

**MINUTES OF THE
SENATE COMMITTEE ON TAXATION**

**Seventy-third Session
May 3, 2005**

The Senate Committee on Taxation was called to order by Chair Mike McGinness at 2 p.m. on Tuesday, May 3, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Mike McGinness, Chair
Senator Randolph J. Townsend
Senator Dean A. Rhoads
Senator Bob Coffin
Senator Terry Care
Senator John Lee

COMMITTEE MEMBERS ABSENT:

Senator Sandra J. Tiffany, Vice Chair (Excused)

GUEST LEGISLATORS PRESENT:

Assemblywoman Sheila Leslie, Assembly District No. 27

STAFF MEMBERS PRESENT:

Chris Janzen, Deputy Fiscal Analyst
Ardyss Johns, Committee Secretary
Tanya Morrison, Committee Secretary

OTHERS PRESENT:

Jon L. Sasser, Attorney, Washoe Legal Services; Nevada Legal Services; Clark
County Senior Law Project
Marshall Schultz, President, Residents Information Center, Incorporated

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Michael L. Dayton, Northern Nevada Apartment Association; Southern Nevada Multi Housing Association
Dino DiCianno, Deputy Executive Director, Department of Taxation
James F. Nadeau, Nevada Association of Realtors
Victoria Oldenberg, Senior Deputy Attorney General, Chief Tobacco Counsel, Office of the Attorney General
Michael Hering, Assistant Attorney General, Office of the Attorney General, State of Massachusetts; Counsel, Tobacco Project, National Association of Attorneys General
Alfredo Alonso, Reynolds American, Incorporated
Samuel P. McMullen, Philip Morris USA, Altria Group, Incorporated
John (Jack) E. Jeffrey, Philip Morris USA, Altria Group, Incorporated
Peter Krueger, Single Stick, USA Tobacco Company
Bill Young, Sheriff, Clark County
Stan Olsen, Executive Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department; Sheriffs' and Chiefs' Association
Karen Keller, Executive Director, Finance, Las Vegas Metropolitan Police Department
Michael D. Mayberry, Retired Police Chief, Police Department, City of Henderson
James White, Acting Chief, Police Department, City of Henderson
Mark S. Paresi, Chief, Police Protection and Detention, City of North Las Vegas
Joseph R. Szalay, Deputy Chief, Police Department, City of Mesquite
Dan Musgrove, Clark County
David Kallas, Detective, Las Vegas Metropolitan Police Department, City of Las Vegas; Executive Director, Las Vegas Police Protective Association; Las Vegas Metro Police Managers and Supervisors Association
Raymond McAllister, Professional Firefighters of Nevada
Danny L. Thompson, Nevada State American Federation of Labor and Congress of Industrial Organizations
Michael Mack, City Council, City of Las Vegas; Vice Chair, Regional Transportation Commission of Southern Nevada
Knight Allen

CHAIR MCGINNESS:

I am opening this meeting on Assembly Bill (A.B.) 404. I would like to recognize the members of the Honor Guard who are here for the Police Memorial Services. We will be at the ceremony tomorrow.

ASSEMBLY BILL 404: Removes exemption for certain landlords from provisions relating to landlords and tenants and exempts certain landlords from requirements for state business license. (BDR 10-646)

ASSEMBLYWOMAN SHEILA LESLIE (Assembly District No. 27):

I am here today on behalf of A.B. 404 which is a bill that has two components. One has been heard in the Legislature before and nearly passed last Session. We are bringing it back as an issue of fairness. It removes the small landlord exemption in order to provide tenants in these situations with the same protections as those who live in a rental complex where the landlord has more than four rentals.

Those of us with teenagers getting ready to move out on their own might be surprised to learn if their first apartment or duplex is owned by someone who has four or fewer units, they do not have the same protections as when renting from somebody who happens to own five, six, seven or more apartments.

