answer your question?

Assemblywoman Kirkpatrick:

It does. I wonder how it would change if the federal government actually did something with the fair market tax liability, so that everybody would pay

regardless of what state they are in. I am just trying to think long term, as opposed to fixing the short term.

Chairman Armstrong:

I think that is probably the easiest solution, if the Marketplace Fairness Act did happen. I think I would have some concerns with forcing individuals to have to go to a store to purchase the firearm. Are we then restricting the sale between private properties? I would have an issue with that.

Assemblyman Nelson:

To clarify your hypothetical scenario, if you go to gunbroker.com, purchase something, you give them your credit card number, then they ship it out. You are paying the purchase price, but no sales tax, because they are shipping it to a different state. Is that correct?

Assemblywoman Dickman:

Yes, that is correct. The way the laws are now it is then the purchaser's responsibility to fill out the use tax form and pay the use tax directly to the state.

Chairman Armstrong:

That law is on the books for even Internet sales?

Assemblywoman Dickman:

Correct.

Assemblyman Nelson:

So Internet sales are the same, but the reality is most people are not doing that?

Assemblywoman Dickman:

That is probably correct.

Chairman Armstrong:

I think we will be hearing a bill this session that discusses that issue.

Assemblyman Hambrick:

Going back to a comment by Assemblyman Kirner, I believe there is something like KBB for guns. I thought the National Rifle Association (NRA) published a valuation book. A number of years ago I bought one. It was more for collector's items, but you could see both shoulder weapons and hand weapons, and it would go up to certain model years. It is not up to the minute, but it does give you a range of values. There is a reference book out there that I believe would assist. I am certain there are brick and mortar gun dealers who

are much sharper than I am on what the value of a used handgun might be. As far as pricing on sales tax, when somebody comes in, these dealers are very sharp.

Megan Bedera:

I will certainly follow up on whether the NRA provides a book, but as you said, it may not actually include current models. I did speak to one gun store owner. I do not know if he submitted written testimony, as he was not able to be here today. I was informed by this gun store owner that he did not have access to a book that had official values. This gentleman raised concerns of having to negotiate a fair value with the consumer. He felt that his office would be very well qualified to value a firearm. They are used to purchasing them from the consumers, but they did not feel that the consumer may share in that valuation, and when there is no receipt to document what the actual cost was it leaves it up to question.

Assemblyman Hambrick:

Forget the NRA reference book. If you go to EBay, or to Craigslist, I am certain there would be competitive models out there to give you a range in value.

I cannot see these gun dealers who have been in business for any length of time, when a customer comes in with a gun from their grandfather, and they want to either sell it or trade it, that the dealers would not know these values.

Chairman Armstrong:

Assemblyman Hambrick, I think you are referencing that invisible hand that controls the free market principles.

Assemblyman Hickey:

Regarding Internet sales, the nexus, and the challenge with collecting sales taxes, it has been mentioned that while it is voluntary, it is questionable as to how many people actually do it. I assume we may be hearing from the Department of Taxation about this bill since they created the regulations you are objecting to. Is it your opinion that the Department of Taxation made these regulations because in this case they have a brick and mortar gun store and they see this as a nexus point where they can collect some of these sales taxes? I am not asking you to dump on the folks that are regulating your industry, but I am just wondering why you think they did that?

Megan Bedera:

I would definitely say this is a very convenient way to enforce what the public, by law, should be doing anyway. You are correct. This is one of a very few examples where, again, the product has to be delivered through a Nevada brick

and mortar store. I think that is definitely part of it, and it goes back to what I said about this is the exception, not the rule. I do not know that we could use this to apply to all of the industries where use tax is not being paid by the consumer.

If we are talking about needing to amend to clarify this bill, something that came up just recently is in the bulletin put out by the Department of Taxation. They also believe that delivery is a component, and the entity making the delivery would be one of the reasons why sales tax needs to be collected in Nevada. I would encourage you to ask them to elaborate further on that, but I would say that, while it is convenient to collect those sales or use taxes on firearms, this is the only industry that we can collect in that way. I would ask you to think about this. I think many of you were here when we went through a very lengthy legislative process with Amazon, to urge them to abide by our rules, which says if you make two sales into Nevada a year you need to be collecting and paying sales tax. I think there is a much larger conversation about how Nevada operates in the national, and even global, system on how those sales taxes are collected.

Assemblywoman Neal:

Do you have the bulletin from the Department of Taxation? I was trying to find that online. It would be helpful to read.

