

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

**Eightieth Session
May 16, 2019**

The Committee on Taxation was called to order by Chair Dina Neal at 4:13 p.m. on Thursday, May 16, 2019, 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/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Dina Neal, Chair
Assemblywoman Ellen B. Spiegel, Vice Chair
Assemblywoman Shea Backus
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Lesley E. Cohen
Assemblyman Chris Edwards
Assemblyman Edgar Flores
Assemblyman Gregory T. Hafen II
Assemblyman Al Kramer
Assemblywoman Susie Martinez
Assemblywoman Heidi Swank

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

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

Minutes ID: 1215



OTHERS PRESENT:

None

Chair Neal:

[Roll was taken and Committee rules and protocol were reviewed.] Today we have a work session. We are going to go out of order. I will open the work session on Senate Bill 164 (1st Reprint).

Senate Bill 164 (1st Reprint): Recognizes certain virtual currencies as a form of intangible personal property for purposes of taxation. (BDR 32-878)

Michael Nakamoto, Deputy Fiscal Analyst:

The first bill on today's work session is Senate Bill 164 (1st Reprint), which was heard in this Committee on April 30, 2019, and was sponsored by Senator Kieckhefer ([Exhibit C](#)). Senate Bill 164 (1st Reprint) establishes that a "virtual currency," as defined by the bill, is considered intangible personal property and is therefore exempt from personal property taxes. The bill provides that a virtual currency will be considered in the same manner as provided under current law for shares of stock, bonds, mortgages, notes, bank deposits, and other forms of intangible personal property which, under Article 10, Section 1 of the *Nevada Constitution*, are deemed to represent interest in property already assessed and taxed, either in Nevada or elsewhere, and shall be exempt.

In addition to providing definitions for the terms "public blockchain," "state of the public blockchain," and "unaffiliated computers or machines," the bill defines "virtual currency" to mean a digital representation of value that:

- Is created, issued, and maintained on a public blockchain;
- Is not attached to a tangible asset or fiat currency;
- Is accepted as a means of payment; and
- May only be transferred, stored, or traded electronically.

There were no amendments submitted for this bill. I am glad to answer any questions.

Chair Neal:

Members, are there any questions on the work session document?

Assemblywoman Benitez-Thompson:

If you are using digital currency to purchase something you would normally have sales tax collected on, would this exempt them from that—using digital currency as opposed to cash?

Michael Nakamoto:

This bill does not affect the liability for sales tax. It would only deal with the treatment of the currency itself for purposes of property tax.

Chair Neal:

Are there any additional questions? [There were none.] I will entertain a motion to do pass Senate Bill 164 (1st Reprint).

ASSEMBLYMAN FLORES MOVED TO DO PASS SENATE BILL 164 (1ST REPRINT).

ASSEMBLYMAN HAFEN SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED. (ASSEMBLYMAN KRAMER WAS ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblyman Hafen. I will close the hearing on S.B. 164 (R1) and open the work session on Senate Bill 341.

Senate Bill 341: Revises provisions relating to enterprise funds created by local governments for the purpose of providing telecommunication services. (BDR 31-1009)

Michael Nakamoto, Deputy Fiscal Analyst:

Senate Bill 341 was heard in this Committee on May 14, 2019, and was sponsored by the Senate Committee on Government Affairs ([Exhibit D](#)). This bill exempts an enterprise fund created by a local government for the purpose of providing telecommunication services from certain limitations on the authority of a governing body to loan or transfer money from the enterprise fund to the general fund of the local government, or the authority to increase fees imposed for the purpose of the enterprise fund.

There were no amendments to this bill. I am glad to answer any questions.

Chair Neal:

Members, do you have any questions on S.B. 341? [There were none.] I will entertain a motion to do pass S.B. 341.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO DO PASS SENATE BILL 341.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED. (ASSEMBLYMAN KRAMER WAS ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblywoman Backus. I will close the work session on S.B. 341. The next bill is Senate Bill 410. There will be an amendment on this bill (Exhibit E). I will open the work session on S.B. 410.

