

# LEGISLATIVE REPORT

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

ISSUE 13-13

AMENDMENTS TO BILLS MAY 6 TO MAY 16, 2013

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## Notes:

- Page numbers continue from previous issue.
- The default effective date for bills, unless otherwise requested, is October 1, 2013. An effective date for the bills reported will be shown only when it differs from the default date.
- For the purpose of this report, the “fiscal effect” shown is taken from the bill and not determined by NTA.
- The full text of all bills is available at [www.leg.state.nv.us](http://www.leg.state.nv.us); select “Session Information - 2013.”

## TAXES

**NOTE:** *This report contains new legislation introduced from May 8 through Thursday, May 16 and, as available, amendments adopted on bills previously reported. Actual amendments are being issued very slowly. We will continue reporting on amendments as they become available.*

### Excise Taxes

#### **AB 498 - Live Entertainment & Nevada Entertainment and Admissions Tax - Requires 2/3 majority– NEW**

Sponsor: Assemblywoman Kirkpatrick, referred to Committee on Taxation (BDR 32-1212)

This bill revises the Live Entertainment Tax (LET) and creates the Nevada Entertainment and Admissions Tax on admission to any place of amusement, sport, recreation or other entertainment and establishes a single rate of 8% on the admission charge. If live entertainment is provided the 8% rate is also imposed on food, beverage and merchandise. The existing exemptions under the LET are repealed. The term “admission charge” is defined as a “. . . membership fee, a required minimum purchase of food, refreshments or merchandise and any dues or fees paid to a private club or membership club providing recreational or physical fitness facilities, including without limitation, golf, tennis, swimming, yachting, boating, athletic, exercise of fitness facilities (other than those owned by a hospital). . .”. The imposition of the tax also includes, but is not limited to an indoor theater, an outdoor theater, a show and exhibition, an athletic or sporting contest, a race or any other place where an admission charge is made by way of the sale of tickets, gate charges, seat charges, box charges, season pass charges, cover charges, green fees, participating fees, entrance fees, or other fees, or receipts of anything of value . . .”.

Effective: Upon passage and approval for adopting regulations and January 1, 2014 for all other purposes.

Comment: At the end of the 2001 session, NTA commissioned a report to look at revising the Casino Entertainment Tax into an amusement admissions tax. The report was presented to an interim committee looking at taxes (ACR 1 Committee) in 2002. During the regular 2003 session there were two bills that included an amusement admissions tax (as well as a number of other taxes). Those bills did not pass. However, during the second Special Session called in 2003, the proposed amusement admissions tax morphed into the current LET with a bifurcated rate and bifurcated administration without regard for any consideration of sound tax policy. From the get go, there were a number of unintended consequences that surfaced with the LET that ultimately resulted in a number of court cases being filed, particularly on the gaming side.

Position: Support with changes. This bill provides revisions based on policy not politics and is long overdue to correct all the problems that have been associated with the LET. Due to public perception and political considerations, there will need to be amendments such as removing movies from the admissions tax with the hope of obtaining the necessary 2/3s majority vote and the Governor’s approval.

### Business Taxes

#### **SB 513 - Education Priority Act – NEW**

Sponsors: Senator Roberson, Kieckhefer, et al (4), referred to the Committee on Revenue and Economic Development (BDR 32-1221)

This bill has been proposed as a competing measure to IP 1, the teachers’ union margins tax. Section 1 of this bill contains three pages of legislative findings and declarations to make the case that this bill qualifies as a competing measure to IP 1. It provides for the following tax changes: imposition of an excise tax upon mineral extraction and upon all royalties paid by each extractive gold or silver operation in the amount equal to 10%, for which the net proceeds in a calendar year exceed \$4 million. The revenue raised would be deposited in the State Distributive School Account and the Trust Fund to Stabilize the Funding of Education in the State General Fund. The revenue would be used to fund class size reduction and assisting English language learners attain proficiency in English. The bill temporarily increases the modified business tax (MBT) on financial institutions from 2% to 2.5%, with the revenue generated by the 0.5% increase to be deposited in the Trust Fund to Stabilize the Funding of Education. An unusual provision in this bill provides “. . . no person, entity or state or local officer, agency or political subdivision of any kind has any right or standing . . . to bring an action or otherwise raise, maintain or prosecute a claim, either

*Continued on next page*

SB 513 - Education Priority Act, Continued

in law or in equity, in whole or in part, or facially or as applied, asking for any declaratory, injunctive mandamus or other relief that prevents of bars this act from being submitted to the voters or placed on the ballot at the general election on November 4, 2014.”

**Note:** This bill is not subject to the 2/3s majority vote as it goes to the voters for approval.

**Effective:** On January 1, 2015 if the provisions of this act are approved and ratified by the voters at the general election on November 4, 2014 and the question receives more yes votes than IP 1 - the margins tax initiative. If approved, the increase in the MBT on financial institutions expires by limitation on December 31, 2015.

**Position:** The NTA board was not surveyed on the specific tax provisions contained within this bill. However, the board was surveyed last December and asked if there should be a competing ballot measure to IP 1 and they voted to **Oppose having a competing ballot measure.**

**SB 514 - Increases the Modified Business Tax (MBT) - Requires 2/3 majority– NEW**

Requested by the Committee on Finance and referred to the Committee on Revenue and Economic Development. (BDR 32-1220)

Adds a “gold or silver mining operation” that has extracted minerals in the immediately preceding calendar year that exceeds \$4 million to the definition of financial institutions for the MBT thereby subjecting gold or silver mining operations to the 2% rate imposed on financial institutions. Repeals the sunset on the MBT for general business that would have allowed the current rate of 1.17% on quarterly wages over \$62,500 to revert to a rate 0.63 on all wages paid during a quarter. The bill then imposes a new rate of 1.5% on all wages paid in a quarter that exceeds \$62,500.