In the bill, the way you wrote the language and the way that the Department of Taxation wrote up their fiscal note, you are saying an occasional sale—"facilitating the transfer of a firearm from out of state, to be an occasional sale, unless the sale is one in which the sales price for the firearm is paid to a retailer or other person in this State." I was looking at the definition of "occasional sale," because you are not speaking to that in the bill, where maybe occasional sale is being redefined, but it says occasional sale under *Nevada Revised Statutes* (NRS) 374.040. It says, "a sale of property, not held or used by a seller, in the course of an activity, for which he or she is required to hold a seller's permit, provided that is not one of a series." I am trying to wrap my mind around, first, your valuation argument, because it seems to be wrapped into whether or not it is a sale. I do not know where you were going. It was all over the place for me. Help me understand the occasional sale and how the out-of-state transfer is excluded from this definition, or not.

Megan Bedera:

First, in regard to how this language was written, it was a recommendation from LCB on how best to deal with something that is not an existing statute.

I think Assemblywoman Dickman would be open to hearing other ways we could word this.

Please repeat the second half of the question.

Assemblywoman Neal:

I just want to know what would be considered an occasional sale? Let me help you, and then maybe you can weave it back for me, because you seem to have thought about this deeply. It seems to be you are changing the definition of sale, and what a sale is, because when you exempt an activity and you say unless it occurs in the state it is an occasional sale, in which case this will be applied. In the fiscal note it says that the way this is worded exempts them from sales and use, not just sales, but use. Under the definition of sale [*Nevada Revised Statutes* (NRS) 374.065] it says that a "sale means and includes any transfer of title or possession, exchange, barter, lease or rental, conditional or otherwise, in any manner...of tangible personal property for consideration." I am trying to understand what we are doing and where we are couching our argument or if we are changing the definition of a sale, because you said a lot of things. You said if we transfer things, you are not so sure it is a sale.

Chairman Armstrong:

Ms. Bedera, before you clarify that, I want to have LCB clarify what this bill accomplishes, as drafted.

Bryan Fernley, Committee Counsel:

As drafted, the language states that the sale of the firearm would be an occasional sale. Under Chapter 372 of *Nevada Revised Statutes* (NRS) an occasional sale is exempted from both the sales tax and the use tax. If an amendment were needed to ensure that the licensed firearms dealer was not required to collect the sales tax on these sales, but that the consumer was required to pay the use tax, we would be happy to work with the sponsors on such an amendment.

Chairman Armstrong:

I think I asked that and that was kind of the intent. Assemblywoman Dickman, would you be willing to do that?

Assemblywoman Dickman:

Absolutely. Our intent with this bill was not to make these sales not taxable. It is just so that the onus is not on the gun dealer, just as it is not on any other individual or anyone who receives a sale from an out-of-state seller.

I think that is probably where this fiscal note came from, the misunderstanding that we were trying to make all gun sales not taxable.

Assemblywoman Bustamante Adams:

Assemblywoman Dickman, did you do research to see how other states handle this type of transaction? Is it uniform?

Assemblywoman Dickman:

I actually have a determination in California that they treat the sale like we always used to, that the individual is responsible for the tax. It is not collected by the dealers. I have not done a lot of research on all the states, unless Ms. Bedera knows. We could do some more if you are interested.

Chairman Armstrong:

At this time I will close the presentation and take testimony from those who would like to speak in support of A.B. 316, either in Las Vegas or in Carson City.

Vernon Brooks, Private Citizen, Las Vegas, Nevada:

Ms. Bedera covered a lot of what I came in prepared to cover. There are some points I think have not been touched on, or that have not been clarified enough.

We are talking a lot about sales transactions, like for gun brokers and such, but we have not significantly addressed private party transfers, that are truly not sales. If a family member from out of state wants to give me a firearm, it has to go through a dealer regardless because that is the federal process. So if my uncle Marvin sends me his classic rifle as a gift, the dealer is now responsible for collecting the sales tax on that. No sale actually happened, and to think that he is going to send it to me, through this dealer, then I am going to go in and have to negotiate what the value is, so I can pay use tax on it, the problem is obvious. I will go a step further and say, what if I disagree with the value that the dealer has arrived at? What happens then? Does the gun go back to my uncle Marvin? Does it sit at the dealer in perpetuity because no one knows what to do with it? What if I decide that I disagree with their valuation? I think that is a point that has not been raised and is worth consideration.

In addition, there are federal firearms licensees who are not retailers. There are those who have a federal firearms license who operate just as a sort of side facilitator for people to conduct transfers lawfully, without having to actually deal with a retailer. Those federal firearms licensees (FFL) do not have a sales tax permit, or the ability to collect sales tax. They may not be part of the process for collecting sales tax, so how do they go about collecting sales tax on these transfers?

As it is being handled right now, the subjective nature of trying to value a firearm and put sales tax on it, I think, creates a can of worms.

On to another point, earlier the process of purchasing a firearm from a gun broker was briefly discussed. I think it is worth clarifying this a bit. Gun brokers actually do not sell anything. A gun broker is effectively EBay for firearms. If EBay did firearms, gun brokers probably would not exist today.

