

**MINUTES OF THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Seventy-Eighth Session
May 22, 2015**

The Senate Committee on Revenue and Economic Development was called to order by Chair Michael Roberson at 11:10 a.m. on Friday, May 22, 2015, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Michael Roberson, Chair
Senator Greg Brower, Vice Chair
Senator Joe P. Hardy
Senator Ben Kieckhefer
Senator Ruben J. Kihuen
Senator Aaron D. Ford
Senator Pat Spearman

GUEST LEGISLATORS PRESENT:

David R. Parks, Senatorial District No. 1

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Bryan Fernley, Counsel
Jennifer Pearce, Committee Secretary

OTHERS PRESENT:

Alfredo Alonso, R.J. Reynolds Tobacco Company
Deonne E. Contine, Executive Director, Department of Taxation

Chair Roberson:

We will open the work session with Senate Bill (S.B.) 79. There is Proposed Amendment 7545 to be introduced.

SENATE BILL 79: Provides for the regulation and taxation of liquid nicotine.
(BDR 32-307)

Alfredo Alonso (R.J. Reynolds Tobacco Company):

There is a need to determine the new products that are coming out in the tobacco industry. The Proposed Amendment 7545 ([Exhibit C](#)) defines vapor products and alternative nicotine products that will be introduced in the near future. This defines them as something other than other tobacco products (OTP). This amendment contains the model language used throughout the Country.

Chair Roberson:

To clarify, the Proposed Amendment 7545 does not subject vapors or electronic cigarettes to taxation? It just provides a different category under which these products will be classified in the event down the road there is a desire to apply some sort of taxation to that product. Is that correct?

Mr. Alonso:

Correct. I have discussed this with the director of the Department of Taxation that nothing in the other tobacco products category would be considered an alternative either. We do not want to move anything that is being taxed into this category. It is clear that the derivative language makes that certain because there will either be tobacco or products derived from tobacco, which these are.

Senator Hardy:

Are they taxed with sales tax?

Mr. Alonso:

Yes.

Senator Hardy:

Will the sales be restricted to persons over 18 years old in the model language?

Mr. Alonso:

Yes, that was addressed in S.B. 225, which just passed the Committee and now it is on the floor of the Assembly. It has the same restrictions that this bill has for underage persons. It goes further to define aerosol to include nonnicotine products.

SENATE BILL 225 (2nd Reprint): Revises provisions relating to the sale and distribution of tobacco products, vapor products and alternative nicotine products. (BDR 15-796)

Senator Ford:

The vapor advocates told me that some of their vaping products do not come from tobacco; they come from other things, such as cauliflower. They may have been hyperbolic and did not specifically mean cauliflower. In this new definition, will it cover those vaping products that do not come from tobacco? It was eggplant.

Mr. Alonso:

I am not aware of any vapor products made from eggplant. They may exist. Nationally, the policy has been to deal with the nicotine and tobacco products, and that is what we attempt here. It would be up to this body whether to include those products, but at this time they are not included in the amendment.

Senator Ford:

I want to ensure that we do not have a gap in coverage because 20 percent of our vaping product is made from eggplant. Do we cover that?

Mr. Alonso:

This was created to just cover the derivatives from nicotine. That should cover the vast majority of the market.

Deonne E. Contine (Executive Director, Department of Taxation):

Based on conversations with Mr. Alonso and on the original hearing of S.B. 79, there is no appetite to tax the vaping products as OTP. This sets up the definitions and creates the structure so at some point as it progresses we can deal with it in a different way.

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 79 WITH PROPOSED AMENDMENT 7545.

SENATOR BROWER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Roberson:

We will have work session on Senate Joint Resolution (S.J.R.) 13.

SENATE JOINT RESOLUTION 13: Proposes to amend the Nevada Constitution to limit the total amount of property taxes that may be levied on real property. (BDR C-1004)

Joe Reel (Deputy Fiscal Analyst):

I have provided a work session document ([Exhibit D](#)) on S.J.R. 13. This bill was brought before the Committee on March 17. I direct your attention to Proposed Amendment 7527.

Chair Roberson:

Senator Settlemeyer has been working with various parties to fix some of the issues that were previously raised with this bill and he has done that with this amendment.

Senator Ford:

I suspect you are going to entertain a motion. Before you entertain a motion, I have spoken to others who will be affected by the bill. Unfortunately, they are saying there are too many unanswered questions and there is uncertainty how the property tax system would interact with S.J.R. 13. I commend Senator Settlemeyer, but I will not be able to support this bill. My independent investigations as to whether counties are capable of supporting this have led me to conclude that they cannot. I cannot support this bill.

Senator Hardy:

What is the process with S.J.R. 13? If we pass it now, does it not go to the next Legislative Session for approval before it actually happens?

Chair Roberson:

This will have to pass out of both Houses this Session and next Session before it will go to the voters.

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Senator Ford:

Can it be amended next Session or does the exact same version have to pass both times?

Chair Roberson:

If it is amended, the process has to start over.

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED
S.J.R. 13 WITH PROPOSED AMENDMENT 7527.

SENATOR BROWER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS FORD, KIHUEN AND SPEARMAN
VOTED NO.)

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Chair Roberson:

The meeting is adjourned at 11:24 a.m.

RESPECTFULLY SUBMITTED:

Jennifer Pearce,
Committee Secretary

APPROVED BY:

Senator Michael Roberson, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
S.B. 79	C	5	Joe Reel	Proposed Amendment 7545
S.J.R. 13	D	5	Joe Reel	Work Session Document