

TAXTOPICS

A Publication of the Nevada Taxpayers Association serving the citizens of Nevada since 1922

Issue 2

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THE SESSION THAT WOULDN'T DIE

As if the events that transpired at the regular legislative session weren't bad enough a one day special session was called by Governor Guinn for June 17, which ended in the early morning hours of the 18th, and proved to be just as disastrous. The regular session which should have ended at midnight of the 120th day (June 4) continued until 1:00 a.m., June 5 after a legal opinion said the Constitution called for the ending at 12:00 p.m. Pacific standard time, which meant the session could go till 1:00 a.m. because we were on daylight savings time. Amid controversies over that action and the failure of the second money bill - the change in the car rental tax - to pass before the new deadline, the Governor announced that he would call a special session.

All bills passed during the last hour of the regular session, were reintroduced for the special session. However as the saying goes, the best laid plans of mice and men off times go astray, and the expected perfunctory passage of the "last hour bills" didn't happen, just reaffirming that these were the sessions that shouldn't have been. In fact the words of Mark Twain, written after he witnessed the first session of the legislature in 1864 were called to mind by many - - - "Instead of meeting every two years for 60 days, they should meet for two days every 60 years."

120 Days and Reapportionment blamed

It was common to hear that the state was growing so rapidly that the legislative business of the state could not be accommodated in 120 days; to many observers that was a cop out. True there was an uneven work load in committees, but unlike the 1999 session, which was the first 120-day session, committee meetings frequently started late and weekend meetings prior to the deadlines were almost nonexistent. Also, bills didn't flow out of committees and obviously details on many bills were not provided timely for drafting. Subsequently many requesters did not have the necessary time to review bills prior to introduction. That fact is attested to by the number of bills that were dropped right before the two introduction deadlines that required amending. Also weighing in on the delay was reapportionment; the on again off again agreements to increase the size of the legislature (failed); the dueling maps; and the pitting of incumbents against one another.

Failure of Teachers' Union Initiative Creates Problems

The decision of the Supreme Court to throw out the teachers' initiative probably played a role in the lunacy that followed with last ditch efforts to find revenue sources to fund a raise for teachers. The Governor's budget had only provided for a 5% one time bonus and did not include teachers in the raise budgeted for state employees' salaries. That led to some ill-conceived attempts to grab revenue from local

government, most notably Clark County, seen as a cash cow by most. Of the two bills finally crafted to generate enough revenue to provide a 2% increase in teachers' salaries, AB 460, the car rental tax and SB 577, the corporate fee increases were classic examples of sausage being made.

The Legacy of Sausage

Assembly bill 460 started out as a bill to provide a portion of the car rental tax to regional transportation commissions. Through its many iterations during the regular session it was one of the bills that failed to pass before the 1:00 a.m. deadline. It was subsequently rewritten as AB 7 of the special session, but again failed to pass when it became part of a reapportionment hostage scheme. As it was an integral part of the budget package, the Governor ultimately signed AB 460 in the 4th reprint instead of the 5th reprint, since there was a point prior to the midnight deadline of the regular session that the bill had been processed by both houses.

It will probably be another couple of months before all the problems and inconsistencies in bills are finally discovered. In the waning hours of the regular session amendments to bills and reports from conference committees were being handled so rapidly that a speed reader would have had a problem knowing what the amendments and reports contained, but the

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LEGISLATIVE ENACTMENTS - TAXES AND FEES

MULTIPLE TAX PROVISIONS

(Please note: Unless otherwise indicated the effective date is October 1, 2001)

AB 10 - SPECIAL SESSION . . . CONSOLIDATED TAX DISTRIBUTION FORMULA (AB 653 OF THE REGULAR SESSION)

Revises the formula for the Consolidated Tax distribution among local governments by: separating the base from the excess distribution; creating a rolling 5-year average for the population component; and phasing out the “one plus” formula by 25% ending with the beginning of the 2004 fiscal year. Requires \$4 million for an adjustment to the base allocation to Henderson (taken from Clark County and the City of Las Vegas). Also continues the Legislative Committee to Study Distribution among Local Governments of Revenue from State and Local Taxes (a.k.a.. 253 Committee) until 2005 and requires the advisory committee to the 253 committee to conduct a study of the revenue distribution formula.

EFFECTIVE DATE: June 15, 2001 for base adjustment and formula changes, July 1, 2001 for all other provisions. The review of tax implications by the “253 Committee” expires by limitation on June 30, 2003.