The reason I bring this up is it is actually a transaction between the buyer and a seller who is not a gun broker. That seller could be a retail shop in another state. That seller could be an individual person in another state. I think it is worth clarifying that this process is a little different than it was represented, and I think that affects the end result.

One of the questions that has come up is other businesses, and that this is uniquely isolated to this particular industry because of the federal necessity to conduct a transfer through an FFL in Nevada. I would compare this to a business that has a mailbox service at a Mail Boxes Etc. or The UPS Store. This would be very similar to expecting those stores to open the package that was mailed to me, value it, and tax me on it because they received the box through their building. They had no part in the transaction of me purchasing from a seller. Imagine if we tried to impose this upon those mailbox establishments.

I do not think anyone is saying we are trying to waive the tax responsibility that is on the buyer to pay their use tax, but this method of applying it is onerous, to be generous. It is unrealistic to think that we are going to be able to apply this in a uniform way.

John Wagner, State Chairman, Independent American Party of Nevada:

I have heard a lot of testimony and if I personally were looking to buy, for example, an antique gun, I might go to a gun store and ask them to find one for me. I would expect to pay the sales tax on that. If I was to go to the Internet and search for one, I would expect to have the gun sent to an FFL and get it that way. There would be no tax taken by the FFL, or a gun store. It would be my responsibility to pay that tax, so I support the bill.

Jordan Slotnick, Reno Guns & Range, Reno, Nevada:

We do have the platform for the "Consumer Use Tax Return" ([Exhibit D](#)), and it is the same one that our retail businesses are required to submit. The problem with recording this in our gross sales is that now our gross sales are overstated and are not accurate. They are not consistent among the federal government.

They are not consistent across a city government or any other entity that uses that gross revenue in order to tax themselves. This bill would solve that problem.

The idea behind the global problem of being able to collect sales or use tax on products that are sold out of state should not be regulated through our industry because it is easy to audit. It is easy to make us the entity as the pass through.

I support the bill and I definitely believe that we should not be unfairly burdened. It is causing financial distress in our businesses. In this state we are known for having very friendly business regulations, and this is not very friendly to our industry.

Tina Clare, Office Manager, Silver Bullet Gun Works, Sparks, Nevada:

We have been seeing this issue quite a bit. I am the store that went through the sales tax audit last year and brought this issue to light. I am noticing that our customers have never heard of the issue of sales tax being imposed on Internet sales, nor had I. We informed our customers that we have to start charging sales tax on purchases out of state. They came back at us stating we were robbing them because the general public is not told this.

We are federally mandated to have a federal firearms license in order to deal in firearms. You do not have to have a brick and mortar building, and like the gentleman said before, there are a lot of home-based FFLs that do transfers as well.

I feel we are being singled out because we do have a retail location, and we are being unjustly punished because other FFLs are not being held to the same standards as we are.

I do have one other thing I would like to mention about when we take in these transfers. One retailer in particular had mentioned that in one month they had done 377 different transfers for customers, and you are looking at an average of \$500 per firearm. That increases their gross profits \$188,000 plus.

To me, for them to ask us to put that into our gross receipts, when the money never touched our register, never touched our hand...

The customers are purchasing these firearms and paying for them out of state. They are giving the money to people out of the state, whether they are paying with a credit card, paying with a check, or paying with their PayPal account. No monies have ever hit our account.

When they come and they pay for their firearm with us, and they pay with a credit card, now that I am having to collect sales tax for the state of Nevada and they are paying with a credit card, I am paying 3 percent. On \$200,000 worth of sales in a month—do the math. I am being penalized.

This particular firearms dealer figured their store alone is missing out on \$200,000 in sales per year, tax revenue that they could be collecting. On that \$200,000, if 3 percent of it is credit card processing, that is \$60,000 per year, with bank fees, processing fees, and cash deposit fees, that they are being charged to collect money for the state of Nevada, on which they make no revenue.

Chairman Armstrong:

Is it \$60,000 or \$6,000?

Tina Clare:

\$60,000.

Chairman Armstrong:

So 3 percent?

Tina Clare:

Three percent sales is what we pay on credit cards.

Chairman Armstrong:

On \$200,000?

Tina Clare:

That is what he has written here.

Chairman Armstrong:

I think that would be \$6,000.

Assemblyman Hickey:

Can you briefly explain some of the problems that the audit caused you and questions that were raised that you feel were unfair or problematic for you?

Tina Clare:

I had the auditor with me for three weeks. I do a lot of transfers. Before the audit, I was doing about 80 per month. Now I do closer to 120 to 140 per month because a lot of the other gun stores in town have raised their prices to deflect this kind of business.

