

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GROWTH AND INFRASTRUCTURE**

**Seventy-Third Session
March 1, 2005**

The Committee on Growth and Infrastructure was called to order at 1:45 p.m., on Tuesday, March 1, 2005. Chairman Richard Perkins presided in Room 4100 of the Legislative Building, Carson City, Nevada, and via simultaneous videoconference, in Room 4406 of the Grant Sawyer State Office Building, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Mr. Richard Perkins, Chairman
Ms. Chris Giunchigliani, Vice Chairwoman
Ms. Francis Allen
Mr. Bernie Anderson
Mr. Tom Grady
Mr. Lynn Hettrick
Mrs. Marilyn Kirkpatrick
Ms. Sheila Leslie
Mr. Harry Mortenson
Mr. David Parks
Ms. Peggy Pierce
Mr. Scott Sibley
Ms. Valerie Weber

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblyman Bob McCleary, Clark County, Assembly District No. 11
Assemblyman Kelvin Atkinson, Clark County, Assembly District No. 17
Senator John J. Lee, Clark County Senatorial District No. 1

STAFF MEMBERS PRESENT:

Brenda Erdoes, Legislative Counsel
Susan Scholley, Committee Policy Analyst
Russell Guindon, Deputy Fiscal Analyst
James Cassimus, Committee Attaché

OTHERS PRESENT IN CARSON CITY:

Mary Henderson, Legislative Advocate, representing the City of North Las Vegas
Michael Montandon, Mayor, City of North Las Vegas
Gregory Rose, City Manager, City of North Las Vegas
Robert Orgill, Owner, Labrum Landscaping, North Las Vegas, Nevada
Harry Shull, Owner, Celebrate Homes and member of the Planning Commission of North Las Vegas
Lynne Knack, Administrative Services Officer, Department of Taxation
Mike Alastuey, Legislative Advocate, Clark County
Mark Vincent, Director, Finance Department, City of Las Vegas
Steven Hanson, Director of Finance, City of Henderson
Andrew List, Executive Director, Nevada Association of Counties (NACO)
Phil Stoeckinger, Finance Director, City of North Las Vegas

OTHERS PRESENT IN LAS VEGAS:

George Stevens, Chief Financial Officer, Clark County
Knight Allen, Private Citizen, Las Vegas, Nevada

Chairman Perkins:

[Roll called.] I would like to open the hearing on Assembly Bill 144. I recognize Senator Lee and Mr. McCleary. Thank you for joining us today.

Assembly Bill 144: Revises provisions governing distribution of proceeds of certain taxes to local governments. (BDR S-513)

Mary Henderson, Legislative Advocate, representing City of North Las Vegas:

We thank you for providing us this opportunity to come before the Committee on a matter that has been a serious concern to the City of North Las Vegas over a period of several years.

With me today are Mike Montandon [Mayor of North Las Vegas]; Gregory Rose [City Manager of North Las Vegas]; Phil Stoeckinger [Finance Director of North Las Vegas]; and Kimberly McDonald [Chief Lobbyist of North Las Vegas] in Carson City. I would like to turn this over to Mayor Montandon. We have a presentation ([Exhibit B](#)) for you. It should be in your packet and we'll walk you through what our issue is and move forward into the bill.

Michael L. Montandon, Mayor, City of North Las Vegas:

We have a PowerPoint presentation ([Exhibit B](#)) and that, generally, is just to keep me on pace.

As you mentioned before, we did introduce A.B. 144. Some of the questions that I would like to answer are why we're here, why we introduced this, and why it is important to the City of North Las Vegas.

It is the consequence of legislation that has been passed over past seven sessions, from 1997 to 2001. It is an issue of fairness and equity, to make sure that the cities, the counties, and all the citizens are treated fairly—that everybody gets an equal shake. We feel it as a fiduciary to our citizens that we cannot let this go and must correct six years of disparity and hemorrhaging. We are not here as our first course of events. Trying to solve this locally, by negotiations between the local entities in southern Nevada, has not been successful. So we are here at this level.

To give you a summary of the chronology, in April 2004, our city council voted to direct the city manager to prepare this legislation and come forward to you. He first tried setting up a meeting with city managers, finance directors, and everybody in southern Nevada, to try and resolve the issue locally, or resolve it via interlocal agreement, as has been discussed for about five years. None of those attempts met with any success.

In 1997, Senate Bill 254 of the 69th Legislative Session passed, which resulted in the first Consolidated Tax formula change; 1999 was the first year of actual distribution of Consolidated Tax under that formula.

In 2001, the City of Henderson requested an adjustment to the base year; hence the removal of the CPI [Consumer Price Index] adjustment and "one-plus"

language in Clark County only. It was amended. Most of you were here and remember those hearings. We only participated at the tail end of those hearings. As a result, Assembly Bill 653 of the 71st Legislative Session was amended to include all counties and phase-out the “one-plus” language. This is the first year that the “one-plus” is completely gone. It also adjusted Henderson’s base by \$4 million.

[Mike Montandon, continued.] In 1997, the intent of S.B. 254 of the 69th Legislative Session was to have the first year be revenue neutral, not hit anybody directly, adjust via growth, and promote the idea of growth paying for growth, and to encourage regional cooperation and eliminate the competition between governments. The Consolidated Tax formula is a fascinating formula, especially if you visit other states. In Phoenix, AZ, they have to compete with each other for high-tax generating revenues; they compete and get both sides of that. In Nevada, this bill was passed and eliminated that problem.

We have examples in our presentation of testimony from discussions on this that occurred over the years. Senator O’Connell testified that we had two such circumstances, North Las Vegas and Henderson, that it would definitely have an impact, and Mr. Leavitt replied that there was an indication that they [North Las Vegas and Henderson] would likely appeal. Senator O’Connell also noted later in the Government Affairs hearings that the problem with North Las Vegas was that they had a low operating rate.

You are all familiar with the components of the C-Tax [Consolidated Tax]—other places call it sales tax. If you look at A.B. 653 of the 71st Legislative Session, we did get some relief through the phasing-out of the “one-plus” language. But, no base adjustment happened at that time for North Las Vegas and Mesquite. We were both unfairly and inequitably treated by the Consolidated Tax distribution formula.

The next slide (slide 9 of [Exhibit B](#)) has some of the quotes from the testimony in 2001 from the hearings on A.B. 653 of the 71st Legislative Session. Mayor Gibson specifically testified that the concern was that the fairness issue needed to be resolved; not that they should take advantage of anyone. The bill does not recover lost revenue for any of the effected entities. It is not a reversion to the old formula. The cities of Mesquite, North Las Vegas, and Henderson will receive less under A.B. 653 of the 71st Legislative Session than any pre-1997 formula. These cities were the losers, and we are still hemorrhaging. We are still suffering from that loss.

This next slide is very important to take a look at. What it is talking about is nearly a billion dollars—\$957 million—that is distributed to southern Nevada. It

is distributed in two pieces: the base year and the excess. The base year was set by formula. That is what we are here to talk about. In regard to the excess distribution, North Las Vegas had been treated, via the "one-plus" language, very unfairly. We did get some relief in the distribution of the excess by A.B. 653 of the 71st Legislative Session. The relief kicks in this year.