These protections are basic habitability protections contained in *Nevada Revised Statute* (NRS) 118A.180. Jon Sasser is here to go over the legal differences and answer any of your technical questions. He has extensive experience with this part of the law. Marshall Schultz, on my left, operates a hotline for renters who need assistance. He has been keeping track of this issue for a number of years, and he is present to provide his expertise to your Committee.

The second part of the bill is something you have not heard before. I included it in response to a tongue lashing I got campaigning last year. The woman is elderly and has rented a duplex in my district. She lives in one of the duplexes and rents the other one out. She has done this for 30 years. There was a provision in the tax bill we passed last Session that annoyed her. She was told by her accountant she needed to get a business license from the State to rent out the other duplex. Somehow, that got into the law, and I do not think that was ever our intent to make somebody in her situation, who rents out half of her duplex so she can afford to live in the home she has lived in for many decades, to acquire a business license from the State. The cost of the business license is \$100, and it really was not the cost she was objecting to, but rather the inference the State thought she was running a business out of her home. I told her I agreed and would bring this issue back to the Legislature for your consideration. Section 2 of A.B. 404 repeals that provision in our tax law.

At this point, Mr. Chair, I do not need to take up more of your time. I will defer to the two experts I have brought with me to answer your questions.

CHAIR MCGINNESS:

I do not know if you remember that interim committee, but we recognized that fact. We heard from those people who have four or fewer rentals, and that is part of the omnibus bill that is somewhere in the Senate Committee on Finance.

MS. LESLIE:

We have not seen that bill on the Assembly side, but I wanted to keep my promise to my constituent, and it fit neatly into this bill.

JON L. SASSER, ATTORNEY (Washoe Legal Services; Nevada Legal Services; Clark County Senior Law Project):

I am here in support of A.B. 404. I will cover section 1 of the bill that eliminates the small landlord exemption in NRS chapter 118A, section 180, subsection 2, paragraph (c). I have given written testimony and a history of the section to the Committee ([Exhibit C](#)). I will hit the highlights of this exhibit. The legal services program I represent provides free legal assistance to low-income tenants who cannot afford an attorney, but are in the position to observe the impact of this exemption over the years.

Nevada passed its Residential Landlord Tenant Act in 1977, based on a model uniform residential landlord tenant act. That model act did not have any type of exemption for smaller landlords. In 1977, that bill went through several different reprints in several versions. What passed was an exemption of persons who owned less than seven dwelling units.

CHAIR MCGINNESS:

Mr. Sasser, you mentioned basic necessities such as a roof over your head and a floor. Was that an exaggeration? If I go to rent a place and there is no roof, is the landlord responsible?

MR. SASSER:

It is not an exaggeration to say inhabitability, which covers all the other landlords and includes the requirement you have a roof, floor and basic structural parts, does not apply if you meet this exception. The next questions would be whether or not another law would apply. It may or may not be

brought into play, but this makes it clear in the statutes, the basic structural requirements apply to all landlords, regardless of size.

MARSHALL SCHULTZ (President, Residents Information Center, Incorporated)
I have presented you with a document ([Exhibit D](#)). This past year during the heavy snowstorms, roofs caved in and were leaking, and in some small rental facilities where the landlord was exempt, he did not have to repair the roof. If the tenant was on a long-term lease, he was in a difficult situation.

Picking up on what Mr. Sasser said a moment ago, other laws may apply in other jurisdictions, but most of these tenants cannot afford an attorney. They have a difficult time dealing with these types of problems. My position is, as is Mr. Sasser's, this part of the statute is totally unfair, inequitable and should be eliminated.

MICHAEL L. DAYTON (Northern Nevada Apartment Association; Southern Nevada Multi Housing Association):
We want to be on record in support of A.B. 404.

DINO DICIANNO (Deputy Executive Director, Department of Taxation):
As you indicated, Mr. Chair, the Department of Taxation is neutral with respect to A.B. 404. With respect to section 2, we would ask the language mirror Senate Bill (S.B.) 392, the omnibus bill you mentioned earlier in which the language is similar to this bill.

[SENATE BILL 392](#): Makes various changes to state financial administration.
(BDR 32-683)

CHAIR MCGINNESS:
Are there substantial differences in that language?