ACR 1 - SPECIAL SESSION . . . TAX STUDY (ACR 42 - REGULAR SESSION)

Establishes the Governor’s Task Force on Tax Policy in Nevada to “. . . identify the specific taxes to be reviewed, with consideration given to the review of such taxes as those on gross receipts, mining, property, sales or services, business profits, employees of business, slot route operators and car rental companies; ...the Task Force shall also focus on broader tax policy issues, such as optimal tax rates and the structural budgetary deficits, and consider ways to reduce budgetary reliance on volatile or cyclical revenue streams; ...” and “may engage in a collective review of the various fees charged by agencies of the state that have not been raised in a substantial time.” They shall make their recommendations to the Governor and the Legislative Counsel Bureau by November 15, 2002. The membership shall be 2 each appointed by the Majority Leader of the Senate, by the Speaker of the House, and by the Governor, who may appoint an additional 2 members, one representing taxpayers and one representing services supported by general revenues.

SB 227 . . . RENEWABLE SOURCE ENERGY - TAX ABATEMENTS

For a period of 5 years allows the maximum economic development abatements from property tax and sales tax for the property of businesses for facilities used for the generation of electricity from renewable energy sources. Revises the requirements for property of recycling businesses to be exempt from taxation to conform to the existing requirements for economic development abatements. Repeals the existing property tax exemption for businesses that use a facility for the production of electrical energy from solar energy.

Note: Renewable energy is defined as: Biomass, Fuel Cell, Geothermal Energy, Solar Energy, Water Power and Wind.

EFFECTIVE DATE: Generally July 1, 2001. Sections which provide maximum abatements for renewable energy expire by limitation July 1, 2005.

SB 425 . . . GOVERNMENT OWNERSHIP OF UTILITIES - TAX INCIDENCE

Prohibits counties from acquiring or expanding facilities relating to the provision of power, telecommunications, or community antenna services provided by public utilities. Provides for exceptions to the prohibition to cover unexpected emergencies only if the government can show that the operation is financially feasible and interlocal agreements are entered into with any entity that would lose property or franchise tax from the government operation of the utility.

Note: For the purposes of this legislation utility is defined as electric or telecommunications including community antenna television.

EFFECTIVE DATE: JULY 1, 2001

SJR 1 (SPECIAL SESSION). . . PROPERTY AND SALES TAX EXEMPTIONS - SJR 20 (1999)

Proposes to amend the Constitution of the State of Nevada to provide requirements which must be considered for the enactment of property and sales tax exemptions. Also requires a six year reauthorization of these exemptions.

Note: This bill was amended this session, therefore it must be passed, without amendment, by the 2003 Legislature before it can be placed on the statewide ballot in November of 2004.

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PROPERTY TAX

AB433 . . . PERSONAL PROPERTY TAX - CLARIFICATION

Provides guidelines for determining the amount of time a person leases or uses property for the purpose of determining the amount of tax to be levied on the lease or use (possessory interest). Also clarifies the provisions governing the property tax exemption for low income housing.

EFFECTIVE DATE: May 28, 2001

AB 9 - SPECIAL SESSION . . . NATURAL RESOURCE BONDS - VOTER APPROVAL (AB 615 - REGULAR SESSION)

Directs the submission to a vote of the people of a proposal to issue \$200 million in state general obligation bonds to protect, preserve and obtain the benefits of the property and natural resources. Identifies the specific projects to be funded and creates the fund to protect natural resources.

Please note:

- 1. If approved by the voters at the general election held November 5, 2002, the rate to retire the bonds will appear on the property tax bills sent out July 1, 2003.*
- 2. If the voters approve this question approximately 3 cents will be required for the debt levy which would be outside of the statutorily imposed rate cap of \$3.64 per \$100 of assessed value.*

SB 64 . . . PERSONAL PROPERTY TAX - EQUAL PAYMENTS

Authorizes the payment of taxes on personal property in equal installments for businesses that have been in existence for at least 3 years and whose personal property taxes are in excess of \$10,000. The business must make a written request and submit it with a copy of the personal property declaration form to the tax receiver.

EFFECTIVE DATE: July 1, 2001

SB 70 . . . MANUFACTURED HOMES - CLARIFICATION

Revises the provisions governing the classification of manufactured homes as real property for the purpose of property taxes. Provides for the surrender of a certificate of ownership to obtain a permit for placement. Exempts from these provisions manufactured homes placed in an area designated by local ordinance for the placement without conversion to real property; or manufactured homes in mobile home parks.