[Mike Montandon, continued.] If you look at this chart (slide 10 of [Exhibit B](#)), the real issue is the 66 percent, or \$631 million, in the base year distributions. Of the total distributions of nearly \$1 billion, we are talking about approximately 1 percent of that, or \$10 million, to make the adjustment correctly, to make it fair and equitable for the City of North Las Vegas. The next slide shows you basically what that 1 percent adjustment is and how miniscule that is in the course of the amount of money we are talking about being distributed.

The next slide (slide 12 of [Exhibit B](#)) shows a couple of different ways to look at what's happening. North Las Vegas has a number of factors that effect the distribution of tax and the collection of tax revenues that make it different from other cities. Number one, we are growing faster; two, the average assessed valuation is lower. If you take those two things, North Las Vegas has long held a higher property tax burden than any other community, simply because we had to, especially since we were saddled with a lower slice of the Consolidated Tax.

If you look at the increase in population in North Las Vegas, per new resident, since the Consolidated Tax formula, (slide 12 of [Exhibit B](#)) we have collected \$312.93 compared to the \$524 in Henderson and \$724 in Las Vegas. Mesquite and Boulder City are more comparable to each other and not to the rest of the large cities. If you look at it per assessed valuation, we are at \$5,985 per million of assessed valuation; whereas Henderson is at \$6,105, and Las Vegas is \$9,655. On the next screen, if you look at the total dollars, as the years have gone by, on average, in 2004, Consolidated Tax has been \$380 per person. North Las Vegas received \$277 per person. If you project this out to 2009, it will get even worse. We will be at \$249 per person versus an average of \$364 per capita. Similar numbers, at the bottom, are the same, if you weighed the average per capita compared to each city. On the next slide (slide 15 of [Exhibit B](#)), it will also show you that, despite this, North Las Vegas has been able to fight any property tax increase. We have had the lowest property tax increase over this time. It has been a function of being fiscally prudent. We have been as fiscally responsible as any government in Nevada, or even in the United States. We've had no choice, which can be a good thing at times.

I would like to skip to the next slide and show you a comparison of the amount of the Consolidated Tax distributed this year to every entity, starting with \$301 million for Clark County. With the \$10 million base adjustment that the bill

is asking for, it shows that the percent change would be between that they're getting this year and what they would get after the adjustment. There are no negative numbers. Everybody will continue to grow, but the additional growth will help over the years for North Las Vegas to stem the hemorrhaging that has happened over the past six years.

[Mike Montandon, continued.] This isn't a money issue; we are not about putting money in the bank. This is a services issue. This is about providing the things that the citizens of Clark County, North Las Vegas, Las Vegas, and Henderson expect from their governments. We want to be able to treat everybody fairly in North Las Vegas. We want to be able to provide the police substations that are necessary, fire stations, local parks, trails, a shooting range, our multi-generation senior center, teen centers, revitalize the mature areas of North Las Vegas, cultural arts, work on light rail system—we believe mass transportation is part of the future of the whole Las Vegas Valley. These are what we are talking about, being able to provide in a fair and equitable way.

The citizens of North Las Vegas have shouldered a property tax burden that has been higher than any other property tax burden in Clark County for years. One of the reasons has been this inequity.

Before concluding, there are two things I want to point out. First, we are not asking for anything to be taken away from somebody else. We are just asking to correct an inequity that has been in place for six years. Second, I will open it up for questions and let you go on.

Chairman Perkins:

If there is anyone on the panel who wants to add anything, we'll take all the questions at one time. You have covered it well, Mayor. There are a couple of things that come to mind.

You mentioned early in your testimony that you attempted to deal with this amongst the local governments. What were the breakdowns in those negotiations?

Mike Montandon:

There were a couple of points. In 2001, our City Manager, Kurt Fritch, testified before Assembly Taxation, the predecessor to this Committee. When the bill, A.B. 653 of the 71st Legislative Session, was brought to the table, we were not invited to participate in that bill until after the bill had already been written

and placed before the table. We were invited to come to the table and support that bill.

[Mike Montandon, continued.] If you recall, we were required to write a check for several hundred-thousand dollars, as the base year adjustment given to Henderson; it literally came right out of our pockets. What we were offered, basically, in exchange for supporting that bill, were two things: the phasing-out of the "one-plus" language, which would help us get an equity in the excess distribution only—not in the base distribution—and a commitment that we would get cooperation in working on an interlocal agreement to make a base year adjustment. Almost immediately after that bill passed, the discussions on working on an interlocal agreement broke down.

Chairman Perkins:

So these things broke down in 2001. What other attempts have been made since then?

Gregory Rose, City Manager, City of North Las Vegas:

We started the process roughly 18 months ago, beginning to speak with the staffs of Las Vegas, Clark County, Henderson, Boulder City, and the City of Mesquite. We provided them a very similar presentation as we provided to you, expressing concerns we have regarding how the Consolidated Tax is distributed. Regarding your question about where the discussions break down, each of the jurisdictions recognized that the City of North Las Vegas has an issue, if you look at Consolidated Tax and say that it should be distributed on an equitable basis. The break down occurs when you began to talk about where should the funding come from. What we had suggested was that those funds for North Las Vegas come from the excess, which would result in unrealized gains. It would give us an opportunity to catch up to where the other jurisdictions are.

Each jurisdiction would effectively remain whole. No one would be a loser. North Las Vegas would simply receive a greater benefit because of the greater loss that we had occurred in the past. I think that's where those discussions began to break down.

Chairman Perkins:

Mayor, you mentioned that you were invited to come to the table in 2001 after the fact. There were hearings in both houses of this Legislature. Did North Las Vegas not make its needs, concerns, or otherwise changes that they wanted to have made, known in 2001?

Mike Montandon:

Yes, absolutely. That was my first opportunity to come before the Legislature during those sessions. During the Senate Committee on Taxation hearing, Kurt's words were, "Right now, we are in support of most of the amendments that have been made. North Las Vegas is not asking for a base adjustment as Henderson is, though we did ask for a base adjustment at one time. Frankly, we were too late, because we were not initially invited to the table. It was nobody's fault in particular, and we are not going to make it an issue, but it is still important for us to see that the 'one-plus' language and the CPI language come out." Basically, he is saying the same thing that I said in the hearings. By the time the bill was drafted, and a base year adjustment was asked for by Henderson, we were lined up and told, "You're never going to get a base year on. So we will only help you get this adjustment in the 'one-plus' language, if you'll support us in our base year adjustment. Then, we'll help you afterward." That's exactly how it went.

Chairman Perkins:

I'm trying to understand this. There are a number of opportunities that travel along with a piece of legislation through this Legislature to offer an amendment. Was there an amendment offered and rejected? I'm not understanding why it wasn't offered.

Mike Montandon:

I can't give you the exact details of the politics involved. I can just tell you from a policymaker's standpoint with ours, we had multiple discussions about when and how we would get our adjustments. And it did not come to be.