**Fiscal Impact:** Yes, on the state. The fiscal note is not available.

**Effective:** Upon passage and approval for adopting regulations and July 1, 2013 for all other purposes.

**Comment:** The NTA board was not surveyed on about a rate increase in the MBT as no increase was expected to be considered this session. Unfortunately this rate increase on the MBT considers only the want of increased revenue for the state and does not globally consider the impact on business in light of all the other tax rate increases that are and will be faced by business. These increases include the rate increase, already in effect this calendar year, for Unemployment Insurance, the FUTA increase, the two assessment bills proposed for unemployment to address the issues of solvency and the potential issuance of bonds to pay back the federal borrowing. In addition, there is the 800 pound gorilla in the room of the various fees and taxes related to the Affordable Care Act (Obama Care) that will be levied on both employers and individuals beginning in January of 2014. At what point is consideration given to how this will impact the economic recovery of Nevadans and the chilling impact on employers because of these increased costs?

**Vehicle and Fuel****AB 24 1<sup>st</sup> Reprint – Nevada 150<sup>th</sup> License Plate (Issue1, page 5) – Maintains the 2/3 Majority requirement**

The commemorative license plate fee of \$7.50 is to be deposited in the Revolving Account for the Issuance of Special License Plates rather than the Motor Vehicle Fund. Increases the renewal fee for the anniversary plates to \$20 from \$10. An annual report on revenue and expenditures for Nevada 150 plates is to be submitted to the Director of the Legislative Counsel Bureau by the Nevada Sesquicentennial Commission for the period from effective date of these provisions through January 1, 2015 and thereafter by the Division of Museums and History. The commemorative plates are not to be issued after October 31, 2016.

**EDUCATION****SB 345 1<sup>st</sup> Reprint – Advisory Council on STEM (Issue 9, Page 68; Issue 12, page 100)**

Requires that at least 6 of the 13 voting members be teachers or education administrators in a STEM field.

**NEVADA GOVERNMENT****State****AB 444 1<sup>st</sup> Reprint – Death Penalty Audit (Issue 10, page 78)**

Makes a technical language change of the word “accounting” to “auditing.”

**SB 515 – Unemployment Trust Fund– NEW**

Introduced by Committee on Finance and referred to same. (BDR 53-1214)

The State Board of Finance, upon request of the DETR Administrator, is authorized to issue special obligation (revenue) bonds to raise money to repay federal advances to the State unemployment compensation system and to raise adequate balances in the State’s account in the Unemployment Trust Fund of the U.S. Treasury. Employers are required to pay, in addition to regular contributions, special bond contributions at a rate to be set annually by the Administrator while bond amounts are outstanding.

**Effective:** Upon passage and approval.

**Note:** The current amount owed to the Federal government for unemployment benefits advances is over \$800 million and until the amount is paid, the FUTA rate will continue to increase each year by 03%.

**APPROPRIATIONS****Appropriations in Executive Budget****AB 467 1<sup>st</sup> Reprint – State Parks Equipment (Issue 10, page 80)**

Adds language allowing the appropriation to be spent on “new equipment” in addition to replacement equipment.

**AB 475 1<sup>st</sup> Reprint – Legislative Fund (Issue 10, page 80)**

Increases the appropriation for dues and registration costs by \$3,573 to \$758,573 with \$377,117 designated for Fiscal Year 2013-2014 and \$381,456 for Fiscal Year 2014-2015. Reduces the appropriation for building maintenance and IT purchases by \$4,059 to \$1,082,800.

**AB 478 1<sup>st</sup> Reprint – Highway Patrol, Supplemental (Issue 10, page 81)**

Deletes the supplemental appropriation of \$731,409 for unanticipated increases in fuel costs, leaving the \$14,803 supplemental appropriation for reimbursement for visiting dignitary protection.

**SB 459 1<sup>st</sup> Reprint – Health Care Financing and Policy (Issue 10, page 81)**

Reduces the supplemental appropriation for unanticipated caseloads to \$47,048,179 from \$82,863,609 and changes the applicable fiscal year to 2012-2013.

**STUDIES****SB 451 1<sup>st</sup> Reprint – Foster Home Care (Issue 10, page 85)**

Makes changes to the makeup of the subcommittee that is to conduct the study.

**SCR 8 – Study of Legislature – NEW**

Introduced by Committee on Legislative Operations and Elections on behalf of the Legislative Commission’s Committee to Study the Structure and Operations of the Nevada Legislature and referred to same. (BDR R-407)

Creates the 15-member Legislative Commission Subcommittee on the Nevada Legislature to conduct an interim study of the structure and operation of the Legislature, including, without limitation, Legislator compensation, interim committee structure and operations, and the timing, frequency and length of regular legislative sessions, including, without limitation, an examination of the efficiency and effectiveness of annual regular legislative sessions. No members of the Subcommittee are to be current legislators. Four members are to be former legislators and 11 are to be members of the public. All will be named by the Legislative Commission from recommendations of Legislative leadership.

**SCR 9 – Prison Working Conditions – NEW**

Introduced by Committee on Legislative Operations and Elections and referred to same. (BDR R-1223)

Directs the Legislative Commission to appoint a 6-member committee to conduct an interim study regarding working conditions at state correctional institutions and facilities, including, but not limited to, staffing levels, management, policy and procedures. The Commission-appointed committee is to be half Senators and half Assembly members.

**Nevada Taxpayers Association**

*LegislativeReport* is published weekly during a legislative session. Occasional reports are issued prior to the Legislative Session which summarize prefiled bills.

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