EFFECTIVE DATE: July 1, 2001

SB 203 . . . PROPERTY TAX FOR REGIONAL FACILITIES - EXPANDS PROVISIONS

Allows the Board of Commissioners of two or more counties to levy a property tax of up to 5 cents per \$100 of assessed valuation to pay the costs of operating a regional facility. Requires the administrative entity created to operate a regional facility that receives revenue from the property tax to pay the costs of operating the facility to establish a fund for the revenue received. Also provides that each entity must establish the rate needed each year. Expands the definition of "Regional Facility" to include: public safety, health or criminal justice facility.

EFFECTIVE DATE: July 1, 2001

SB 156 . . . VETERANS TAX EXEMPTIONS - INCREASE

Increases and adjusts the amount of the exemption (varies by disability and time of service) from property and the local government services tax (formerly known as the motor vehicle privilege tax) for veterans and veterans organizations. Effective July 1, 2005, automatically increases the amount of the exemption granted by the Consumer Price Index each year. Also increases the maximum amount that the State Treasurer may accept from the County Assessor for credit to the veterans' home account to \$2 million.

EFFECTIVE DATE: Varies depending on the section to either July 1, 2001 or July 1, 2004.

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SB 376 . . . ASSESSORS OMNIBUS BILL

Provides an exemption from the taxes on personal property for display and transient property of nonresidents that is located in this state. Expands the circumstances under which a senior citizen may receive a refund and extends the property tax exemption for widows to include all surviving spouses. Authorizes the County Assessor to deposit overpayments of personal property taxes in the County Treasury unless the taxpayer requests a refund of the overpayment within 6 months after payment and exempts deficient payments of personal property taxes if the cost of collection is more than the tax due (penalty still applies). Removes duties of County Assessors and County Treasurers from the collection of taxes on animals and transfers the responsibility to the Department of Agriculture.

EFFECTIVE DATE: Varies by Section

SB 574 . . . SENIOR CITIZEN PROPERTY TAX ASSISTANCE - ADMINISTRATION

Transfers the responsibility for administering the program for property tax assistance for senior citizens from the Department of Taxation to the Aging Services Division of the Department of Human Resources.

SB 584 . . . STATE DEBT LEVY AND CAPITAL IMPROVEMENT PROJECTS

Continues the property tax levy of 15 cents per \$100 of assessed valuation for State debt until June 30, 2003. In addition the bill increases the total amount of money that may be committed beyond fiscal year 2003 for all contracts for retrofitting state buildings for energy efficiency; provides for the issuance of general obligation bonds of the State; requires the repayment for projects by state agencies; authorizes expenditures by the State Public Works Board; exempts projects of the Legislative Counsel Bureau from the provisions of public works projects; and authorizes the issuance of additional revenue bonds by the Board of Regents of the University of Nevada.

EFFECTIVE DATE: June 14, 2001

SJR 11 (1999) . . . FINANCIAL HARDSHIP ABATEMENT - CONSTITUTIONAL CHANGE

Proposal to amend the Constitution of the State of Nevada to authorize the abatement of the property tax or an exemption of part of the assessed value to the extent necessary to avoid severe economic hardship for owner occupied single-family residence.

Note: Must be approved by the voters at the November 5, 2002 general election.

SALES TAX

AB 243 . . . FARM EQUIPMENT - EXEMPTION

Exempts from collection the local components of the sales and use tax for farm machinery and equipment. Provides for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 (the 2% portion) should be amended to provide an exemption from the tax for farm machinery and equipment. Additionally the legislation provides for drive-away permits for equipment to be delivered out of state.

EFFECTIVE DATE: May 28, 2001 to issue drive-away permits and adopt regulations pertaining to permits; July 1, 2002 for the exemption from the local portion of the sales tax; and January 1, 2003 if the voters approve the exemption for the State (2%) portion of the sales tax.

AB 455 . . . SIMPLIFIED SALES AND USE TAX ACT

Authorizes the Nevada Tax Commission to enter into the streamlined sales and use tax agreement when various conditions are met and to act jointly with other states to simplify and modernize sales and use tax administration. The Commission is authorized to take other actions reasonably required to implement the agreement and represent this state before the other states that are signatories to the agreement. Specifies that no provision of the agreement invalidates or amends any provision of Nevada law. This legislation also requires out-of-state retailers who enter into purchase agreements with the state or a political subdivision to agree to collect sales tax on sales made within this state.

Note: Additional information about the streamlined sales tax agreement may be found by logging onto:

www.streamlinedsalestax.org

EFFECTIVE DATE: Most sections June 5, 2001

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AB 657 . . . RACING VEHICLE TAX - EXEMPTION

Exempts from collection the local components of the sales and use tax for engines, chassis and certain parts and components of professional racing vehicles and for motor vehicles used by professional racing teams or sanctioning bodies to transport parts or professional racing vehicles. Also provides for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 (the 2% portion) should be amended to include this exemption.

