

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

**Eightieth Session  
April 11, 2019**

The Senate Committee on Revenue and Economic Development was called to order by Chair Marilyn Dondero Loop at 1:49 p.m. on Thursday, April 11, 2019, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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 Marilyn Dondero Loop, Chair  
Senator Julia Ratti, Vice Chair  
Senator David R. Parks  
Senator Ben Kieckhefer  
Senator Heidi Seevers Gansert

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Barbara Williams, Committee Secretary

**OTHERS PRESENT:**

Melanie Young, Executive Director, Department of Taxation  
Riana Durrett, Nevada Dispensary Association

CHAIR DONDERO LOOP:

I will open the work session. We will begin with Senate Bill (S.B.) 48.

**SENATE BILL 48:** Authorizes certain local governments to increase diesel taxes under certain circumstances. (BDR 32-481)

JOE REEL (Deputy Fiscal Analyst):

Senate Bill 48 is sponsored by the Senate Committee on Revenue and Economic Development on behalf of the Nevada Association of Counties and was heard in this Committee on February 28. This bill authorizes the board of county commissioners of a county whose population is less than 100,000 to impose a tax on diesel fuel sold in the county in an amount not to exceed 5 cents per gallon. There are four amendments proposed. I have submitted the work session document ([Exhibit C](#)).

SENATOR RATTI MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 48.

SENATOR PARKS SECONDED THE MOTION.

SENATOR KIECKHEFER:

I will support the motion at this point and reserve my right to change my vote on the Floor.

SENATOR SEEVERS GANSERT:

I will help get this bill out of the Committee and reevaluate it on the Floor.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 81.

**SENATE BILL 81**: Revises various provisions relating to tobacco products.  
(BDR 32-190)

Senate Bill 81 is sponsored by the Senate Committee on Revenue and Economic Development on behalf of the Department of Taxation and was heard in this Committee on February 26. This bill repeals separate licensing provisions related to cigarettes and other tobacco products. Subsequent to the hearing, Proposed Amendment 5580 was brought forward by the Department of Taxation. I have submitted the work session document ([Exhibit D](#)).

SENATOR SEEVERS GANSERT:

There are concerns about the provisions around inventory reporting and the possible fluctuations. It may have been taken care of with the amendment to section 32, subsection 6. It states the Department shall consider other factors, such as timeliness and efforts to correct, when determining a penalty on a licensee for a violation. Will the penalty be commensurate with the level of the offense? If you are dealing with a licensee that sells millions of cigarettes, what is the consequence if its inventory is off a fraction of a percent one month?

MELANIE YOUNG (Executive Director, Department of Taxation):

We set out that section as less restrictive. We can work with industry and take into consideration any of the factors outlined when assessing a penalty for a variance. We cannot agree to a set amount of variance, but the Department does have latitude.

SENATOR PARKS:

Is there a working group for a solution on the variance issue?

MS. YOUNG:

We have been working with the industry and the Office of the Attorney General in developing this bill as it is drafted today.

SENATOR RATTI MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 81 WITH PROPOSED AMENDMENT 5580.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 238.

**SENATE BILL 238**: Revises provisions relating to marijuana. (BDR 32-133)

Senate Bill 238 is sponsored by Senator Yvanna D. Cancela and heard in this Committee on March 19. This bill amends various provisions of *Nevada Revised Statutes* (NRS) 453A governing medical use of marijuana, NRS 453D governing

regulation and taxation of adult-use marijuana, NRS 360 governing taxation generally, and NRS 372A governing taxes on controlled substances.

During the hearing, Senator Cancela presented the bill based on a proposed amendment. Subsequent to the hearing, Senator Cancela submitted a revised amendment dated April 9, which is substantially different from and replaces her previous amendment. The proposed amendment is in the work session document ([Exhibit E](#)).

SENATOR KIECKHEFER:

I would like to talk to someone from industry regarding the intent as it relates to sections 12 and 17. Does the new language relating to advertising and delivery prohibit a dispensary from hiring an advertising company?