Senate Bill 410: Revises provisions relating to incentives for economic development.
(BDR 32-881)

Michael Nakamoto, Deputy Fiscal Analyst:

Senate Bill 410 was heard in this Committee on April 30, 2019, and was sponsored by Senator Kieckhefer (Exhibit F). Under current law, as established by the Legislature in Senate Bill 1 of the 29th Special Session [December 2015], the Office of Economic Development, Office of the Governor (GOED) is authorized to approve applications for partial abatements of certain taxes and the issuance of transferable tax credits submitted by the lead participant engaged in a qualified project with other participants which:

- 1) Is for a common purpose or business endeavor;
- 2) Is located within the geographic boundaries of a single project site in the state of Nevada; and
- 3) Satisfies certain criteria, including, without limitation, a requirement that the participants in the project agree to make a total new capital investment in this state of at least \$1 billion during the 10-year period immediately following approval of the application.

Under existing law, GOED is authorized to approve for the project:

- 1) A maximum of \$7.6 million of transferable tax credits per fiscal year (FY) for FY 2018, FY 2019, FY 2020, FY 2021, FY 2022, FY 2023, FY 2024, or FY 2025; and
- 2) A total amount of transferable tax credits of not more than \$38 million. Tax credits cannot be issued on or after July 1, 2025.

Senate Bill 410 would eliminate the transferable tax credits in their entirety. The Chair did make reference to a conceptual amendment, which you have on a separate sheet of paper outside of the work session document (Exhibit E). This proposed conceptual amendment

would retain the ability for GOED to issue the transferable tax credits; however, provisions would be added that would require the Interim Finance Committee (IFC) to approve the project before any abatements or transferable tax credits could be awarded by GOED under the provisions enacted in Senate Bill 1 of the 29th Special Session. I am glad to answer any questions.

Chair Neal:

Members, do you have any questions on the amendment?

Assemblywoman Benitez-Thompson:

The intent with this amendment ([Exhibit E](#)) would be to keep the original expiration date of July 1, 2025, for the \$38 million in tax credits. Would that now change?

Chair Neal:

Yes, the expiration date would not change.

Assemblywoman Benitez-Thompson:

The qualifying capital investment and all that remains the same. This would just be issuing authority to the Interim Finance Committee.

Chair Neal:

There will be some criteria that needs to be set aside. The Legal Division, Legislative Counsel Bureau, will do that. Everything should stay the same. It is just that IFC is going to take the position of the authority, other than GOED.

Members, are there any additional questions on the amendment? [There were none.] I will entertain a motion to amend and do pass S.B. 410.

ASSEMBLYWOMAN SPIEGEL MOVED TO AMEND AND DO PASS
SENATE BILL 410.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED UNANIMOUSLY.

I will assign the floor statement to Assemblywoman Martinez. I will close the work session on S.B. 410 and open the work session on Senate Bill 448 (1st Reprint).

Senate Bill 448 (1st Reprint): Provides for transferable tax credits for affordable housing in this State. (BDR 32-381)

Michael Nakamoto, Deputy Fiscal Analyst:

Senate Bill 448 (1st Reprint) was heard in this Committee on May 2, 2019, and was sponsored by the Senate Committee on Revenue and Economic Development on behalf of the Committee to Study Issues Regarding Affordable Housing ([Exhibit G](#)). Senate Bill 448 (1st Reprint) authorizes the Nevada Housing Division of the Department of Business and Industry to issue transferable tax credits that are authorized to be taken against certain state taxes to the sponsor of a project for the acquisition, development, construction, improvement, expansion, reconstruction, or rehabilitation of low-income housing, as defined by existing federal law.

The transferable tax credits may be applied to the branch bank excise tax, modified business tax, gaming percentage fee tax, insurance premium tax, or any combination of these taxes. The bill authorizes a total of \$40 million of transferable tax credits and provides that the Nevada Housing Division is authorized to approve, with certain exceptions, \$10 million of transferable tax credits per fiscal year. The Nevada Housing Division is prohibited from approving applications and issuing transferable tax credits for any fiscal year beginning on or after July 1, 2023. The bill establishes procedures for the review of project applications and determining the amount of tax credits to be awarded for each project, and requires the amount of state transferable tax credits needed to make a project financially feasible to be determined after all other sources of funding are allocated and paid toward the final cost of the project.