EFFECTIVE DATE: October 1, 2001 - for exemption from local sales and use taxes and January 1, 2003 if approved by the voters at the general election on November 5, 2002.

SB 273 - RENEWABLE ENERGY SYSTEMS - EXEMPTION

Exempts from the local components of the sales tax any product or system designed or adapted to use renewable energy to generate electricity and all of its integral components; certain systems designed or adapted to use renewable energy to generate electricity; and any product or system designed or adapted to use renewable energy to generate electricity and all of its integral components.

Please note: "System designed or adapted to use renewable energy to generate electricity" means a system of related components: (1) From which at least 75 percent of the electricity generated is produced from one or more sources of renewable energy; and (2) That is designed to work as an integral package such that the system is not complete without one of its related components.

EFFECTIVE DATE: July 1, 2001 for adopting regulations and January 1, 2002 for the exemption from the local components of the sales tax. This exemption expires by limitation on June 30, 2003.

SB 528 . . . MEDICAL DEVICES - CLARIFIES EXEMPTION

Clarifies the provisions relating to the taxation of medical devices sold to governmental entities under the provisions of Medicare or Medicaid regardless of whether the governmental entity is deemed to be the holder of the title if the medical device was ordered or prescribed by a provider of health care for use by a person covered by Medicaid or Medicare.

EFFECTIVE DATE: May 31, 2001

STATE BUSINESS TAX

AB 65 - PAYMENT SCHEDULE

Authorizes the annual payment of the tax if the tax required to be paid for a calendar quarter is less than \$25 and a written request is submitted to the Department of Taxation to pay the tax annually for each calendar quarter of a fiscal year ending June 30. Directs the Tax Commission to adopt regulations for the payment of the tax by direct deposit. Additionally, a contractor who contracts with a subcontractor who is required to be licensed pursuant to that chapter and to have a business license and pay the tax imposed by this chapter, shall require proof that the subcontractor has a business license and has paid the tax imposed by this chapter before commencing payments to the subcontractor.

EFFECTIVE DATE: July 1, 2001

SB222 . . . EXCHANGE OF TAX INFORMATION

Authorizes the Nevada Tax Commission to exchange with local governmental entities information concerning businesses that are subject to the business tax. Provides that such exchanges of information are not confidential and privileged.

EFFECTIVE DATE: May 30, 2001

MOTOR VEHICLE TAX

AB 501 MOTOR VEHICLE PRIVILEGE TAX (MVP) - EXPANDS DISTRIBUTION

Changes the method of calculating the amount of the MVP (now known as the Basic Governmental Services tax) to be distributed to a county school district to include "pay-as-you-go".

AB 540. . . RECREATIONAL PARK TRAILERS - CLARIFICATION

Provides for the registration, regulation, taxation and other treatment of recreational park trailers as recreational vehicles.

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SB 59 . . . MOTOR VEHICLE PRIVILEGE TAX - NAME CHANGE

Changes the designation of the Motor Vehicle Privilege tax to the "Governmental Service Tax".

EFFECTIVE DATE: Most sections July 1, 2001.

FUEL TAXES

SB 124 . . . FUEL TAX - DISTRIBUTION

Requires the allocation and remittance of money collected from the local portion of the State motor vehicle fuel tax to be made directly to incorporated cities.

EFFECTIVE DATE: July 1, 2001

SB 557 . . . FUEL TAX - DISTRIBUTION FORMULA

Revises the revenue distribution formula of the local portion of the State tax on motor vehicle fuel to 2/3's population and 1/3 road miles. Also provides for a review of the estimates of the total mileage of roads or streets maintained by each county and incorporated city prepared by the Department of Transportation and a physical audit of the information by each city and county at least once every 10 years.

Note: Also changes the name of the Legislative Committee to Study Distribution among Local Governments of Revenue from State and Local Taxes (a.k.a., 253 Committee) to the Legislative Committee for Local Government Taxes and Finance.

EFFECTIVE DATE: Varies by Section

MISCELLANEOUS TAXES

AB 460 . . . RENTAL CAR TAX - DISTRIBUTION

Revises the provisions governing the collection of the 6% car rental tax to: (1) provide that the entire 6% will be remitted to the Department of Taxation (currently 4% is kept by the rental car companies); (2) authorizes car rental companies to charge a fee of 3.5 % as reimbursement for payment of vehicle licensing fees and taxes; and (3) requires quarterly deposits of the fee. Also creates the Legislative Committee on Transportation; establishes the powers and duties of the committee; and revises provisions concerning the Board of Directors of the Department of Transportation by requiring consultation with the Legislative Committee on Transportation;

EFFECTIVE DATE: July 1, 2001 for the Legislative Committee on Transportation and January 1, 2002 for the rental tax and reimbursement fee provisions.