Assemblyman Anderson:

The question that is relative to the bill A.B. 653 of the 71st Legislative Session initially in this Chamber in 2001 in front of one of our Committees, did the City of North Las Vegas hear or know of the existence of the legislation and appear in front of any of these Assembly Committees to take up the question?

Mike Montandon:

We may have. I can't recall, sir.

Assemblyman Grady:

We have heard that Henderson brought their problem forward; it was somewhat fixed by A.B. 653 of the 71st Legislative Session. We know in the Senate right now, there is a bill for Elko County, Elko City; some of the entities in Elko are having the same problem. I have received data from Lander County where the little area of Kingston is getting a plus-\$55,000, and the other areas in Lander County are receiving no increase in theirs. Reno, Sparks, and Washoe County were having similar problems. It leads me to believe that the formula, as well intended as it was, is not working. We need to look at some of these and see what went wrong and how, if an "adjustment" is necessary, that it should be looked at very seriously.

Chairman Perkins:

Mayor, going back to your testimony, you mentioned that \$10 million is a miniscule part because it's 1 percent of the base.

Mike Montandon:

It is of the total base surplus.

Chairman Perkins:

Do you have the data that you can provide the Committee that indicates what that means to the other jurisdictions? It means \$10 million to North Las Vegas. What does it mean to Clark County?

Mike Montandon:

The data is on slide 17 (page 16 of [Exhibit B](#)). It shows those distributions. The farthest column on the left is what they got for 2004-2005. The next column would be the 2005-2006 budget year, with the \$10 million adjustment in place.

Chairman Perkins:

My question is, if there was no adjustment, what would the next year look like? What would each of those entities lose to make up the \$10 million that North Las Vegas is asking for?

Mike Montandon:

They haven't received anything for next year. So, they are not losing anything.

Chairman Perkins:

I don't want to debate this.

Mike Montandon:

I understand the question, and I have the data for you. If you looked into next year—I don't have it in front of me now, but I'll get it to you.

Chairman Perkins:

All of the entities are preparing budgets for the next fiscal year. They are all preparing them based upon a formula that already exists. That's why I'm asking the question. What kinds of losses of revenue will exist if the formula stays the same as today as opposed to a change in the formula?

Mike Montandon:

I can get you that data. I have that.

Chairman Perkins:

You also mentioned about your property taxes are higher in North Las Vegas than other parts of the valley. Some of those, I imagine, are even voter overrides and alike to provide the services for North Las Vegas. You testified that the average assessed valuation is lower in North Las Vegas. What about the assessed valuation of the growth that you are seeing in North Las Vegas? How does that compare to the growth in rest of the valley?

Mike Montandon:

The average assessed valuation of the growth is starting to mirror the other areas. It's getting much closer. If you took homes built in the last three years, and compared those to the assessed valuation of homes built in the last three years in the whole of Clark County, they would be closer. If you took homes built between 10 to 30 years ago, and averaged those with homes 10 to 30 years ago in the whole of Clark County, they are significantly lower in North Las Vegas.

Gregory Rose:

One of the issues is with the different variables that make up the formula for Consolidated Tax, assessed valuation being one of those variables. This is one of the examples of the problems realized with the Consolidated Tax formula.

In North Las Vegas, if we have the exact same assessed valuation as the City of Las Vegas and have the same exact population as the City of Las Vegas, you would think that we would get the exact, same distribution as Las Vegas. But, based upon this formula, that would not occur.

The reason why the council [of the City of North Las Vegas] is submitting a request for a base adjustment is because the base is really what determines the overall distribution of that you'd receive. That is why the formula, in itself, is inherently inequitable.

Chairman Perkins:

The slide that I was looking for is slide 17 (page 16 of [Exhibit B](#)). You referred to it just a minute ago. There is a significant increase—the far right column—in change in the C-Tax percentage: Clark County, 10.4 percent; Boulder City, 3.6 percent; Henderson, 10.8 percent; Las Vegas, 10 percent; Mesquite, 38.6 percent; and North Las Vegas, 45.9 percent. I understand the percent change in North Las Vegas being as high as it is, if there is a change in the base. Why is there such a high change for Mesquite?

Mike Montandon:

The bill also suggests a \$1.5 million a year adjustment to the base for Mesquite. I'm just not here arguing for Mesquite right now.

Chairman Perkins:

Can you point out to me in the bill where that is? Do you have the bill in front of you?

Mike Montandon:

No, I don't have the bill in front of me. It's a \$10 million adjustment: \$8.5 million for North Las Vegas and \$1.5 million for Mesquite.

Chairman Perkins:

That was the purpose for my question. As I look at the bill on page 2, it just says there's an allocation for North Las Vegas. I don't see Mesquite mentioned in the bill anywhere.

Mike Montandon:

I have the bill in front of me. That's the first I've seen that also. I'll take the whole \$10 million. [Laughter.] But the numbers you have in that column are based on \$8.5 million in North Las Vegas and \$1.5 million in Mesquite.

Senator John J. Lee, Clark County, Senatorial District 1:

[Read prepared statement, [Exhibit C](#).] I would be remiss if I did not get up here and speak in favor of North Las Vegas' Consolidated Tax Request. You have heard today from the City of North Las Vegas concerning its request for a base adjustment in the C-Tax, and you will hear from some of the bill's detractors. Some of these detractors are some of the brightest, articulate, and most dedicated lobbyists that share this building with us. I would also say they are right in their views for their employers.

Mr. Speaker, in 1961, our family moved into this sleepy little bedroom community of Las Vegas called North Las Vegas. I, like many of my young friends, had a wonderful childhood. We had good schools, municipal swimming pools, libraries, and a safe community. Our fathers and mothers went to work everyday using their strong backs, arms, and legs. They built the casinos on the "Strip." They made the beds in the hotels. They served their country on Nellis Air Force Base.

They weren't the pit-bosses; they weren't the contractors or owners of casinos. But after our parents toiled all day, they were satisfied that they had done their job to provide for their families and came home. They traded the sweat from their brows for being able to bounce their young children on their knees, to volunteering to be a Little League coach, and attending church on Sunday with their families.

North Las Vegas, 20 years later, started growing in different ways. We became the affordable housing area of our valley. Four-plexes and duplexes were the only construction we had. Blight started to move into our community, where people no longer had pride of ownership. Crime began to escalate and people moved to the western edges of Las Vegas and the new housing tracts.

[Senator Lee, continued.] Fast forward to a new North Las Vegas, with new homes affordable to young families, which bring new schools, and a new pride emerges within our community. But with this pride comes responsibility of roads, sewers, waterlines, community services, police, and fire services. This bill is not the panacea for North Las Vegas, but we will still pursue the passage of this bill in order to meet our community's needs.

We understand the concerns of the other municipalities, we are asking for a base adjustment from the excess. We are all members of the same community. We are only trying to do our part to make this part of the valley as beautiful as the rest.

We are willing to sit down and discuss our bill and work with our neighbors, and at the end of the day, we need to pass this bill to bring the fairness that we deserve in our community.