MR. DICIANNO:
There are some minor differences within the first part of the language contained in section 2. However, I can provide section 11 of S.B. 392 in order to have that language mirror this section of the bill.

CHAIR MCGINNESS:
Is the language better in that bill?

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MR. DiCIANNO:
Yes, I believe it is.

CHAIR MCGINNESS:
Mr. Janzen, please make a note of those changes for the Committee.

JAMES F. NADEAU (Nevada Association of Realtors):
We also support this bill. We particularly support the language contained on page 3, lines 5 and 6. We support the rest of the bill, also.

CHAIR MCGINNESS:
We will close the hearing on A.B. 404 and open the hearing on Assembly Bill 436.

[ASSEMBLY BILL 436 \(1st Reprint\)](#): Makes various changes regarding manufacturers of tobacco products. (BDR 32-120)

VICTORIA OLDENBERG (Senior Deputy Attorney General, Chief Tobacco Counsel, Office of the Attorney General):

We are here today on A.B. 436, which provides for one amendment to the model statute enacted in 1999 under the Master Settlement Agreement governing provisions for nonparticipating manufacturers of that settlement agreement and other matters. With me today is Michael Hering, who is general counsel to the Tobacco Project of the National Association of Attorneys General. I will turn this over to him at this time. He has testified in several states on this legislation and is considered an expert in this area.

MICHAEL HERING (Assistant Attorney General, Office of the Attorney General, State of Massachusetts; Counsel, Tobacco Project, National Association of Attorneys General):

It is my job at the National Association of Attorneys General to assist the states in the enforcement, defense and administration of the master tobacco settlement or Master Settlement Agreement (MSA), as we refer to it.

As Ms. Oldenberg stated, this is a model bill that contains two model provisions passed in a number of other states. I believe this is identical to the bill that was passed out of the Senate Committee on Judiciary last Session. As I understand it, it simply failed to pass on the Senate Floor. We are looking at something that has already passed out of the Assembly and Senate Judiciary Committees. As

was mentioned, it is a model bill that has passed in 40 other states. In fact, Nevada is one of three states that has neither piece of the model legislation in place today. It is just Nevada, South Carolina and Missouri. We will see legislation passed in South Carolina in the near future. It has passed out of the House there and is waiting for Senate Floor action.

As I stated, there are two components to the model bill. The first component is what we refer to as "complimentary legislation." This component is meant to deal with scofflaw, nonparticipating manufacturers. The second component is referred to as the allocable share amendment. This piece is meant to address a loophole in the current escrow statute. Both components of the model legislation relate to the escrow statute, which was passed by this Legislature back in 1999 in conjunction with the MSA, which was entered into in December 1998.

Let me provide some brief background to put this into context. The MSA is a settlement with the major tobacco companies, which we call the original participating manufacturers (OPMs). There are 46 states and 6 territories that participate in this settlement. There are four states that do not participate, but they entered into similar agreements before the MSA. We call them the previous settled states. Their agreements are largely comparable to the MSA. The settlement, as I said, was with what we call the original participating manufacturers, which are the four largest companies. At the time we settled, these four companies comprised over 97 percent of the U.S. market. Some 45 subsequent participating tobacco manufacturers joined after the original settlement date.

We call companies outside the agreement that have not settled with the states nonparticipating manufacturers (NPM). The escrow statute requires NPMs to place about \$4 per carton into escrow as a security or bond. The reason for this is if at a later time the states come against these manufacturers, there is a body of money to recover against. There are two problems with the escrow statute. The first is with the scofflaw NPMs, the ones simply not paying, and the second problem is a loophole that allows the paying companies to get back the majority of the amount they put into escrow. These are companies from all over the world. We are talking about South America, India, the Philippines and China. We are not just talking about domestic companies. It is important they put the money up. These scofflaws are simply not putting the money up; they are able to do business here; they are able to sell for about a year and a half before an

attorney general (AG) is able to take action against them. The model bill would give the AGs tools to go after the scofflaw NPMs and stop the sales before they happen.