AB 361 . . . NET PROCEEDS OF MINERALS - PAYMENT SCHEDULE

Revises the provisions governing the reporting requirement and collection procedures for the tax on the net proceeds of minerals. Changes the payment schedule from two payments (in most cases) to one payment due on May 15, which is the tax due from the preceding calendar year.

EFFECTIVE DATE: May 22, 2001

AB 466 . . . INTERNET GAMING - ESTABLISHMENT AND TAXATION

Authorizes the Nevada Gaming Commission to adopt regulations governing the licensing and operation of interactive gaming. Provides that a license to operate interactive gaming may be issued only to resort hotels or certain other establishments holding non-restricted licenses. Provides for license fees relating to interactive gaming and provides that gross revenue received from interactive gaming is subject to gross gaming tax. Exempts the operation of interactive gaming from payment of the non-restricted slot license fee; the annual and quarterly state games license fees; and the annual slot excise tax. Also provides for the licensure and regulation of manufacturers of interactive gaming systems and manufacturers of equipment associated with interactive gaming. The fees established are: \$500,000 for the initial license (2 years) and \$250,000 annual renewal fee for hotels and certain other gaming establishments; \$125,000 for a manufacturer of interactive gaming systems and \$50,000 for a manufacturer of equipment associated with interactive gaming and an annual renewal of \$25,000. Additionally provides for the issuance of statewide work permits for gaming employees and establishes a maximum fee (\$75) for the issuance of the permits.

Note: The enactment of these legislative provisions are subject to Congressional approval of Internet Gaming.

EFFECTIVE DATE: July 1, 2001 and January 1, 2003 for the issuance of work permits.

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AB 468 . . . WATER TAX - REQUIREMENTS TO IMPOSE

Requires a county of origin to obtain the prior approval of the state engineer before imposing a tax on certain transfers of water and requires the state engineer to make certain determinations concerning those transfers. Prohibits the imposition of the tax upon certain water.

SB 221 . . . RENO ROOM TAX - INCREASE

Authorizes the Reno City Council to increase the tax on the rental of transient lodging an additional 1½ % and levy special assessments in a certain area of the city for capital projects approved by the Truckee Meadows Tourism Facility and Revitalization Steering Committee.

EFFECTIVE DATE: June 1, 2001

SB 238 . . . REAL PROPERTY TRANSFER TAX- COUNTY CLERKS' OMNIBUS BILL

Establishes a Taxpayers Bill of Rights on the transfer of real property and corresponding provisions relating to the collection and enforcement of the tax on the transfer of real property. Eliminates the exemption for any transaction where an interest in real property is encumbered by a lien or for the purpose of securing a debt from the tax on the transfer of real property.

EFFECTIVE DATE: Varies, either October 1, 2001 or January 1, 2002.

SB 381 . . . TOBACCO - DEFINITION CHANGES/TAX INCIDENCE

Revises the definitions of “wholesale dealer” and “wholesale price” for the purpose of imposing the excise tax on products made from tobacco other than cigarettes. Also requires the payment of the tax after the sale of the products by a wholesale dealer.

EFFECTIVE DATE: July 1, 2001

MISCELLANEOUS FEES & ASSESSMENTS

AB134 - INSURANCE - REVISES ASSESSMENT

Revises the calculation of the assessment that is imposed by the commissioner of insurance upon insurers to pay for the program to investigate certain violations and fraudulent acts. For insurers subject to the annual assessment, fees are based on the total amount of premium charges and range from an amount not to exceed \$500 to an amount not to exceed \$2,000.

EFFECTIVE DATE: July 1, 2001

AB 239 - CIVIL ACTIONS - ADDITIONAL FEE

Authorizes a board of county commissioners to impose an additional fee of either \$5 or \$25 (depending on the action filed) for the filing of actions and responses in District Courts and Justices’ Courts to offset a portion of the costs of providing pro bono programs and legal services without a charge to abused or neglected children and victims of domestic violence.

EFFECTIVE DATE: July 1, 2001

AB 253 - UNIFORM ATHLETES’ AGENTS ACT - CREATES AND IMPOSES FEES

Requires the registration of athletes’ agents. Requires the Secretary of State to adopt regulations establishing the fees for registration of: an initial application for registration; an application for registration based upon a certificate of registration or licensure issued by another state; an application for renewal of registration; and an application for renewal of registration based upon an application for renewal of registration or licensure submitted in another state. The fees must be sufficient to cover the costs of administration. Also regulates communication and contracts between athletes and agents and prohibits certain conduct by athletes’ agents.

