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MEMORANDUM

DATE: December 17, 2015

TO: Members of the 29th Special Session of the Legislature

FROM: Joe Reel, Deputy Fiscal Analyst
Fiscal Analysis Division

SUBJECT: Fiscal Note for Senate Bill 1

The following fiscal impact statements have been submitted in response to the Fiscal Analysis Division's requests for a fiscal note on Senate Bill 1.

STATE GOVERNMENT RESPONSES

State Treasurer's Office

Senate Bill 1 (S.B. 1) creates a vehicle which enables local governments to finance infrastructure projects from the proceeds of bond securities or other indebtedness issued by the State of Nevada. This new program creates additional work for the Debt Management Division of the State Treasurer's Office.

The Debt Management Division will be required to determine the capacity available under the State's Debt Management and ensure the solvency and appropriateness of the financing. The Debt Management Division will be responsible for preparation of and presentation to the Board of Finance for each issuance brought forth as part of the program.

The Debt Management Division shared a full-time permanent employee on a half-time basis with the Investment Division. This position was eliminated due to required budget reductions. However, the workload in the debt area was not reduced in conjunction with this position's elimination. Now with the enactment of S.B. 1, the workload in this Division has reached a tipping point.

The State Treasurer's Office was intending on requesting a Management Analyst I (MA I) position for the Debt Management Division in the next biennium (FY 18-19). However, due to the workload that will be required due to the passage of S.B. 1, it is imperative that this position be requested at this time.

If granted, this position would assist and function under the direction of and in the absence of the Management Analyst III (MA III) (POS #003). The MA I core duties would focus on the following:

- Reconciliation and verification with the State's paying agent regarding State debt payments due to bond holders.
- Preparation of communications with State agencies, local governments, and entities to solicit timely bond payments and insure all payments are received on time and in full when due.
- Preparation of accounting documents, input into the State's accounting system, and coordination with the Investment and Cash Management divisions regarding the receipts and expenditures of bond payments.
- Reconciliation of the Debt Management Division's budget status reports.

General Fund dollars will not be requested, since the salary will be paid from an assessment levied on programs which issue debt at the time of the bond issuance. Also available, should the assessment reserve be less than required is the available interest earnings on the Bond Interest and Redemption Fund.

I respectfully request your consideration of this request.

Grant Hewitt, Chief of Staff

(Attachment 1 Page)



Welcome to NEBS

Nevada Executive Budget System

Last Action: 12/17/15 9:30 AM
Current User: shanshew
Site Help? Logoff?

Home NEBS Activity Budget Work Program SFYE Reports DataMart Messages

Budget Account Line Item List

Page Help ?

Budget Account Line Items

Budget Period: 2015-2017 Biennium (FY16-17)

Budget Account: 1080 TREASURER - STATE TREASURER

Version: W07 W07 MA I - DEBT

Year 1 out of balance (Filtered DUs): -28,832
Year 2 out of balance (Filtered DUs): -60,391

Summary

Line Items

Schedules

Positions

Mapping

Acct. Maint.

Decision Unit Filter:

Display all Decision Units

Save

Save and Return

Cancel

Edit
Actual/WP

Delete	DU	Catg	GL	Description	Actual	Work Pgm	Year 1	Change	Year 2	Change	Schedule
	1										
	M100	01	5100	SALARIES	0	0	14,129		42,490		PAYROLL
	M100	01	5200	WORKERS COMPENSATION	0	0	335		1,007		PAYROLL
	M100	01	5300	RETIREMENT	0	0	2,049		6,161		PAYROLL
	M100	01	5400	PERSONNEL ASSESSMENT	0	0	86		255		PAYROLL
	M100	01	5500	GROUP INSURANCE	0	0	2,807		8,391		PAYROLL
	M100	01	5700	PAYROLL ASSESSMENT	0	0	20		59		PAYROLL
	M100	01	5750	RETIRED EMPLOYEES GROUP INSURANCE	0	0	301		1,003		PAYROLL
	M100	01	5800	UNEMPLOYMENT COMPENSATION	0	0	10		30		PAYROLL
	M100	01	5840	MEDICARE	0	0	205		616		PAYROLL
	M100	04	7050	EMPLOYEE BOND INSURANCE	0	0	1		1		PAYROLL
	M100	04	7054	AG TORT CLAIM ASSESSMENT	0	0	116		116		PAYROLL
	M100	26	7554	EITS INFRASTRUCTURE ASSESSMENT	0	0	148		155		PAYROLL
	M100	26	7556	EITS SECURITY ASSESSMENT	0	0	97		107		PAYROLL
	M150	05	8241	NEW FURNISHINGS <\$5,000 - A	0	0	7,270		0		EQUIPMENT
	M150	05	8371	COMPUTER HARDWARE <\$5,000 - A	0	0	1,258		0		EQUIPMENT
				Total Revenue	0	0	0		0		
				Total Expenditures	0	0	28,832		60,391		
				Difference	0	0	-28,832		-60,391		

Save

Save and Return

Cancel

STATE GOVERNMENT RESPONSES continued

Governor's Office of Economic Development (GOED)

There will be no fiscal impact on GOED as a result of this proposed legislation.

Steve Hill, Executive Director

Department of Taxation

All costs related to the implementation of this bill can be absorbed; therefore, there is no fiscal impact regarding expenses.

On the revenue side, the Department does not have the information necessary to determine the financial impact of this proposed legislation.

Sumiko Maser, Deputy Director

LOCAL GOVERNMENT RESPONSES

Humboldt County

Humboldt County has grave concerns with SB 1 currently being considered by the Special Session - specifically section 64. This appears to be a specific effort to approve both the current out-of-basin water transfer applications and any future applications.

It is impossible to come up with any statistical number that could be qualified in an afternoon, however, I can say that the effects of this legislation could be extremely detrimental to the economic development of Humboldt County.

At any one time, we are pursuing 4-5 businesses from all over the country and some international firms to relocate in the County. Water is always a central concern. We are very fortunate in Humboldt County to have a number of large water permittees that are actively involved in our efforts to lure these new businesses to the County. Transferring water out of the county without specific requirements to work within the process that a rural county uses could undermine efforts to bring these businesses to the rural area. In terms of a financial impact, it would easily be seen in the form of tens or hundreds of millions of dollars in lost

revenue in both the short and long-term due to losing these business relocations. In addition, the impact to our current agricultural and mining efforts is unmistakable.

Both our current economic foundation and any future business development will be crippled if we lose the single most important resource we have - water!.

Dave Mendiola, County Administrator

Nevada League of Cities and Municipalities (on behalf of its member cities)

Senate Bill 1 of the 29th Special Session would have a fiscal impact on a local government that host a qualified project. The impacts are detailed below but the actual impact will vary from project to project and cannot be calculated at this time.

Section 12 of the bill provides that the Governor's Office of Economic Development request a letter of acknowledgment from all affected local governments that the Office has received a request for tax abatements from a qualified project. The Office must also notify the local governments of the date, time and location of the public hearing to consider the request. Section 13 of the bill grants the authority to approve an application for partial tax abatements to the Office with no provision requiring the approval of any affected local government. Upon approval of the Office the applicant would receive an abatement of 75% of property taxes for 10 years, 75% of employer excise taxes for 10 years and 100% of local sales and use taxes for 15 years. These abatements will obviously affect the local government host of the qualified project and may also have an impact on neighboring governmental entities as well. We appreciate the fact that Section 13 requires that abated taxes be remitted by the applicant and deposited into a trust fund until all or a portion of the requirements for the abatement are met.

Section 27 of the bill provides that a local government may apply to the Office for an economic development financing proposal to finance infrastructure projects necessary to support the qualified project. We appreciate the inclusion of this option to finance needed infrastructure.

Wes Henderson, Executive Director

cc: Rick Combs, Director, Legislative Counsel Bureau
Brenda Erdoes, Legislative Counsel
Mark Krmpotic, Senate Fiscal Analyst
Cindy Jones, Assembly Fiscal Analyst
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