While the auditor was there with me, they were given documentation of the tax notes and everything that was put out in April. Every time we approached customers and told them I had to charge them sales tax, they were highly agitated and angry.

We have been documenting on forums where people are slandering us, saying we are taking people's money, pocketing it, and not giving it to the state. They say nobody has ever heard of this and it is a bunch of "BS." We watch the gun forums to see what people are saying, and it has tapered off. A lot of our regular customers are still coming to us because they believe us. We actually had the auditor come out and explain to the customers what was going on because I needed somebody else to back me up.

Chairman Armstrong:

Is there a quantitative measure that you can put on that three weeks? How much time was spent or how much money you lost, in addition to that three percent?

Tina Clare:

How much time did I lose?

Chairman Armstrong:

Yes.

Tina Clare:

I would say I was with the auditor every day for three weeks.

Chairman Armstrong:

That is quite a substantial amount of time.

Tina Clare:

Considering I am the key person in my shop.

Jordan Slotnick:

I would like to add, as far as just the recording part of this, part of the problem is no point-of-sale system is set up to capture a transfer fee that has to collect this tax, so there is no way of isolating it from our gross sales, versus not our gross sales. There is no clear way of doing it. Not only that, but it is inconsistent across the board as far as how to report it. I will have to keep different books, according to the state, city, or federal government, and they are not accurate.

We are thorough. We are on top of our paperwork. That is important, and this is creating additional complications and hassle in everyday business.

Randi Thompson, Director, National Federation of Independent Business:

I cannot elaborate much on what has been said today, except just to say that the National Federation of Independent Business is a membership organization. We have several gun companies that are members, and I am just here in support of the bill.

Bonnie McDaniel, Private Citizen, Las Vegas, Nevada:

I want to support this bill. For the young lady who owns the gun shop, if she is having to claim \$200,000 per month for income that she is not getting into her bank account, with her 3 percent bank fees and her 8.1 percent Nevada tax fees, she is putting out over \$24,000 of money she did not receive. She is losing \$24,000 out of her pocket. This should be an obvious bill for you to just vote on and pass the way it is.

Chairman Armstrong:

Is there anyone else who would like to speak in support of A.B. 316? [There was no one.] We will move to those who want to speak neutral on A.B. 316? Seeing none, we will now move to those who would like to speak in opposition to A.B. 316? Seeing none, we will close the hearing on A.B. 316 and open the hearing on Assembly Bill 366.

[([Exhibit E](#)) and ([Exhibit F](#)) were presented but not discussed, and are included as exhibits for the meeting.]

Assembly Bill 366: Revises provisions relating to the use of certain motor vehicle fuel taxes. (BDR 32-927)

Assemblyman Stephen H. Silberkraus, Assembly District No. 29:

Today I am presenting Assembly Bill 366, which revises provisions related to the use of certain existing gas taxes to give cities and counties needed flexibility for vital roadwork projects.

As you can see in your handout ([Exhibit G](#)) and on Nevada Electronic Legislative Information System (NELIS), the three funds we are talking about are the 1.75 cent per gallon excise tax [Fund 1001—City of Henderson (COH) General Fund 1001, as shown in [Exhibit G](#)], the 1 cent per gallon excise tax (Fund 2002), and the 2.35 cent per gallon excise tax (Fund 2003).

Under current law, revenue provided to Nevada cities and counties for roadwork projects from these gas taxes has various restrictions. One only allows for

repairing existing streets, while another allows for funds to be spent for signage, traffic control, and sidewalks, just to name a few.

Assembly Bill 366 does not change how the gas taxes are distributed; all it does is expand the ability of cities and counties to use these funds for their road projects.

Due to these restrictions on the gas tax accounts, a city or county may have enough funds overall from gas taxes for a roadwork project; however, they may not have enough in the right fund, which may delay or even stop a project.

Let me set up an extreme example of how these restrictions can affect a roadwork project. Hypothetically, the City of Henderson is resurfacing an existing paved street using Fund 2002. During the repair, it comes across unforeseen repairs needed on the sidewalk due to a drainage problem and so incurs some labor charges for design work. Fund 2002 allows funds to be used on design work, but the money can be spent only on existing road repairs. While Henderson might have enough money in Fund 1001, which does allow funds to be spent on sidewalk repair, it does not allow for its funds to be used for labor charges for design work. If the city does not have enough money in Fund 2003, which allows for a labor charge for design and repairs to sidewalks and drainage, then it must stop, or delay, the project until enough money is in that account.

To the average citizen it may look like a series of orange cones have been set up and no one is working on the job for the needed repairs. I believe we all have felt a little anger seeing cones that seem to be around for days for no apparent reason. In fact, due to the restrictions set by the Legislature, what could be happening is that a city or county is working with their accounting department to see if there is enough money in the proper fund to continue work on the project.