I want to thank you, Mr. Speaker, and this prestigious Committee that you have, for taking the time to hear this bill. I know you are involved in many other issues. But this bill is just as important as any other that North Las Vegas has in this whole session this year. I appreciate your concern and your views at helping us make our community what your community has become in Henderson, Mr. Speaker.

Robert Orgill, Owner, Labrum Landscape:

I am the owner of Labrum Landscape, a member of the North Las Vegas Chamber of Commerce, and Chair of Legislative Affairs Committee for North Las Vegas.

Today, I am here as the owner of a company that works and serves in North Las Vegas. I would like to voice my support for A.B. 144. I do not pretend to understand the formula used for this distribution. I know that A.B. 144, and the dollars outlined, would have a dramatic effect on a city growing as the City of North Las Vegas. Parks, roads, and sewers are all a major part of our life, and a fast-growing city needs to pay for these items.

I support A.B. 144 and the City of North Las Vegas and request that the legislative committees pass this bill. Thank you for your time and consideration.

Harry Shull, Owner, Celebrate Homes, North Las Vegas, Nevada:

I am a resident of North Las Vegas, the owner of Celebrate Homes, and, for the last 10 years, have served on the Planning Commission for the City of North Las

Vegas. As a resident, I am very much in favor of A.B. 144 and would request your passing of the same.

[Harry Shull, continued.] As a developer in the community, I believe that North Las Vegas has had the fastest-growing zip code in the United States for the last two years. Our growth is very much outstripping our community's ability to service our residents. This would very much help the city in obtaining those goals. Thank you.

Chairman Perkins:

Anybody else in Las Vegas that wishes to testify in support of A.B. 144? Those are all those that I have signed in that are in support of the bill. Is there anybody in Carson City that wished to come forward in support of A.B. 144?

Let's move to the neutral folks before we go to the opposition. The Department of Taxation has a couple of representatives here.

Lynne Knack, Administrative Services Officer, Department of Taxation:

With me is Marian Henderson, the Management Analyst, supervisor of the Distribution and Statistics Section. We are neutral on the position of this bill and don't really have any comments unless there are questions specifically of us.

Chairman Perkins:

I just wanted to ask you if you could give us a history of the Consolidated Tax measures and what they were intended to do, and how we arrived at where we are at today, if you have that historical background?

Lynne Knack:

Mr. Chairman, I apologize, but I don't. There were people preceding me that have that knowledge, and I don't have the background from the original legislation that was done in 1997. I really can't answer that question. If I can defer that to a later time, to provide written history from representative, we can offer that.

Chairman Perkins:

That will be fine. We appreciate your being here because there may be questions that arise during the course of this hearing that we'd asked the Department of Taxation to weigh in on.

Now to those opposing A.B. 144.

Mike Alastuey, Legislative Advocate, Clark County:

I am also a member of the advisory committee to the Legislative Committee on Local Government Taxes and Finance. Before we go to a "city testimony," I would like to conclude my remarks and then switch it to George Stevens, County Finance Director, down south to conclude with some remarks on county services and some per capita measurements.

When we first heard that North Las Vegas would be seeking this legislation, we listened very carefully to their arguments to try and understand the basis of the request. Their train of thought goes as follows: somehow in 1997, and perhaps even as far back as 1981, when sales tax was substituted for property, North Las Vegas got a worse deal than other entities. Somehow there was a miscalculation or some inequitable decision made. Secondly, the per capita analysis of C-Tax, the biggest component of which is sales tax, SCCRT [Supplemental City-County Relief Tax], was not analyzed correctly in 1997, or its predecessor legislation in 1981, and that such an anomaly exists to this day. Third, this session in 2005 is the appropriate time to rebase C-Tax distribution.

Anytime you put \$10 million in a bill and say that it does not affect someone, that is a serious understatement. Ten million dollars has an impact to all the other entities in Clark County, with the exception of North Las Vegas. Let's analyze each of these premises and see if they hold up under closer examination.

Going back to the days before the tax shift, there were two major times in which significant tax changes took place. There was a tax shift when property tax rates were significantly reduced and sales tax, SCCRT, was substituted to each entity in proportion to the amount of property tax lost. There was a definite intent, in both the shift of 1981 and the consolidation of those taxes in 1997, to remain neutral so that no entity unduly gained from its previous budgetary history or unduly lost.

In 1981, the shift was embodied in Assembly Bill 369 of the 62nd Legislative Session—a copy of which I have—Chapter 149 of that session. And I quote: "The amount apportioned to each county must then be apportioned amongst several local governments therein, including county and excluding school district, in the proportion which each local governments' basic ad valorem revenue bears to the total basic ad valorem revenue of all the local governments."

[Mike Alastuey, continued.] There is no mention of anything but property tax loss. There is no mention of population. There is no mention of per capita. That's because each community in southern Nevada and elsewhere, with governance over their tax rates, fiscal decisions, the growth, and the nature of their community, had that prerogative to create that budgetary relationship between property tax revenues and their expenditures. The property tax shift in 1981 intended to have only a neutral effect—no gain, no loss. North Las Vegas's history, and other entities in southern Nevada, with respect to property tax, was, in effect, carried forward but transitioned into sales tax.

Now fast forward to 1997. As you saw from the pie charts that North Las Vegas presented, SCCRT is the most significant part of what is now the Consolidated Tax. I would submit to you, Mr. Chair and members, that anything that contains SCCRT, since it was implemented in 1981—not per capita, not the number of people in a household or community—to simulate the performance of property tax, any tax, or pool of taxes, that contains that as the significant component today will not match community to community on a per capita basis. That is out of respect to the decisions that were made locally in North Las Vegas and elsewhere.

The shift allocated more or less replacement revenue, depending upon only how much property tax rate each community lost. Entities with high reliance on property tax received more SCCRT. Entities with low reliance on property tax received less SCCRT. Again fast forward to 1997. SCCRT being a surrogate for property tax in effect includes that proportion that pre-existed in 1981, and being neutral, the transition in 1997 goes forward from there.

The notion that we should analyze the C-Tax, which is essentially embedded with Supplemental City-County Relief Sales Tax, we believe, is erroneous. Property tax is value times rate. It is never an indicator of the population, nor is it multiplied by the population, nor logically divided by the population. Virtually all the analyses coming from North Las Vegas are based on that particular premise.

Per capita benchmarks for distribution of C-Tax do have systemic problems. As Mr. Stevens will point out, if actually implemented, would result in a significant shift of revenues amongst governments within Clark County, not the shift that, in fact, North Las Vegas proposes today.

Southern Nevada finance officers are not the only ones opposed to A.B. 144. Last July, the Technical Advisory Committee to the Legislative Committee on Local Government Taxes and Finance completed a study of C-Tax to verify if the formula worked as intended. It was specifically intended to review the

elimination of the “one-plus” language for performance in the urban counties, and the effect of other changes that were recommended at the time. At that time, the North Las Vegas possibility was discussed. That particular Committee, consisting of finance officers—not only from Clark County, but from all over the state—unanimously found no need for amendment, with one abstention, that being the representative from North Las Vegas.