RIANA DURRETT (Nevada Dispensary Association):

The language does not ban advertising by a third party per se; it bans the advertisement of sales. There is a company called Weedmaps, which has a website and billboards. It advertises marijuana and tells you where it can be purchased. That would not be banned. The stricken language on page 12 of the proposed amendment is already in regulation, and the bill just seeks to clarify and protect the status quo. What is allowed is third-party delivery companies and third-party advertising. What is not allowed is an unlicensed company such as Weedmaps to appear to be selling the marijuana or to accept a sale or delivery order. It prevents third parties from becoming unlicensed retailers. We have asked for a further amendment to clarify deliveries.

SENATOR SEEVERS GANSERT:

I understood the delivery entity had to be owned and controlled by the marijuana establishment. It sounds like an established marijuana entity can contract to deliver.

Ms. DURRETT:

That is allowed and this language protects the status quo. Third-party deliverers are contracted with a marijuana establishment to deliver but not to accept delivery on their own.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 238 WITH THE PROPOSED AMENDMENT DATED APRIL 9.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 263.

**SENATE BILL 263**: Revises provisions relating to the regulation and taxation of certain vapor products and tobacco products. (BDR 32-700)

Senate Bill 263 is sponsored by Senator Ratti and was heard in this Committee on March 28. This bill establishes provisions relating to the regulation and taxation of certain vapor products and tobacco products. During the hearing, Senator Ratti and Michael Hackett presented the Committee with a conceptual amendment, which is summarized in the work session document ([Exhibit F](#)).

SENATOR RATTI:

This bill is still a work in progress for a couple of reasons. We are working with the Department of Taxation to apply these provisions in the real world. Many pieces of the bill align with S.B. 81 as it pertains to other tobacco products.

SENATOR SEEVERS GANSERT MOVED TO RE-REFER S.B. 263 TO THE SENATE COMMITTEE ON FINANCE WITH NO RECOMMENDATION.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 345.

**SENATE BILL 345**: Revises provisions governing estate distilleries. (BDR 52-980)

Senate Bill 345 is sponsored by Senator James Settlemeyer and others and was heard in this Committee April 4. This bill revises existing law to allow an estate distillery to use neutral or distilled spirits manufactured by another manufacturer. I have submitted the work session document ([Exhibit G](#)), which includes an update to the amendment offered by Bently Heritage used when the bill was heard.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 345.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 386.

**SENATE BILL 386**: Revises provisions governing certain tax exemptions for veterans. (BDR 32-737)

Senate Bill 386 is sponsored by Senator Settlemeyer and others and was heard in this Committee on April 4. The bill expands some of the provisions which qualify a veteran for the partial exemption from property taxes. During the hearing, Senator Settlemeyer presented the Committee with a proposed amendment which is submitted with the work session document ([Exhibit H](#)).

SENATOR SEEVERS GANSERT MOVED TO AMEND AND DO PASS AS AMENDED S.B. 386.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 410.

**SENATE BILL 410**: Revises provisions relating to incentives for economic development. (BDR 32-881)

Senate Bill 410 is sponsored by Senator Kieckhefer and was heard in this Committee on April 4. The bill eliminates certain transferable tax credits. There were no amendments to the bill. I have submitted the work session document ([Exhibit I](#)).

SENATOR SEEVERS GANSERT MOVED TO DO PASS S.B. 410.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR DONDERO LOOP:

Senate Bill 415 has not been heard, and I would entertain a motion to re-refer it to the Committee on Finance.

**SENATE BILL 415**: Revises provisions relating to economic development. (BDR 18-879)

SENATOR RATTI MOVED TO RE-REFER S.B. 415 TO THE SENATE COMMITTEE ON FINANCE WITH NO RECOMMENDATION.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 421.

**SENATE BILL 421**: Requires the establishment and carrying out of a program relating to certain unmanned aircraft systems. (BDR 18-31)

Senate Bill 421 is sponsored by Senator James Ohrenschall and was heard by this Committee on April 9. The bill requires the Governor's Office of Economic Development establish and carry out a program to supervise and facilitate the growth and safe integration of small unmanned aircraft systems in Nevada. Senator Ohrenschall submitted an amendment during the hearing on behalf of Flirtey Inc. I have submitted the work session document ([Exhibit J](#)).