This scenario is an extreme example of the confusion and unnecessary work that cities and counties must deal with every day when it comes to road projects.

Most of the time it is just a delay at the beginning of a construction project or the pushing back of the design process for a roadway, yet these choices are a needless burden in the repair of roadwork in our communities.

I am proud to have worked with the City of Henderson and other counties and municipalities in the state on this issue. There are some minor amendments to

the bill that were suggested by Clark County and Carson City to make this a strong bill and to clarify some issues.

The goal and intent of A.B. 366 is to provide the flexibility for cities and counties to utilize these funds for the construction, maintenance, or repair of public roadways, while reducing costs and allowing for a more timely completion of needed improvements to serve the public as intended.

With that, I would like to turn over the presentation to Robert Herr, the Assistant Director of Public Works and of Parks and Recreation for the City of Henderson.

Robert Herr, P.E., Assistant Director, Public Works, and Parks and Recreation, City of Henderson:

Thank you for the opportunity to appear before you today. I would also like to thank Assemblyman Silberkraus for sponsoring A.B. 366, which provides roadwork funding flexibility to Nevada cities and counties. [Continued to read from prepared testimony ([Exhibit H](#)).]

By having common definitions for the use of these gas tax funds, we believe this bill will provide cities and counties with needed flexibility to complete projects with potentially lower costs and less inconvenience for the public.

Assemblywoman Kirkpatrick:

I have a couple questions. I feel like we have been down this road before, but it is called enterprise funds, or we do things differently, so I want to understand. I can appreciate doing everything all at once. We have talked about that for years. We have legislated that they should work together, get all the cable, power, and sewer upgrades done at once, so I struggle with why they cannot coordinate that. This is not the first legislative session they have asked to put all the dollars together, but I get concerned when we do this, the fees rise and all those different things come about, but there are two strikeouts within this bill that concern me.

We need to go to the amendment now ([Exhibit I](#)). In section 3, line 10, you took out the word "exclusively." Let me tell you why that bothers me. It says that no matter what, you are going to use it for construction, but then in section 3, subsection 6, you now add in "administrative costs," so it is no longer exclusively for construction. It is funding the process.

I think this is a great idea, Assemblyman Silberkraus, but those little words like "and" and "or" can make a huge difference on what we do, so I want to understand the thought behind that.

Assemblyman Silberkraus:

As far as section 3 and the removal of "exclusively," this was something that was brought about by one of the other municipalities. After talking with the Legislative Counsel Bureau (LCB), we believe it is a superfluous term. It does not actually change the body of that sentence. It still says "is used for the construction." To that point, for section 6, I will defer to Mr. Herr down in Clark County.

Assemblywoman Kirkpatrick:

I do not mean to take you to task here, but interpretation is everything. At least for me, on the record, you are saying it still should only be used for construction—"exclusively." Whether or not we take the word out, interpretation is everything. Maybe Mr. Herr could answer the question, but administratively, your legislative intent is that it is for construction.

Assemblyman Silberkraus:

Yes, as it reads, "is used for the construction, maintenance or repair of a right-of-way and is necessary for the safe and efficient use of the right-of-way."

Robert Herr:

Regarding the construction, within this bill there is a definition that the construction does include design and construction inspection efforts, so I want to be very clear that we are intending to be able to have our design and construction folks apply administrative costs towards this project. What we have found in our research, on the term administration, is there have been two understandings of that definition. One was the administration by the Department of Motor Vehicles in collecting and distributing the gas taxes to the entities, and some of the background indicates that it was intended to be excluded; but, it also brought confusion as to whether it also included a local entity's administration of a project—once those funds arrive at the city, to put together a design and construction package and get it out to bid. Our intent is that the local entity administration cost would be included.

Chairman Armstrong:

I think I would take some issue with that because we have capped a lot of this, and this tax is supposed to go for construction, not for administrative costs. If we are not limiting it to design and there are other administrative costs that now can be included in this, whether the intent is or is not there, it gives me some cause for concern.

Assemblywoman Kirkpatrick:

On page 8, section 6, subsection 12, we take out "construction, maintenance, and repair." I do not want to say circumventing the system, because I do not believe that that is the process, but the public truly has an expectation. The one thing we hear from the public all the time is that too much goes to administrative costs and not enough goes to the work on the roads.

Assemblywoman Bustamante Adams:

I know the City of Henderson is at the table, but you mentioned other municipalities. Who else has been included in your discussion, and which entity was it that suggested the change on the exclusivity, what we were just speaking about?

Assemblyman Silberkraus:

I will ask David Cherry with the City of Henderson to come up and join me, because he has been the point person on those communications.