AB 291 GAME TAGS - ADDITIONAL FEE

Imposes an additional fee of \$3 for processing an application for a game tag for the support of programs to control predators and protect wildlife habitat.

EFFECTIVE DATE: January 1, 2002

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AB324 . . . MORTGAGE AGENTS - FEE

Requires mortgage agents to pay an annual registration fee of \$125, and requires brokers to register their mortgage agents with the Division of Financial Institutions on an annual basis. Allows the Commission to increase other fees paid by mortgage brokers and agents by regulation not to exceed the amount determined by the Commissioner to be necessary.

EFFECTIVE DATE: July 1, 2001

AB 627 . . . DECEPTIVE TRADE PRACTICES - FEE CHANGES

Requires sellers of travel to register and deposit security of \$50,000 with the Consumer Affairs Division and pay a \$25 filing fee and a \$25 renewal fee. Increases the required security of dance studios or health clubs that have a membership of over 25,000 members to \$250,000. Also provides that the Public Utilities Commission of Nevada may adopt regulations governing the disclosures that must be made by a provider to a customer before the customer may be charged for a telecommunications service.

SB 60 . . . BUILDING ENTERPRISE FUNDS - FEE CLARIFICATION

Restricts the amount a local government may place in an enterprise fund for building permit fees and requires the reduction of the building permit fees charged if an excess amount exists in such an enterprise fund at certain times. Also authorizes a local government to maintain an amount of working capital in such an enterprise fund for certain purposes.

EFFECTIVE DATE: July 1, 2001

SB 210 . . . UTILITIES - FEE CHANGES

Revises provisions governing annual assessments imposed by the Public Utilities Commission of Nevada by including providers of discretionary natural gas service, alternative producers, and requiring commercial mobile radio services to pay an annual licence fee of \$200 and revises provisions governing the establishment of the rates of utilities. Changes the dates for the calculation and payment of assessments by railroads. Revises provisions governing the adoption of water conservation and incentive plans by utilities and the provision of utility services to mobile home parks and company towns to include services from alternative sellers. Also provides for the acquisition of utility services by mobile home parks from alternative sellers.

EFFECTIVE DATE: Varies by section

SB 307 . . . APPRAISERS OF REAL ESTATE - FEE INCREASES

Increases the following fees of the Real Estate Division Issuance for: renewal of a certificate or license as a residential appraiser, \$290 (from \$250); issuance or renewal of a certificate as a general appraiser, \$390 (from \$350); issuance of a permit, \$115, (from \$90); issuance or renewal of a registration card \$190 (from \$150). Requires the Real Estate Division to hire professional consultants to ensure compliance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

EFFECTIVE DATE: July 1, 2001

SB 337 . . . BOILERS, ELEVATORS OR PRESSURE VESSELS - FEES

Authorizes the Division of Industrial Relations (DIR) to establish permit fees by regulation for an application, issuance, or renewal of certificate; any examination required; and for inspections of boilers, elevators or pressure vessels. The fees are to be based on actual costs and any fees collected must be used to reduce assessments which fund the DIR. Also requires certain owners of boilers, elevators or pressure vessels to obtain a permit from DIR before the boiler, elevator or pressure vessel may be operated; requires elevator mechanics to be certified by the division. Also requires the division to adopt regulations governing the maintenance and operation of certain boilers, elevators and pressure vessels and the certification of boiler inspectors and elevator mechanics.

SB 569 . . . 911 EMERGENCY SYSTEMS - SURCHARGES

Provides for the imposition of surcharges of 25 cents on each access or trunkline on telephone services by certain counties for the enhancement of telephone systems for reporting emergencies in those counties. Provides for the deposit of fees imposed by cities and counties on providers of personal wireless service into a special revenue fund and revises the purposes for which money in the fund may be used. Prohibits the governing body of every incorporated city from imposing certain requirements upon a provider of telecommunications service.

EFFECTIVE DATE: July 1, 2001

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SB 578 . . . DRIVERS' LICENSES & IDENTIFICATION CARDS - FEE INCREASES

Requires the Department of Motor Vehicles to increase certain fees as necessary to cover the actual cost of production of photographs for drivers' licenses and identification cards. Revises the amount of money required to be transferred annually from the account for verification of insurance to the state highway fund.

Effective Date: July 1, 2001

SECRETARY OF STATE FEES

SB 46 - SECRETARY OF STATE - EXPEDITE FEE INCREASE

Increases the maximum fees not to exceed \$500 that may be charged for providing expedited services within 2 hours after the service is requested, or \$100 for providing expedited service of more than 2 hours but within 24 hours.