[Mike Alastuey, continued.] North Las Vegas’s insistence on bringing this bill at this time seems somehow out of place for this particular session. When this Legislature and all the fiscal experts are focused on giving money back to taxpayers and how to do it, it doesn’t seem government should be thinking about further increasing their revenues at the expense of other entities and services, especially as sales tax revenues for all governments are coming in at record levels—especially in North Las Vegas. Nonetheless, North Las Vegas has put this bill at the forefront of their priorities. We have considerable disagreement with this and request that A.B. 144 be laid to rest without passage.

Unless there are questions, I would like to switch to Mr. Stevens in southern Nevada. He has a presentation ([Exhibit D](#)) that is based on some charts you have received.

Assemblywoman Pierce:

I don’t understand the “one-plus” part. Could you run that by me again, please?

Mike Alastuey:

When the Consolidated Tax formula was first implemented, the idea was to take several taxes, principle among them the SCCRT or a portion of the sales tax, which is \$0.0175, combine that with a \$0.005 of pre-existing what was called Basic City-County Relief Tax [BCCRT]—two components of sales tax—combined with a number of other revenues received by local governments, distributed on different bases—cigarettes, liquor, government services, motor vehicle taxes—in effect, there were five kinds of taxes combined into one as Consolidated Tax.

At that point, it was determined what would be—from a neutral point, with no entity gaining or losing from a base—the right set of multipliers going forward to allocate any growth in revenue. It was determined that the multipliers should include growth in assessed valuation and population. When the bill was drafted, it was drafted with the multiplier being “one-plus” the sum of percentage of growth in assessed valuation and in population. If you follow the arithmetic,

that means that any entity that basically did not grow received full credit, or more credit if you will, for remaining stable than for growing.

[Mike Alastuey, continued.] The two words, "one-plus," were removed from the language. The remaining language then said all of the new growth would go to assessed valuation and population growth—the combination of those to percents. The "one-plus" had the tendency, in high-growth communities, of dragging down the allocation of the base and favoring low-growth communities over high-growth communities. That was one of the amendments that was done in 1999, and that was in particular the area that the Technical Committee was asked to focus upon. It was felt that was a reasonable thing to do for the larger counties.

To address a point that Mr. Grady made, the "one-plus" did pose a problem in non-growth areas, particularly in areas where there are population declines. There is no relationship between population decline phenomenon in Elko County, or potentially in Lander or other counties, to this particular bill or this particular concept under which this bill was brought.

The "one-plus" multiplier, if you follow the arithmetic, had a tendency to favor lower growth; taking the "one-plus" out favored high growth. With the character of some of the communities in southern Nevada, that seemed to be the fairer thing in the long run.

Assemblyman Grady:

Mike, you are the expert with numbers, and I get confused when we start going on these. When we were working on this earlier, 1981 brought up, during the tax shift, some problems. Reno did an adjustment to their base prior to 1981. Did this affect what we're looking at?

Mike Alastuey:

What you may be referring to is a first-tier issue. There are first- and second-tier issues. This is a second tier-issue; in other words, allocation within a county. There have been some issues that arose during and after the 1981 tax shift, affecting the first tier, or the distribution among counties, not within counties. Those first-tier issues are separate and were resolved in a separate fashion.

George Stevens, Chief Financial Officer, Clark County:

Before addressing the bill itself, let me say that Clark County has experienced significant challenges in recent years in providing residents of North Las Vegas

as well as those of the other cities with the full range of county services not provided by city governments.

[George Stevens, continued.] Everyone, regardless of where they live, looks to the county to provide social services for those in need: medical care for those who are uninsured or underinsured, services to abused and neglected children, or those who commit juvenile offenses. We also provide civil and criminal justice systems, legal defense of indigents, and a variety of other services. When city clerks conduct municipal elections, it is with the support of the county registrar, provides equipment to the cities at no charge, and logistical support at less than cost.

In addition to these regional services, the county provides all the municipal services offered by the City of North Las Vegas to unincorporated county population of 740,000 residents. This population is about 200,000 greater than any city in the state, and nearly 4.5 times the population of North Las Vegas. In a sense, the county serves two populations, and A.B. 144 will negatively impact both.

The first bar chart ([Exhibit D](#)) we've handed out summarizes the fiscal year 2004 per capita Consolidated Tax collections received by each of the incorporated cities, and the amount received by the county for the unincorporated town and fire district services we provide. You will note that the average per capita distribution across to all the entities was \$292. While North Las Vegas was significantly below the average, you will also note that per capita distribution was more than 30 percent higher than that distributed to the benefit of unincorporated Clark County residents.

It could be argued that the unincorporated town distribution is so low versus the city average, that town residents are subsidizing municipal services to the cities and should be entitled to a base adjustment substantially greater than the \$10 million requested by North Las Vegas. In fact, to raise the unincorporated town distribution to the overall average would require base adjustment of over \$70 million.

The projected 2006 fiscal distribution paints a similar picture. The overall average distribution for municipal services will grow to about \$348, with North Las Vegas closing the gap versus its average. However, the North Las Vegas distribution is projected to be more than 45 percent higher than that of the unincorporated county residents, who will fall further behind the overall average.

[George Stevens, continued.] The basic problem for the county, in any kind of base adjustment like this, is that the adjustment will be shared proportionately by the entities based on the percentage of the Consolidated Taxes that they receive. Approximately \$3.7 million of this adjustment will come from the revenues used by the county to provide countywide services, which will negatively impact all county residents, including those living in North Las Vegas. Where North Las Vegas, for example, will have more money to fund police service, doesn't do a lot of good to arrest a felon if there is no room in the Clark County Detention Center to house that felon. A similar situation exists with the EMS [emergency medical system] services. You can go out on an EMS call, but if there is insufficient capacity at the EMC [emergency medical center] trauma center, where do you take that patient? An additional \$1.4 million will come from the unincorporated town, which are already receiving far less than their fair share of the distribution. These revenue losses will only grow in the future.

Frankly, we fail to see the logic of increasing North Las Vegas's share of the Consolidated Tax at the expense of those residents who receive the smallest share of the distribution.

Assemblyman Sibley:

In regard to your handout, the fiscal year 2004 per capita figures do not match. On page 14 of the North Las Vegas handout...

Chairman Perkins:

I don't know, George, if you have that North Las Vegas handout or not. We could have Mr. Alastuey speak to it.

Mike Alastuey:

Mr. Chairman, neither of us has the North Las Vegas handout.

George Stevens:

Mr. Chairman, I can tell you that the numbers on my chart ([Exhibit D](#)) are the actual distributions. We received those numbers for each of the entities from the Department of Taxation and simply divided by the Governor's certified population.

Mike Alastuey:

The North Las Vegas handout says on the bottom that the 2004 data was verified by the Department of Taxation as well.

Chairman Perkins:

We'll have this submitted to our staff and get the two charts reconciled. Any other questions for Mr. Stevens? Thank you for your testimony. Who's next?

Mark Vincent, Director, Department of Finances and Business Services, City of Las Vegas:

I did pass out a handout ([Exhibit E](#)); the pages aren't numbered, but there are five pages, including the cover page, which has the seal for the City of Las Vegas. I just wanted to make a few short points today.