The second part is the allocable-share amendment. This amendment is meant to fix a loophole in the bill. Currently, some NPMs make the escrow deposits and because of this loophole, obtain a release of 80 percent or 90 percent of what they put on deposit in escrow. This bill would fix that loophole and the ability of the NPMs to do that.

SENATOR CARE:

I remember this bill in its other form two years ago. If I am not mistaken, this is the bill that actually passed the Senate at one point, but it did not pass the other House before midnight on the 120th day. Consequently, when we got into one of the special sessions, the bill came out again, and the Governor designated this as one of the matters we could consider in the special session, but the bill died. I will not go into the story, but it is quite a colorful story.

If these companies are nonparticipating, why not go ahead and sue them, as opposed to having them set up an escrow account?

MR. HERING:

These are new companies to the market, and when this suit was brought about originally in 1995, the companies sued by the states comprised approximately 97.5 percent of the U.S. market. If you flash forward to 2004, we are talking about a much different market. Approximately 8 percent of the market is NPMs, another 8 percent or so are the smaller companies (SPM) that have joined the MSA, and the OPMs that used to be 97 percent are the remainder. They are down to 84 percent. It is a very different market; these are largely new entrants, and there is no track record. The OPMs were sued based on claims to recover the states' Medicaid expenditures. We are talking about new companies that have come in and are now selling cigarettes. The requirement is that the money must sit in escrow for 25 years. If there is no suit or settlement in the intervening 25 years, the money goes back to the manufacturer. The reason for the 25 years, as I understand it, is that is thought to be the approximate gestation period of cancer or other disease. In other words, the money is put up in a sort of bond for the 25 years so if in the intervening time the state discovers there has been harm, and I expect there will be harm caused by the sale of these cigarettes to the citizens of Nevada, the State can then bring an

action. Right now, we are talking about companies that have not sold here before so there would not necessarily be a basis for bringing an action against them.

SENATOR CARE:

Do you know if this is the precise language we had in our bill two years ago?

MS. OLDENBERG:

I was not here two years ago, but according to other individuals who were here, this is the exact language in the bill from last Session.

SENATOR CARE:

The money goes into this escrow account and sits there for 25 years. Is that correct?

MR. HERING:

You are correct. The money sits in escrow for 25 years. The MSA exists in perpetuity. The companies that are part of the MSA pay the settling states in perpetuity.

SENATOR CARE:

At the end of 25 years, what happens to that money?

MR. HERING:

There are three possibilities. The first is the money could go back to the nonparticipating manufacturer if there is no intervening judgment or settlement. The second scenario is there could be a settlement. A lot of the nonparticipating manufacturers have decided they would like to limit their liability and settle with these settling states by joining the MSA. If they do join, the money placed into escrow is used to satisfy the amount they would owe the states under the settlement agreement. The third possibility is they do not join, the state decides to sue and obtains a judgment, and the money would be available to satisfy the judgment. It is, as I said, approximately the same as the amount paid under the settlement agreement each year, about \$4 per carton. It is up to about \$4.15 per carton for 2005. It is never more than what people pay under the settlement agreement, but the states believe that is at least a good measure of minimum amount of harm, and therefore the minimum amount of recovery they could expect to get if they were to bring an action against these companies.

SENATOR LEE:

I was told this could possibly equal \$2 million in the biennium. Is that amount correct?

MS. OLDENBERG:

I am just receiving, pursuant to the "moral statute" in chapter 370A of NRS, the escrow deposits for sales in 2004. That figure is not available at this time. I do not believe it will be that high because we do have the allocable share release. We are going to be required to notify certain NPMs that can establish they are entitled to that and allow them to release those funds. One of our largest nonparticipating manufacturers, right now, has applied for an allocable share release. I would hate to give you a bad figure, but I can get back to you when I compile all of my certificates of compliance. We will probably receive under \$1 million in escrow this year.