EFFECTIVE DATE: July 1, 2001

SB 577 . . . SECRETARY OF STATE - FEES INCREASES

Revises the statutory liability of the stockholders, directors and officers of a corporation to provide a "corporate shield". Increases the fees and requires the fees charged by the Secretary of State for special services to be deposited in the state general fund. Revises requirements for filing documents with the Secretary of State to include that each list required to be filed must be accompanied by a declaration under penalty of perjury that the corporation has complied with the provisions of NRS 364A (State business tax). The fee, based on the value of shares, for filing articles of incorporation is increased on the first tier to \$175 if the total value of the shares is \$75,000 or less.

EFFECTIVE DATE: June 15, 2001 for the purpose of adopting regulations and August 1, 2001 to impose new fees.

Please See Page 10 for a Summary of the Fee Changes.

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voting continued with most changes not even being discussed. The legal and research staffs many of whom had gone without sleep for more than 24 hours worked at a breakneck pace to accommodate all of the last minute changes to bills.

Nevada Supreme Court Becomes a Player

On July 6 the Nevada Supreme Court heard arguments as to why AB 94, the local government fee bill, and AB 661, the energy bill, a.k.a., "Repower Nevada" should be considered passed. Both bills had passed after midnight of the regular session. They were reintroduced during the special session as SB 11 and AB 5 respectively. However, unlike AB 460 which passed in the fourth reprint prior to midnight of the regular session, these two bills passed after midnight. The key argument made by proponents revolved about the meaning of the first sentence of subsection 2, section 2, Article 4 of Nevada's Constitution which says, "*The Legislature shall adjourn sine die each regular session not later than midnight Pacific standard time 120 calendar days following its commencement.*" Therefore, the argument put forth was the session really did not end until the 121st day - June 5, therefore these bills had been duly passed. (As a side note one of the opinions written about the validity of going till 1:00 a.m. on June 5, argued that it could be construed that each day contained two midnights!)

One thing is for sure, when the Supreme Court renders its decision, it needs to rule as to when the

count of 120 days begins and what the interpretation of Pacific standard time should be.

Earth Shattering Issues That Passed

Nevada now has a State soil - Orvada soil; a State march; and a State tartan. Failing was giving Nevada a second State animal - the Mustang - although it did warrant a Resolution. And, if you are a fan of license plates then this was your session. Added to the list of 60 some odd plates currently authorized were license plates to: Support the Rodeo; Lower Truckee River and Pyramid Lake; Appreciation of Animals.

Those That Didn't Pass

Unfortunately the tobacco securitization bill didn't pass. It seems some legislators felt we should be true to Nevada's gambling history and they decided to bet on the come. Legislation to insure that money received to correct construction defects would be used to correct the defects failed; unfortunate after the untold hours spent to craft a bill that would fulfill the promised intent of the original legislation. The bill to consolidate the various administrative provisions of the room tax, found in numerous statutes, into one statute which languished on the desk of the Chief Clerk in the Assembly, because of a misunderstanding on an amendment.

Oh well, there is always the hope that the 2003 session will not be a repeat of this year.

SB 577 - FEE SCHEDULE

NOTE: The Statutory cites are: NRS 78 - Corporations; NRS 80 - Foreign Corporations; NRS 86 - Limited-Liability Companies; NRS 87 - Partnerships; NRS 88 - Limited Partnerships; NRS 88A - Business Trusts; NRS 89 - Professional Corporations and Associations

OLD FEE	NEW FEE	FOR SERVICE OF	NRS CITE
\$10	\$20	Authorizing Printed Copy of Law Certifying Copy of Amendments Certifying Articles - Copy Provided Certifying Required Documents	78, 80, 86, 87, 88, 88A 78,80,86 78,80,86 87, 88
n/a	\$20	Copy of Certificate of Trust	88A
\$10	\$50	Default Penalty	78, 80, 86, 87, 88, 88A, 89
\$15	\$30	Certificate of: Change of Location; Change of Location of Resident Agent; Designating a New Resident Agent	78, 80, 87, 88, 88A
\$20	\$40	Certificate of Existence or Verifying Existence Change Name Executing, Certifying or filing any other Documents Not Otherwise Required	78, 80, 87, 88, 88A 78, 80, 88A 78, 80, 86, 87, 88
\$25	\$50	Cancellation	80
\$30	\$60	Filing Articles or Document of Dissolution Notice of Withdrawal Certificate of Cancellation	78, 86 80, 87, 88 86, 88
\$30	\$75	Document of Cancellation	78
\$75	\$150	Certificate Changing the Number of Shares Certificate of Restated Articles Filing a Certificate or Certificate of Amendment Certificate of Termination Certificate or Document of Correction Filing Judicial Decree of Amendment	78, 80 78, 80, 86 78, 80, 86, 87, 88 78, 80 86 78, 80, 86, 88 86
Vary	\$150	Certificate of Amendment or Amendment of Restatement	88A, 89
\$75	\$175	Certificate of Limited Partnership or Registered Foreign Limited Partnership	88
\$85	\$165	Initial List/Statement	78, 80, 86, 87, 88, 88A, 89
\$50	\$200	Reinstatement Fee	78, 80, 86, 87, 88, 88A, 89
\$125	\$175	Certificate of Registration Original Articles of Organization; or Registration of Foreign Corporation Certificate of Cancellation	88A
\$175	\$325	Filing Articles of Merger of 2 or more Corporations	78, 80