Mr. Alastuey mentioned that the C-Tax formula doesn't necessarily appear broken in Clark County, and I thought I would explain the "one-plus" language in a different approach. If we had two cities, one city that was growing at 5 percent and the other city wasn't growing at all, it had zero growth, under the "one-plus" language, you would add 1 to the 5 percent growth and come up with 105 percent; and you would add 1 to the zero percent growth and come up with 100 percent; and then you would distribute the excess revenues, the growth revenues, on the relative ratio of the 105 percent as a ratio to the 100 percent. In a case where you have one city growing at 5 percent and one city that is not growing, they would share equally in the distribution of the growth revenues.

Elimination of the "one-plus" language means that the city that grew at 5 percent would get 100 percent of the excess revenues, because the city that is growing at zero would have zero growth. This is somewhat the issue you are seeing in Elko County where you have negative population growth but some excess revenues and you only have a couple of cities that actually have any growth at all, and they are getting 100 percent of the distribution, much to the dismay of Elko County.

On page 3 in the handout ([Exhibit E](#)), this is a chart that represents the relative growth rates and the actual growth rates in the C-Tax distribution for the cities of North Las Vegas, Henderson, and Las Vegas. Up until fiscal years 2000 and 2001, the "one-plus" language was in effect. There was very little variance in the growth rates that the cities were experiencing, regardless of the fact that some of the cities were growing at significant rates compared to Las Vegas.

[Mark Vincent, continued.] In fiscal years 2002, 2003, and 2004, we began to phase-out the "one-plus" language one quarter at a time until you arrive at fiscal year 2005, where the "one-plus" language is now entirely eliminated. What this graph represents is that in 2004 and 2005—the 2005 data is for the 6 months just ended, it's for the first half of fiscal year 2006—North Las Vegas is growing at a substantial rate, substantially more than the City of Las Vegas. In fiscal year 2004, it was approximately 21 percent compared to 15 percent for the City of Las Vegas—that was roughly a 40 percent increase over Las Vegas. As you skip to fiscal year 2005, with the elimination of the "one-plus" language, the revenue for North Las Vegas has grown this year at 30+ percent, whereas Las Vegas is about 18 percent.

The point that this chart is trying to make is that this formula is responsive to the faster-growing communities, and the City of North Las Vegas has greatly benefited from that change. In fact, it has been experiencing growth in excess of 20 percent in the last 18 months. I would further point out to you that the City of Las Vegas estimates that our share of the \$10 million redistribution would be approximately \$2.9 million. That is just our share of the \$10 million. Once you make that re-allocation, then the future distributions are going to change because you changed the base.

In the next year's implementation, we are estimating that might cost the City of Las Vegas about \$3.5 million. That would build the City of Las Vegas fire station and staff about half of the firemen that would take to run that 24 hours, 7 days a week. It is a substantial impact to the City of Las Vegas. By the way, that \$10 million would represent a 33 percent increase to North Las Vegas' base as compared to fiscal year 2004. A 30 percent increase on top of the 30 percent increase that they are already experiencing, you are talking a significant increase for the City of North Las Vegas.

Finally, let me talk a bit about per capita revenue. We have been talking about C-Tax, but when we talk about fairness and equality, you step back from that C-Tax and look at the total revenue pictures for the large three cities down south, we look at General Fund revenues, which predominantly for us is Consolidated Tax, about 50 percent, but also property taxes and other fees and revenues that we collect. When you look at that for the last 12 years, you will note that the City of North Las Vegas, in 9 of the last 12 years, has had the highest average General Fund revenue on a per capita basis. When you look at fiscal year 2004, they are now approaching \$665 on a per capita basis.

Therefore, we submit to you that when you look at the big picture, there isn't any inequality. In fact, North Las Vegas is a step ahead of Henderson and Las Vegas. If you average those 12 years, and those 12 years were

CPI-adjusted, you will find that North Las Vegas' average revenue per capita in the general fund, adjusted by CPI, is \$548, whereas Las Vegas is \$528 and Henderson is \$495.

Chairman Perkins:

Help me to understand the average per capita and CPI-adjusted. Is that what that bar chart is? Twelve-year average per capita in general revenues that is CPI-adjusted, is that what you mentioned?

Mark Vincent:

That is the average of these 12 years that are CPI-adjusted.

Chairman Perkins:

Going back to a similar question that Mr. Sibley had, how does that reconcile with the earlier chart we got from Mr. Alastuey showing North Las Vegas at \$258 and here the average is \$538 for North Las Vegas?

Mark Vincent:

That is because I am looking at all General Fund revenues, not just the Consolidated Tax.

Chairman Perkins:

So, this is not just the C-Tax?

Mark Vincent:

Again, as Mr. Alastuey explained, there are a lot of things that go into development of the city budget. There are a lot of decisions that are made relative to our tax rates, to our licensing fees, and all those come together to fund our annual budgets. All I am trying to do is paint a picture that when we talk about fair and equal on a per capita basis, let's look at the entire General Fund budget of the entities. When you do that, there doesn't appear to be any discrepancy with respect to those average per capita numbers. C-Tax is only a portion of our budgets; it's not the entire budget.

Steve Hanson, Director of Finance, City of Henderson:

I concur with remarks that Mr. Alastuey and Mr. Vincent made. They pretty much covered all of the points that I was going to make today. I would like to remark, however, that the removal of the "one-plus" language by the Legislature went a long way toward re-allocating growth-related revenues toward the fastest-growing cities, such as Henderson and North Las Vegas. Since the implementation of the removal of the "one-plus" language, North Las Vegas has benefited by about \$2 million.

Henderson opposes A.B. 144, and that is about all that I have to say today.

Chairman Perkins:

That's about the best testimony that we've had so far this afternoon. Thank you, I'm sure you will make yourself available if we have questions as the Committee works through this.

Andrew List, Executive Director, Nevada Association of Counties (NACO):

NACO opposes this bill for several reasons. First of all, the formula is in statute, developed largely in 1997 with agreement amongst the different jurisdictions. We believe that this particular allocation of money would go outside the formula and against that agreement that was made.

Secondly, we believe that this bill would set a bad precedence, that anytime an entity, whether it be a county, city or other local government jurisdiction, were to disagree with the amount they received, they could simply come here to go outside the formula. We concur with Mr. Alastuey that the appropriate place for this debate is within the 557 Committee, also known as the Legislative Committee on Local Government Taxes and Finance. We believe that is where a better solution can be worked out if any inequity, real or perceived, exists.

Chairman Perkins:

Thank you, Mr. List. Let me ask you a couple things. First, there is another bill that Mr. Grady referenced to correct the C-Tax challenges in Elko County. Is that a bill that NACO supports or not?

Andrew List:

Mr. Chairman, I have been admonished by a member of your Committee that addressing another bill, especially in another House, is inappropriate.

Chairman Perkins:

It is a related matter; go ahead.

Andrew List:

Since having that question directed at me specifically, I will answer it. NACO does support...