SENATOR RATTI MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 421.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 447.

**SENATE BILL 447**: Exempts sales of certain durable medical equipment, oxygen delivery equipment and mobility enhancing equipment from sales and use taxes. (BDR 32-1255)

Senate Bill 447 is sponsored by the Senate Committee on Revenue and Economic Development and was heard in this Committee on April 2. This bill enacts the exemption from sales and use tax on certain medical equipment based on the voter-approved action in the 2016 and 2018 elections. I have submitted the work session document ([Exhibit K](#)).

SENATOR SEEVERS GANSERT MOVED TO AMEND AND DO PASS AS  
AMENDED S.B. 447.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. REEL:

The next bill is S.B. 448.

**SENATE BILL 448**: Provides for transferable tax credits for affordable housing in this State. (BDR 32-381)

Senate Bill 448 is sponsored by the Senate Committee on Revenue and Economic Development on behalf of the Committee to Study Issues Regarding Affordable Housing and heard by this Committee on March 26. The bill authorizes the Housing Division of the Department of Business and Industry to issue transferable tax credits (TTC) to sponsor low-income housing development.

Subsequent to the hearing, Senator Ratti brought forward four proposed amendments, included in the work session document ([Exhibit L](#)). An Advisory Committee on Housing, abolished in 2017, would be recreated by Assembly Bill 476, currently working its way through the Legislature.

**ASSEMBLY BILL 476**: Revises provisions concerning affordable housing. (BDR 25-1119)

SENATOR KIECKHEFER:

I have a question about proposed amendment No. 3, relating to the notification of the transfer. Does that in any way make the purchaser of the TTC identifiable? Is it not generally confidential who purchases TTCs?

I was under the impression once a certificate is issued by the Housing Division, the relationship is between the holder of the TTC and the Department of Taxation or the Nevada Gaming Control Board. Is there a requirement in statute that the entity receiving the TTC notify the Housing Division when it is transferred, or does the entity notify the taxing authority?

RUSSELL GUINDON (Principal Deputy Fiscal Analyst):

This program is modeled on the other tax credit programs the State has. The business entity applies to the Division for a TTC. If it is allocated, the entity receives them when the project is completed. It can use the credits itself if it has a tax liability. To do so, it must declare against which tax it intends to use the credit and notify the Governor's Office of Finance, the Department or the Board, as well as the Division. If it decides to transfer a credit, it must inform

the Division. The Division would notify the Department or the Board so the taxing authority would know, when that certificate was proffered with a tax return, that it is a valid certificate. The information is maintained confidential between the Division and the Department or Board.

SENATOR KIECKHEFER:

So if the holder of the credit certificate transfers the credit, it notifies the Housing Division and not the taxing entities?

MR. GUINDON:

Page 6, line 21 of the bill reads "the project sponsor shall notify the Division upon transferring any transferable tax credits," and the Division then notifies the taxing authorities. This is the structure we use for other taxes. We try to use the entity administering the program as the hub, in this case, the Housing Division. The taxing authorities need to know what liabilities are out there and who holds the certificates.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 448.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR DONDERO LOOP:

Having no further business, this meeting is adjourned at 3:01 p.m.

RESPECTFULLY SUBMITTED:

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Barbara Williams,  
Committee Secretary

APPROVED BY:

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Senator Marilyn Dondero Loop, Chair

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

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit / # of pages</b>		<b>Witness / Entity</b>	<b>Description</b>
	A	2		Agenda
	B	3		Attendance Roster
S.B. 48	C	3	Joe Reel	Work Session Document
S.B. 81	D	45	Joe Reel	Work Session Document
S.B. 238	E	28	Joe Reel	Work Session Document
S.B. 263	F	3	Joe Reel	Work Session Document
S.B. 345	G	6	Joe Reel	Work Session Document
S.B. 386	H	4	Joe Reel	Work Session Document
S.B. 410	I	1	Joe Reel	Work Session Document
S.B. 421	J	4	Joe Reel	Work Session Document
S.B. 447	K	6	Joe Reel	Work Session Document
S.B. 448	L	4	Joe Reel	Work Session Document