David Cherry, Specialist, Intergovernmental Relations, Public Affairs, Economic and Cultural Development, City of Henderson:

First, I should say that in addition to the other municipality that brought this issue to our attention, we did run this through our City Attorney's Office in the City of Henderson, and they concurred. The other municipality that we were in discussions with on the use of this term in the bill was Clark County. Both our City Attorney's Office and the Clark County District Attorney's Office determined that removing the word "exclusively" would not change the definition of the terms in that particular section of the bill. That interpretation was upheld by the LCB, so we feel it was a needed change. The inclusion of the word in no way would have altered the meaning of what that section of the bill was intended to do.

Chairman Armstrong:

I think Assemblywoman Kirkpatrick's question was about the combination of that term in conjunction with the other administrative costs. Would taking that language out expand the amount of revenue that would be included in the administrative costs?

David Cherry:

Based on the conversations we had with LCB staff, it was always contemplated that those administrative costs particular to the city's or the county's work were included in the definition in terms of what was to be covered. The sections that we are dealing with that would already allow those costs were always to be included. The part of the whole construction and maintenance of roads was to include, where allowed, the costs for inspection

and administration. When LCB made this change at our request, they informed us that their original interpretation, when they drafted the bill, was actually incorrect. They removed the language at our request, but again they acknowledged that this should not have been included in the initial draft of the bill, so therefore we are excluding it through the amendment.

Assemblywoman Kirkpatrick:

I hear the LCB popping up a lot today. They are an amazing staff and do amazing things. We, the legislators, have put them under the gun this session. If for some crazy reason there are mistakes, they are pretty good about working with legislators. I hate when we blame LCB, because I am a super sucker for our legislative employees. I think they do yeoman's work because we, the legislators, put them under the gun.

Here is my bigger concern. That may all be true, but when you changed section 3, subsection 6, you scratched out "other than administrative costs." Originally, that is what it said, and then you just moved it down. I do not know how LCB messed that up, and that is what I am trying to figure out.

David Cherry:

To refer back to Mr. Herr's original comment, a part of the conversation that we also wanted to make very clear, and get on the record, is that Mr. Herr did some research and it was covered in our discussions with the LCB staff. I also want to state for the record that they have been great to work with, and I know they are consummate professionals. We have the utmost confidence they are doing the best job they are capable of doing to perfect this legislation.

Going as far back as 1987, in conversations with directors of the Department of Transportation, the administrative costs borne by the municipality were discussed, and it was always contemplated that payment for those administrative costs would be allowed using these gas tax proceeds.

The other section of it is the administrative costs that are actually borne by the state in collecting the taxes and then giving those monies back to the counties and the cities.

We wanted to make sure the definition was preserved so it allowed cities and counties, when they did their road work, to be fairly paid for, as the law always intended, the cost of the administration and inspection of the design and inspection work for the various projects. If you do not mind, I would like to defer to my colleague, Mr. Herr, in Las Vegas, just to speak to that a little more.

Chairman Armstrong:

To clarify, do we use these funds to pay for administrative costs currently?

David Cherry:

I would like Mr. Herr to answer that question.

Robert Herr:

Two of the three funds currently do allow for administrative costs within those projects, and in our discussions with the LCB, they referenced an Attorney General's opinion relating to article 9, section 5, of the *Nevada Constitution*, that deals with road and gas taxes. Not to put words in their mouths, but my understanding is that it was their basis for the administrative costs being allowed within all of the funds in this amendment.

Chairman Armstrong:

If two out of three funds do allow it, are those administrative costs limited, or narrowly defined, as to what they actually are?

Robert Herr:

That was part of our reason for raising this issue. In our discussions with other entities, there was some confusion regarding whether they were local administrative costs or costs incurred by the Department of Motor Vehicles in administering the gas taxes. That is what we sought today, clarification on that.

Chairman Armstrong:

I think what we realize is this has opened up more questions than clarification. Maybe there could be a proposal to include which administrative costs would be included in the proposal and add that language to the bill, rather than just strike it completely and not define administrative costs.

Robert Herr:

We would happy to work with LCB and our sponsor and make those changes.

Chairman Armstrong:

I will ask the bill sponsor if he is willing to work with LCB.

Assemblyman Silberkraus:

I would be more than happy to work with the hard-working people at LCB.

Assemblywoman Neal:

My question is for Mr. Herr, and LCB is trying to get an answer on this, but you may have an answer.

In the bill, the right-of-way created a new definition that was not necessarily found in the statute. I asked them to find out what the effect was of the new definition on existing law. You probably already did this in your research.

We had a fuel tax bill last session and they said that certain statutes had different definitions; there may have been references to one, but not to the other.

Assemblyman Silberkraus's bill has created a new definition. I want to know what the effect was of that new definition, and was it going to cause conflict in how people had defined streets, highways, right-of-ways, and other things, since it was not a consistent definition. This bill makes it consistent, but it is after the fact.