SENATOR LEE:

One of you made the statement that the money going into escrow for these accounts can come out almost as fast as it went in. Can you explain that to the Committee?

MR. HERING:

This is the loophole. The money that actually comes to the states only comes from the companies that are paying, and they are the members of the settlement. Nevada receives approximately \$39 million a year under this settlement. That is coming from the participating manufacturers, the OPMs and the SPMs. The NPMs do not pay anything, they merely make escrow deposits, and it remains their property. They get interest on it each year, and they get the entire amount back after 25 years. The problem is, the original statute provided for another condition for release. There are essentially three of them. The first is upon a judgment or settlement, which I discussed earlier. The second is the allocable share release.

The purpose of this release was to protect the NPMs. It was meant to protect them by ensuring they never had to deposit more than they would have to pay if they joined. In other words, the thought was the statute was not meant to be a punishment for not joining. We did not want to say if you do not join, you have to pay more. There is a provision that releases the difference if they can show they deposit more than if they joined. The problem was it was written in

a way that stated if you deposit more than the State would receive, you would get a release.

The Master Settlement Agreement is a national settlement. Nevada receives its share which is 0.6 percent of a national pot, so all of the participants in the national settlement agreement pay into a pot, based on how much is sold everywhere. It does not matter how much is sold in this State. In fact, a company could sell only in this State and Nevada would get 0.6 percent or they could sell nothing in this State and Nevada would still receive the 0.6 percent. Because there was a mismatch between the way the statute was drafted, which only dealt with sales in this State for the NPM versus what the State would receive if you took the extreme example of the NPM that sold just in this State, it would deposit for 100 percent of its sales, but it would receive a release back except for the 0.6 percent, in other words, a release of 99 percent.

The fix to the loophole says we are still going to have a release provision, but it is only if the NPM can show it would pay more under the MSA for the same sticks it sells in Nevada than it would have to deposit; in other words, if the \$4 it puts in per carton into escrow is greater than what it would have to pay for those same sticks under the MSA. The third is the money returned after the 25-year period.

SENATOR LEE:

Under the MSA, these companies admitted they were harming people with cigarettes. Is there nothing in place that states these other companies are doing the same thing? Can we tell them they cannot sell their products here in Nevada or is this just another lawsuit off to the side, and we will have to craft a whole new group of people to equal that? It seems to me the MSA is an important part of business now.

MR. HERING:

I agree with you wholeheartedly. The MSA was settlement of litigation, and it was certainly the view and policy of the states that brought the suit that the manufacturer rather than the state should bear the cost or at least a good portion of the cost of the healthcare cost imposed on the state by the sale of their products. Of course, NPM products are no less addictive and no less deadly than a participating manufacturer's products. The problem is this was

a settlement of litigation that contains components the state is unavailable to get through legislation.

Marketing and advertising restrictions under section 3 of the Settlement prevent billboards, advertising at transit stops, advertising to children and other forms of marketing and advertising. These include T-shirts, hats, pocket knives or anything emblazoned with the brand name. All of that is banned under the MSA, and that was obtained by settlement of litigation. You could not obtain that by legislation, but you can always tax these products. Therefore, the next best thing was to extend this policy of having the manufacturer bear the cost by saying we are going to require you to put up a security or escrow, and then, at a later time, we may come after them.

ALFREDO ALONSO (Reynolds American, Incorporated):

We are in support of the bill as we were last Session. This is important with respect to providing the AG's Office with the tools they need to protect the MSA and continue protecting the MSA and the Millennium Scholarship.

It essentially allows for an even playing field for all players in this marketplace and obviously adds those marketing and advertising restrictions I believe are important across-the-board. It is not the money going into the escrow; it is the money the State is losing in the sales of the cigarettes that actually go into the MSA. We believe that to be on the low side, \$1 million per year, and on the high side, \$2 million per year. Those were the numbers we had last Session, and I can get some more accurate numbers for you, if you desire.

SAMUEL P. McMULLEN (Philip Morris USA, Altria Group, Incorporated):

We support this bill and would like to see it pass in the form it is in. As you have heard before, we are one of the few states without this model legislation in place, right now. We would appreciate it if we could be uniform with the other states.