Finally, the bill requires the Nevada Housing Division to provide certain notifications and reports to the Department of Taxation, the Gaming Control Board, the Governor's Office of Finance, and the Fiscal Analysis Division of the Legislative Counsel Bureau, in addition to providing an annual report to the Governor and the Legislature.

There were no amendments submitted with this bill. I am glad to answer any questions.

Chair Neal:

Members, are there any questions on the work session document? [There were none.] I will entertain a motion to do pass S.B. 448 (R1).

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO DO PASS
SENATE BILL 448 (1ST REPRINT).

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED UNANIMOUSLY.

I will assign the floor statement to Assemblyman Edwards. I will close the work session on S.B. 448 (R1) and open the work session on Senate Bill 298 (1st Reprint).

Senate Bill 298 (1st Reprint): Revises provisions relating to partial tax abatements for certain renewable energy facilities. (BDR 58-908)

Michael Nakamoto, Deputy Fiscal Analyst:

The final bill on today's work session is Senate Bill 298 (1st Reprint), which was sponsored by Senator Brooks and was heard in this Committee on May 2, 2019. Senate Bill 298 (1st Reprint) requires a recipient of a partial tax abatement for a renewable energy facility to keep, or cause to be kept, the records regarding employees of the facility and employees who worked on the construction of the facility. The recipient of the partial tax abatement must submit annually to the Office of Energy, Office of the Governor, and the board of county commissioners of the county where the facility is located, a certified payroll report containing such information. The bill additionally revises the definition of wages, for the purposes of determining eligibility for a partial tax abatement, excluding the amount of any health insurance plan, pension, or bona fide fringe benefits that are provided to an employee.

Senate Bill 298 (1st Reprint) also provides that the Director of the Governor's Office of Energy may include in the fee charged to an applicant who submits an application for a partial tax abatement for a renewable energy facility an additional reasonable amount to help sustain the work of the Governor's Office of Energy to support and expand renewable energy development.

There is a proposed amendment to this bill, which is in the work session document [page 3, [Exhibit H](#)]. This proposed amendment would amend section 5 of the bill, the section that proposes changes to NRS 701A.390 relating to certain duties of the Director of the Governor's Office of Energy, to specify that the additional fee that is established by the Director pursuant to subsection 3, paragraph (b), as well as the purpose for which the fee is established under that paragraph, must be established by regulation by the Governor's Office of Energy. I am glad to answer any questions.

Chair Neal:

Members, are there any questions on the amendment or the work session document? [There were none.] I will entertain a motion to amend and do pass S.B. 298 (R1).

ASSEMBLYMAN FLORES MOVED TO AMEND AND DO PASS
SENATE BILL 298 (1ST REPRINT).

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

Is there any discussion on the motion?

Assemblyman Hafen:

I want to reserve my right to change my vote on the floor.

THE MOTION PASSED UNANIMOUSLY.

Chair Neal:

I will assign the floor statement to Assemblywoman Martinez. That wraps up our work session for today. Is there anyone here for public comment? [There was no one.] We are adjourned [at 4:28 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Dina Neal, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is the Work Session Document for Senate Bill 164 (1st Reprint), dated May 16, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit D](#) is the Work Session Document for Senate Bill 341, dated May 16, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit E](#) is a conceptual amendment to Senate Bill 410, dated May 16, 2019, submitted by Assemblywoman Dina Neal, Assembly District No. 7.

[Exhibit F](#) is the Work Session Document for Senate Bill 410, dated May 16, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit G](#) is the Work Session Document for Senate Bill 448 (1st Reprint), dated May 16, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit H](#) is the Work Session Document for Senate Bill 298 (1st Reprint), dated May 16, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.