Robert Herr:

The definition came out of discussions I had in the drafting process with LCB. We wanted to capture that some of the City of Henderson roads are not held in fee ownership, and we may have roads existing either on patent easements or on grants from the Bureau of Land Management. The definition of right-of-way was intended to capture where we have roadways with different rights, but still grant as roadway rights-of-way, or rights to have roadways within those limits.

Chairman Armstrong:

Are there any other questions? [There were none.] At this point we will take testimony from those in support of A.B. 366.

Brian McAnallen, Manager, Government Affairs, Office of Administrative Services, City of Las Vegas:

I appreciate you hearing A.B. 366 today. The City of Las Vegas is also in support of the concept that has been outlined by this bill, the amendment, and would be willing to support the sponsor in his efforts to work with LCB and zero in on some of the language that will define the administrative costs.

Yolanda T. King, Chief Financial Officer, Department of Finance, Clark County:

I want to offer support for the bill, and also to thank the City of Henderson for working with us. We did ask that they remove "exclusively" in section 3, subsection 1.

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

We too are in support of A.B. 366, and thank Assemblyman Silberkraus for bringing the bill forward. To us, this is an efficiency measure that will allow infrastructure projects for transportation services to be done in a more efficient and timely manner.

Jeff Fontaine, Executive Director, Nevada Association of Counties:

We are here to support A.B. 366. We appreciate Assemblyman Silberkraus bringing this on behalf of the City of Henderson, and certainly it is something that the counties would support.

I want to point out there has been a lot of discussion about the issue of administrative costs, and in article 9, section 5, of the *Nevada Constitution* it talks about the proceeds from the excise taxes on fuel, and it says: "the proceeds from the imposition of any license or registration fee and other charge with respect to the operation of any motor vehicle upon any public highway in this State and the proceeds from the imposition of any excise tax on gasoline or other motor vehicle fuel shall, except costs of administration, be used exclusively for the construction, maintenance, and repair of the public highways of this State."

I think it is clearly addressed in the *Nevada Constitution*. I know for a fact that the Department of Transportation uses fuel tax revenues for their administration as well.

Assemblywoman Kirkpatrick:

I am trying to understand why this has not come up. I have been here for ten years and this is the first time this has come up.

I am trying to understand why this has not come up when we drafted bills in the past, when it has come to administrative costs because we have never insisted that it be in there.

My concern, just on the local government side, is I want to understand why they cannot already plan that way. We have done bill after bill to try to help that process. It is just a matter of moving dollars, but you can track those dollars for specific projects when they are in their own bucket of money. This makes it a lot harder to track those projects. What I would not want is for someone to take all of the money out of one pot and all of the money out of another pot to do one specific project, and then constituents have to ask the entire city or the entire county about where that money went. It is a lot harder to follow. It is a lot harder to digest when you say there is no money, but one area took all of the dollars for a single project. I just want to understand that.

Jeff Fontaine:

I do not know the reason why this bill was brought, but I can speculate as to some of the issues that you raise, and some of the answers.

First of all, I think the fact that fuel tax revenues are declining has a lot to do with it. I am sure you have heard presentations as to why that is happening, with more hybrid vehicles and more fuel efficient vehicles, so forth and so on. I think that has put a lot of pressure on local entities to be able to do the work with less revenue. Secondly, I think there is more emphasis on what is called Complete Streets. It is no longer just county and city roads. It is now county and city roads, sidewalks, ADA-compliant facilities, appurtenances, and interest by constituents for more landscaping, street amenities, those kinds of things. So having the ability to move those funds between the different accounts, to be able to pay for a "complete street" with more limited revenues, may be one of the answers to your question.

Chairman Armstrong:

Is there anyone else who would like to speak in support of A.B. 366? Seeing no one, we will move to those who would like to speak as neutral on A.B. 366. Seeing no one, would anyone like to speak in opposition to A.B. 366?

Carole Vilardo, President, Nevada Taxpayers Association:

My apologies to you, the Committee, and Assemblyman Silberkraus, because I did not sign in. When I read the original bill, I had no problem with it.

I think I served on my first transportation funding committee in 1988, with the City of Las Vegas, called the Blue Ribbon Committee. I have been on nine transportation funding committees between Clark County, Washoe County, and the state. I can tell you that in the majority of those committees, when there has been discussion about increasing money for roads—which we absolutely must do, and I realize this bill does not do that, it only provides more flexibility, which I have no problem with—I have a problem where there are administrative costs, because administrative costs may be represented as we have heard here, and with the belief it is true—I am not challenging the belief—that the administrative cost would be for the person who would do the inspection or the design-build.