FISCAL POLICY STATEMENT OF THE NEVADA TAXPAYERS ASSOCIATION

Adopted by the Executive Committee and Board of Directors
on
June 19, 2001

TAXES AND THE 2003 LEGISLATIVE SESSION

The Nevada Supreme Court's rejection of the teachers' union Initiative Petition, and ill conceived revenue "grabs" by some members of the 2001 legislature that could go nowhere because they were so flawed along with the Congressionally approved phase out of the Estate Tax (Nevada takes the pick-up credit), leaves no doubt that the 2003 Legislative session will have as its primary focus the generation of additional revenue for State government. For this reason, it is imperative that various segments of the business community work together to ensure that sound fiscal (tax and expenditure) policies are developed. Those fiscal policies must include: (1) a complete review of the existing tax system, including those fees that deposited to the general fund; and (2) creation of new expenditure policies, including K-12 and higher education.

Points to Be Considered in Evaluating Tax Changes

Changes in a tax or tax system should be done in the smallest increments possible or be "revenue neutral"* to avoid the "chilling" effects which normally accompanies major increases in existing taxes or the imposition of new taxes. Any changes should also reflect the economy of the State.

In reviewing taxes recognition must be given to the fact that there is no "perfect" or absolutely fair tax; if there was such a tax every state would impose that tax in exactly the same manner.

** "Revenue Neutral" generally applies to taxes that are levied based on a percentage rate. Changes in these taxes can only be revenue neutral for a limited period of time.*

Taxes should . . .

1. Not cause an individual or business to make economic decisions.
2. Be "stable". Government needs to rely on the projections for the purpose of budgeting.
3. Be predictable. Individuals and businesses need to know their liability and not have a constantly changing system.
4. Not have multiple government jurisdictions competing for the same revenue source.
5. Have as few exemptions as possible.
6. Not be earmarked unless there is a direct user/benefit relationship.
7. Be easy to administer and comply with.

Phases of Revenue Review

The review of any revenue system should include not only taxes, but also those fees that function as taxes because they are deposited to the State's general fund. A systematic review involves three steps to be followed to analyze the existing revenues and determine potential new revenue sources as outlined below.

1. **Passive Revenue Generation Measures** - Identify any administrative changes, such as electronic funds reporting and transfers; close loopholes; identify and correct conflicts that create differing interpretations as to the revenue that should be remitted to ensure maximum revenue is being derived from the existing revenue streams..
2. **Modify Existing Revenue Sources*** - Review all existing State revenue sources to see what modifications in formulas, distribution procedures, exemptions, or rates to see what should be changed.
3. **New Revenues*** - Explore new revenue sources based on the current economy of the State.

** These two categories should utilize the Urban Institute/Price Waterhouse Study of 1988 to see what recommendations might still be viable.*

Continued on page 12

Expenditure Recommendations

This is an all encompassing area that would include recommendations ranging from general expenditure policy to specific expenditure changes. By way of example some of the general expenditure policy recommendations should include:

1. A new state expenditure cap; the existing cap is meaningless.
2. Creation of a technology fund. State agencies are woefully behind the times in technology; a problem which has created inefficiencies that range from an inability to allow electronic reporting to the inability of tracking results, particularly in social programs.
3. A continuation of identifying those programs (expenditures) that are more efficiently delivered at a local level; or in the reverse, which programs or expenditures should be delivered at a State level.
4. Prohibit the enactment of any tax or fee after the 110th day of the legislative session.

**To read the complete text of the bills reported in this is of *TAX TOPICS*
log onto the Legislative Website at:**

www.leg.state.nv.us

Click onto: “Session Information”, then “Bill Information”, then “History of Specific Legislation”