JOHN (JACK) E. JEFFREY (Philip Morris USA, Altria Group, Incorporated):

I do not really have anything to add. The Committee is fairly well familiar with the bill from last Session. It does create an uneven playing field, and that is one of the reasons we are here. Nonparticipating manufacturers are able to sell their cigarettes cheaper, it has affected the market, and we are after a level playing field along with the revenue the State is losing.

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PETER KRUEGER (Single Stick, USA Tobacco Company):

We are not one of the large manufacturers. We are a small company which is a participating manufacturer. After consultation with the AG's Office, we are in support of this bill.

CHAIR MCGINNESS:

We will close the hearing on A.B. 436. Would the Committee like to take an action on this bill?

SENATOR COFFIN MOVED TO DO PASS A.B. 436.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS TIFFANY AND TOWNSEND WERE ABSENT FOR THE VOTE.)

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CHAIR MCGINNESS:

We are opening the hearing on Assembly Bill 418.

ASSEMBLY BILL 418 (1st Reprint): Authorizes Board of County Commissioners of Clark County to increase sales tax to employ and equip additional police officers. (BDR S-413)

BILL YOUNG (Sheriff, Clark County):

You are going to hear from many other individuals today in support of this legislation. I appreciate the opportunity to testify from Las Vegas, as I was unable to make it to Carson City due to other obligations here.

I want to stress my main concern, which is we do not have enough police officers here in southern Nevada. We do not have enough officers to adequately handle the number of calls for service that we are asked to respond to. We can provide any evidence you would like to confirm this problem. We at the Las Vegas Metropolitan Police Department (Metro) alone get about two million calls a year. Our ratio of police officers to population is one of the lowest in the country for a city our size. I believe the latest U.S. Department of Justice rankings rated us at about 185 in major cities. That is nothing to be proud of as the fastest growing community in the United States.

We who respond to calls for help from citizens certainly feel the human impact faced daily by our community and our officers for those who are weekly, daily and even hourly becoming victims at the hands of criminals who prey on the citizens of our community. For instance, a citizen was gunned down while driving home from work. He was killed by two individuals who simply wanted to know the thrill of killing another human being. There is a neighborhood currently terrorized here in southern Nevada by a serial Peeping Tom we have not been able to catch yet. Those instances do not even include the tension of the police officer who makes a felony car stop alone against four or five suspects, who wonders if there is immediate backup on the way. It is not just a matter of more cops; it is a matter of having enough cops. I can tell you, from where I stand as a leader at the Metropolitan Police Department, and the largest law enforcement organization in Nevada, we do not have enough officers to do the job we are expected to do.

We need enough officers to be in the best position to prevent crime before it happens, to protect the public and to protect a child from a pedophile who is lurking waiting to murder her like what has been happening in Florida. God forbid it happen in our community. We need enough officers to respond to the thousands of violent calls we handle and enough time to save a life or prevent a life-changing injury. We need enough officers to make our streets and intersections safer for our friends and neighbors to drive on. The single biggest cry for help I hear about on a regular basis is we do not have enough traffic officers to keep our streets safe here in southern Nevada. If I had my way, I would have a police officer working every major intersection 24 hours a day, 7 days a week, because red-light running has become a way of life in southern Nevada. We need enough cops to make our families, neighborhoods and our community safer, and we also need to maintain our departments to the size that we do not lose any police officers because there was no backup. The citizens of Clark County need your support; we are asking for your support. I am available to answer any questions you may have concerning crime or this bill.

SENATOR COFFIN:

Sheriff Young, what is your political instinct on why the bill on the advisory vote had big support in our community and toward the end, the support evaporated and we barely got it passed? What is the story on what happened there?

SHERIFF YOUNG:

We passed it by about 3 percent, countywide. We had about a 6-percent win in the major metropolitan area, which I felt was pretty strong. However, in Mesquite, Boulder City and the other outlying areas, we lost in a big way. My general feeling is they do not feel the crime like we do in the major metropolitan area of Clark County.