When we have gotten into discussions on how the additional funds we recommended for transportation should be used and we get into administrative costs, we have heard hiring by human resources for the personnel who are needed; city attorney and district attorney services; consolidated costs, such as a finance director or someone in a finance department, who has to put together this kind of money. I think it was about 2007 or 2005, when we went into enterprise fund statutes and set up conditions for the building departments, because of money that was being used, not only on salaries of general personnel but also on hiring, where it was questionable whether that hiring was

going to be for a specific project. We changed the law on that. That is absolutely my concern.

If somehow the administrative costs were tied to completing the project, and not general government administrative costs or cost sharing, we might be closer to being on the right track. As I said earlier, I had no intention of testifying, but then I read the amendment and that definitely gave me heartburn. I would definitely like to see what is going to be done with that section.

Assemblyman Hickey:

How would you recommend fixing the bill? Obviously, the cities and the counties think it is good. How would you fix it?

Carole Vilardo:

One, I appreciate that there has been a concern and has been a difference of opinion with the county attorney and city attorney. We have seen that so many times, I do not know how you straighten that out on so many issues. For all the years that I have been involved with this issue, the restriction on administrative funds has always been there. There has not been a problem, until we get two attorneys who disagree.

Maybe you do it in the reverse. Maybe what you do is clarify that the provisions of administration...I take it back. I need to go back and look at that statute when we did the enterprise funds with building because that may have some language that would be workable. I would say in lieu of not coming up with something that is pretty clear, I would continue to operate the way it is right now, and leave the exclusion on administrative funds in, as it was in the original bill. It was not taken out of the original bill, it was amended out.

You have the two major amendments in the bill, the administrative funds and the definition on the right-of-way, including pathways between rights-of-way. Those are the two additions that I see in the amendment.

Assemblyman Trowbridge:

I would simply ask the maker of the bill if he would be willing to work on language that would address the well-founded concerns about the administrative costs. I can tell horror stories about how that works in reality.

Assemblyman Silberkraus:

We would be more than happy to work to define that better.

Joannah Schumacher, Private Citizen, Reno, Nevada:

I am generally a person who is a firm believer in making legislation a little more easy to read and understand. I share Assemblywoman Kirkpatrick's fears about some of the things that are going on here. I think words have meaning.

When I look at the original bill, it very clearly defines that administrative expenses could not be defrayed using our gas tax funds, and these changes appear to make them fair game now. It also appears that things other than our roads can be repaired, such as a beautification project, or whatever.

My aunt worked for Washoe County as an engineer, and I totally understand their needs. They spend a lot of time moving money back and forth because things are very categorized. I understand that. I want to help them, but I do not know if the bill is there yet. I am very much against having administrative costs lumped in here because that is a deep dark hole that can go anywhere. Those taxes were put on vehicles, so this sounds very much like International Council for Local Environmental Initiatives' (ICLEI) ways of funding because ICLEI wants to move in a different direction on how our roads and streets are funded, and where that money goes. I am very much opposed to some of the things that ICLEI proposes.

I believe right now that if you were getting ready to vote, I would say you should vote no on this because of this language. If they can change the language, hopefully you will be a watchdog on their language because they are very tricky with the words, and we have seen some very interesting things that look great and sound great, but then you find out they have now opened up a can of worms and are funding bloated bureaucracy.

Please take heed and be a good watchdog and steward of our funding and monies, and ensure that our counties and our cities are doing the same.

Chairman Armstrong:

Is there anyone else who would like to speak in opposition to A.B. 366? Seeing no one, Assemblyman Silberkraus do you have any final comments?

Assemblyman Silberkraus:

I think we have a good bill here. It just needs a little tweaking. We will definitely take care of the concerns that were presented today and look forward to bringing it back and improving efficiency in this area.

Chairman Armstrong:

At this time I will close the hearing on A.B. 366. I will open it up for public comment. Is there anyone who would like to speak for public comment, either in Las Vegas or Carson City? Seeing no one, we will close public comment.

Before we adjourn I want to notify the Committee members we have tentatively scheduled some evening meetings on the 2nd and the 7th in 4100. My intent is to schedule some bills for the day and if we do not get through them, we will recess and reconvene in the evening. We are adjourned [at 2:33 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblyman Derek Armstrong, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: March 26, 2015

Time of Meeting: 1:02 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 316	C	Megan Bedera, Nevada Firearms Coalition	Tax Bulletin SUT 15-0001
A.B. 316	D	Jordan Slotnick, Reno Guns & Range	Consumer Use Tax Return
A.B. 316	E	Don Turner, Nevada Firearms Coalition	Letter of Support
A.B. 316	F	J. L. Rhodes, Stillwater Firearms Association	Letter of Support
A.B. 366	G	Assemblyman Silberkraus	Gas Taxes Presentation
A.B. 366	H	Robert Herr, Public Works, City of Henderson	Prepared Testimony
A.B. 366	I	Assemblyman Silberkraus	Proposed Amendment