Chairman Perkins:

Then, let me rephrase that question. Not referring to a specific bill in any House, the challenge that faces Elko County, does NACO support the correction of that challenge?

Andrew List:

Yes, we do. As Mr. Alastuey stated, and I concur, that inequity is very, very different than the inequity perceived with the North Las Vegas situation, where you have a county that, overall, is losing population, but one entity within the county might be gaining population. For example, in Lander County, one particular jurisdiction, Kingston, has gained, over the five-year average period, 0.0006 percent of population; therefore, they are entitled to the windfall. The situations are very, very different. NACO does support a correction for that inequity.

Chairman Perkins:

That was the purpose of my question. You mentioned that this was not the right venue for this particular discussion, but it should happen instead in the 557 Committee. I wanted to know the difference between this situation and the situation that is happening in Elko County as NACO views it.

Andrew List:

The math is a lot different. In those other jurisdictions, you have the second-tier distribution going to one particular entity, even though it might be generated in another entity. For example, Lander County, a lot of that excess tax revenue is being generated in Lander County, cut with that five-year average, you are looking at the windfall going, when there is one going, to the entity of Kingston. The situations are very different.

Chairman Perkins:

Is this accurate? It is not necessarily that this isn't the proper venue to address these issues, it is just that the differences between the two counties are such that you don't think this one should be in front of the Legislature, but the Elko issue should be, is that what you are saying?

Andrew List:

That is correct.

Chairman Perkins:

Do you agree, Mr. Alastuey?

Mike Alastuey:

Yes, I do; there are three distinct reasons that differentiate the bill that Mr. List was discussing and this particular bill. First, the so-called Elko bill, although it fans out into other communities, is not directed at any kind of change or adjustment to the base; this is. It is not directed to the same pattern of population; it is directed to situations where there is a mixture of population growth and population decline. This bill being heard today, A.B. 144, is not directed to any community that has population decline. Also, the Elko situation, because of the timing, was not before either the Technical Advisory Committee or the full Legislative Committee on Local Government Taxes and Finance, whereas the North Las Vegas situation has been under some discussion for a time span that does overlap the activity of that Legislative Committee. So, there are at least three distinct differences.

Chairman Perkins:

Thank you for that clarity.

Assemblyman Grady:

Since the 557 Committee did address that this could be handled locally, would it be your recommendation to this Committee that we send them back to handle it locally?

Andrew List:

There are two options. One is the 557 Committee and one is to work it out in an interlocal agreement. That is a decision for this Body to make.

Chairman Perkins:

Mr. Grady is asking would it be the position of NACO that the preference be that this be handled in an interlocal discussion instead of in front of this Legislature.

Andrew List:

If it's only a problem between those particular jurisdictions, I think that an interlocal agreement is a better idea. However, where the solution might impact all counties and cities statewide, then the 557 Committee is a better venue.

Assemblyman Kelvin D. Atkinson, Assembly District No. 2, Clark County:

I met with North Las Vegas a few times to discuss the C-Tax issue and how it's affecting North Las Vegas. I feel like I'm on the Floor and want to go to Order of Business 15, because that's kind of where I would go with my testimony. When I look at this, and I look at the numbers, and I hear George Stevens and Mike Alastuey talk about the impact on the county and services and North Las Vegas, I'm still left with the feeling that North Las Vegas citizens and the constituents that I serve should be treated like any other citizens. Right now, with the way the C-Tax is and distributed, I don't think that our citizens are getting a fair shake. Just looking at raw numbers, what I see is inequitable.

The question to Mr. List was, if this doesn't happen, and this bill is not headed in the direction that I think it should go, should we ask that they go back to the table? I think North Las Vegas has tried that, in good faith, to go back to the table and try to fix that. I think that's why we're here: because it has not been done. To keep sending them back, there is no guarantee that the other entities will operate in good faith. Mr. Stevens talked about social services and other programs that the county offers and that North Las Vegas is benefiting from that. Well, all the other entities have benefited from it too, because the services are offered to every other municipality and county in the south.

They talked about us paying the highest property taxes in the valley, and North Las Vegas does pay that. There has been talk about why that is the case. The reason that I've been able to find is because North Las Vegas has had to raise those things and collect more money because we are being short-ended on this tax thing. The bottom line for me, what I want to leave with this Committee and the rest of you to think about is, shouldn't the citizens of North Las Vegas be treated like the citizens of any other entity down south?

Chairman Perkins:

Thank you, Mr. Atkinson. You are not taking up too much of the Committee's time. For a distinguished colleague like yourself, we have all the time you need. Anybody else in opposition to A.B. 144 who wishes to testify? Let me ask Mayor Montandon and his crew if they want to come back to the microphone and wrap up. We offer you the courtesy of doing that since it is your bill.

Mike Montandon:

I think just a couple of quick comments from each of us. Going back to 1981, Mr. Alastuey referred to the attempt to make the C-Tax mirror the property tax. That's actually a great part of our argument. The argument is not about property tax at this point, but if you go back—and I have some numbers—North Las Vegas was in an interesting window in time. In 1977, 1978, and 1979, our property tax rate was \$1.41; in 1980, based on changes that just happened, it was \$0.89 as compared to \$1.32 for Las Vegas, \$1.20 for Henderson, and \$1.26 for Boulder City. That's the number that was attempted to be mirrored back in 1981. We've been, literally, hammered ever since then. It has forced us, because we got a smaller share of C-Tax, because of that anomaly, that we had just lowered our taxes at that point, that we've to fight back because of that lower share of C-Tax, with higher property tax ever since then.

Gregory Rose:

Briefly, the reason the mayor and the city council requested that staff submit this bill is very simple. You've heard a lot of testimony about where is our per capita amount that we've received for Consolidated Tax compared to the cities of Henderson or Las Vegas or the county. But no one has indicated to you at this point that the distribution is equitable, and that is our issue. We don't believe that the \$10 million that we are requesting in the base adjustment makes us completely whole, but it does make us closer to equity. We are simply saying that the value of a citizen in North Las Vegas should have the same value as a citizen of Las Vegas or Henderson or Boulder City or Mesquite. At this point, that simply is not the case based upon the Consolidated Tax and how that is distributed.

Mary Henderson:

I, too, was a member many years ago of the Technical Advisory Committee that was involved in doing this formula change. I have followed this issue continuously in my legislative career, representing local governments from throughout this state. I do not think that you will find, if you go back through

the legislative history, anyone saying that what North Las Vegas is proposing today is unfair or wrong.

[Mary Henderson, continued.] We have known from 1999, when the formula went in place, this issue has been before many committees in this Legislature—through the standing committees, during the interim—everyone that I’ve ever heard testify to that has said that there are some issues. In 2001, there were some changes made and it did help. I don’t think you’ve heard from us today that the removal of the “one-plus” language did not help. The other piece of that was the base adjustment, which did occur for Henderson and did not occur for North Las Vegas. That is really what we are asking you for today, that base adjustment. Not a formula, nothing dealing with the “one-plus” language, we’re very happy with where that is.

Another thing that you heard today which concerns me, Mr. Alastuey mentioned the Technical Committee to the Local Government Tax and Finance Committee unanimously moved to not bring this matter forward. As I recall, the elected officials who sit on that committee voted unanimously to allow us to bring this in and voted that we would not prejudice this issue if we could not resolve it locally; this was the venue for us to be able to come in. That is why we are here before you: because of what the elected officials on that committee did to allow us to bring this bill forward without being prejudiced. That is a real important piece of that discussion.

From my perspective of 14 years of representing local governments in this building, I think that we have a very compelling case and would appreciate your favorable consideration.

Phil Stoeckinger, Director of Finance, City of North Las Vegas:

I just wanted to comment on one final piece. It was in slide 14 of your handout ([Exhibit B](#)). One thing that we had looked at and had the Department of Taxation do is verify the numbers that we had for actual years from 1999 through 2004. If you looked at when Henderson had come in the 2001 Session, as Mary just pointed out, the “one-plus” language was phased out but they also did receive a base adjustment.

One thing I’d like to draw your attention to in our slide (slide 14 of [Exhibit B](#)). You can look at things in a number of ways, but on a per capita basis, we were at about \$6.6 million less than the other cities on a weighted average. Where we are through 2004 is about \$14 million less on a weighted per capita average.

[Phil Stoeckinger, continued.] I would also like to draw your attention to the City of Henderson. In 1999, on that same basis, they were about \$2.5 million; with their "one-plus" language coupled with the base adjustment, theirs has been partially remedied. In the first two years of the tax formula, one thing that had not been discussed, is every dollar that you receive used to roll directly into your base. That was a lot of the reason why the City of Henderson approached the 2001 Session, to help rectify that piece. That is what we are looking to do today to help stop our hemorrhaging. We have a fiduciary responsibility to our citizens to do that.

Chairman Perkins:

Mary, did you know, or is there a why, the Technical Committee decided that it wasn't an issue to bring before the Legislature? Do you remember the discussion?

Mary Henderson:

Mr. Chairman, there was a study that was requested after the 2001—actually, I think it was part of A.B. 653 of the 71st Legislative Session—that this Technical Committee would review the C-Tax formula and determine if it is working or not. Our issue is not whether the formula works, our issue is the base. So the recommendation, as I recall, was the formula is working, and that was the conclusion of the Technical Committee. Therefore, this issue should not come forward before the Legislature.

Our issue, again, is more the base adjustment than the actual formula itself, whereas in the Elko bill we've talked about, there is a request to do a formula change in that versus a base adjustment. When the elected officials heard that, we declined because we had the knowledge that we had this bill that we would bring forward to you, if we couldn't resolve it locally. The elected officials on that committee unanimously voted that they would leave the door open for any entity in the state to bring forth their case without prejudice. It was just about as simple as that. There are some that sat in that Committee who are on your panel today who might be able to address it better.

Chairman Perkins:

To whoever can answer the question, in the presentation that we have received from Mr. Vincent, the C-Tax distribution growth rates show a trending, from North Las Vegas, was above 30 percent. In other words, North Las Vegas is trending up faster than any other local governments. Is that not going to create equity over time in any event?

Phil Stoeckinger:

In response to your question, Mr. Chairman, again you are correct as far as the percentage growth. I would defer again to slide 14 (of [Exhibit B](#)). I mentioned what has happened through 2004. If you look and extend this, depending on whatever scenario you use, our problem we have right now, for the first actual 6 years of the formula, on a cumulative basis, looking at it per capita, we've lost about \$62 million. If you look at the next four- to five-year projections, even on a very conservative basis, the amount is going to double. Our loss in 2009 is expected to be close to \$22 million. The answer to your question is this problem that we have, because of the base, isn't going to correct itself over time. It is going to get worse.

Chairman Perkins:

My last question would be, as this Committee moves towards some sort of solution in the property tax crisis we face in various parts of our state, one of which is in Clark County, how is this going to affect, not just the C-Tax distribution, but the overall budgeting process for your entity particularly?

Mike Montandon:

As you mentioned before, we budget out well in advance. This is a particularly difficult year for us to budget. We've actually been preparing now for a couple of years at an attempt to lower our property tax rates. We are ready to do so in North Las Vegas. We don't know what those rates are going to be based against as far as assessed value is concerned, because of a number of alternatives that you are considering. We have more budget variables this year than we've ever had in the past; they are all directed at the bottom line. We have to look at the Consolidated Tax, what our assessed valuation is, and how much are we going to be able to afford to lower our tax rates.

Chairman Perkins:

Any suggestions for us?

Mike Montandon:

Let us lower the rates.

Knight Allen, Private Citizen, Las Vegas, Nevada:

My comment goes back to the property tax question that you are dealing with. It is a question of itself. In your very first meeting you met jointly with Senate Taxation. There was a presenter who suggested that whatever you choose to do in terms in property taxes, it should have a sunset provision on it. Both Mr. Anderson and Mr. Hettrick, in their own styles, made it pretty clear that passing some kind of relief with a sunset provision was not a good idea. But it raised the question, and since there was no public comment allowed at the time since they were information-gathering meetings, I would like to offer it today.

I'm on the record as supporting the 6 percent cap plus growth. I believe it's the only thing out there that will give you a chance against the Prop 13. I think it's the only one that can do the job fairly and equitably. Whatever you pass, you pass the bill; it's signed by the Governor; it goes into effect. Then, as Mr. Anderson pointed out, you go a few years down the road. Then, suddenly, there comes a movement to break the contract—for example, to raise the cap to 8 or 12 or 15 percent or eliminate it completely—a bill gets introduced to make that happen. Question, would that bill require a simple majority for passage or would it require the two-thirds majority for passage?

Chairman Perkins:

Good question. We'll pose that to our Legal staff and make sure we communicate the answer to you personally.

Knight Allen:

I would appreciate that. I've been paying attention to all of these meetings, and it's something that has never been brought up, unless I missed it. I think it is a very important point in terms of what you want to do here regarding immediate relief, long-term relief, and constitutional relief. It is something that there should be a clear answer on. Thank you.

Chairman Perkins:

The general answer is, whenever we're raising a revenue or tax, it requires a two-thirds majority. I wish it was as simple as just saying that. The devil is in the details. We'll get you an answer.

Knight Allen:

Some of these proposals, you wouldn't be dealing with raising taxes, per se, directly. That's why I asked.

Chairman Perkins:

Thank you, Mr. Allen. There being no further business coming before the Committee, we are adjourned [3:18 p.m.].

RESPECTFULLY SUBMITTED:

James S. Cassimus
Committee Attaché

APPROVED BY:

Assemblyman Richard Perkins, Chairman

DATE: _____

EXHIBITS

Committee Name: Growth and Infrastructure

Date: March 1, 2005 **Time of Meeting:** 1:45 P.M.

Bill #	Exhibit ID	Witness	Dept.	Description
144	A			Agenda.
144	B	Mayor Mike Montandon		PowerPoint presentation and handout of it.
144	C	Senator John J. Lee		Prepared Statement.
144	D	Mr. Michael Alastuey		Color-chart handout.
144	E	Mr. Mark Vincent		Handout.