I will tell you this much, I pushed hard for this, as many people did. Underlying the issue of taxes in this State is the concern that the money will be used for exactly what it is supposed to be used for. The Assembly, and I know the Senate, is also considering several things in the bill to ensure that in fact takes place. What people are saying to me is, we support you 100 percent and we know we need more police officers, but we do not want any money taken from another part of the budget and replacing these extra tax dollars. The other thing we need to be concerned about is that we will do what we say we will do with these police officers, and that is deploy them in such a fashion that the officers are not doing administrative jobs or we are not buying more equipment with this money. The public wants to know, in fact, that we are putting cops in our neighborhoods. When we alleviate those concerns, people who were somewhat skeptical will say, I wish I would have voted for that. The bottom line is, it is a win, and I will take it. It was a tough year to raise any type of tax, and most people in the political world told me I was absolutely crazy for trying to propose this in the first place. The message is clear; the cause is noble, and I do believe of the things we do in government, people are willing to support their public safety officers, both police and firefighters.

STAN OLSEN (Executive Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department; Sheriffs' and Chiefs' Association):

We are here seeking authority from the 2005 Legislature for the Clark County Commission to levy a tax. This is enabling legislation. This initiative will provide adequate revenue to enable southern Nevada police departments to hire police officers. Questions have been raised about the revenue from traffic citations. The funds raised from traffic citations are designated to cities, counties and the State. A lot of the revenue goes to support the court operations in the counties and court programs. None of it goes to law enforcement.

We all know southern Nevada is growing by leaps and bounds. If you look on the screen, we have a PowerPoint presentation for the Committee ([Exhibit E](#), original is on file at the Research Library.). These are photographs of just four of

the high-rise towers on the drawing boards or that have had ground broken for them in southern Nevada. We are tracking 75 high-rise towers at this point. We anticipate half will move forward within the next year. The other issue to keep in mind is every year more than the entire population of Carson City County moves into Clark County. Every single day, a population equal to the County of Washoe visits Las Vegas. Yet, as Sheriff Young said, we have one of the lowest ratios of police officers to population in the Nation.

Some have asked why limited jurisdiction agencies are not included in the ratio. The limited jurisdiction agencies, such as the Las Vegas City Marshals and Clark County Park Police or any agencies like those, have their own unique and critical responsibilities in the criminal justice system. If they were diverted to other duties, their current duties would suffer. It is important to know, if we did include all of those officers into the number of ratio of officers to population for Boulder City, Henderson, Las Vegas Metro, Mesquite and North Las Vegas, it would raise from a ratio, right now, of 1.7 officers per 1,000 population to 1.8 officers per 1,000 population. None of these numbers include our tourism numbers.

If you look on the next page of the presentation, please note that Boulder City has a ratio of 1.9; Henderson is 1.0; Las Vegas Metropolitan is at 1.67, which we rounded to 1.7; Mesquite is at 2.0; North Las Vegas is at 1.4. This is the officer-per-1,000-population ratio.

Why a sales tax? When Sheriff Young began looking at this issue, a number of issues were discussed. Property tax was one of them. It was discussed before the issue of the high increase in property taxes in southern Nevada started. It was decided, also, that property tax would cost the individual property owner more, and it would unfairly impact seniors. Tourists, who do use a part of the police services, would not be paying their share of the cost. Property tax alone would cost, on average, \$120 per year per homeowner and would hire 960 police officers for Metro Police only; no other police agency would be helped. Using a combination of property tax and sales tax places a double burden on property owners and, again, is not shared by tourists. When we began looking at the sales tax issue, we found it was divided fairly evenly between tourists, residents and businesses. It also allowed each of the entities to grow simultaneously, because sales tax cannot be administered on any level smaller than countywide. This allowed Henderson, North Las Vegas, Mesquite and Boulder City to grow if Metro were to grow. The advantage to this is we

can attack crime equally and simultaneously instead of one agency growing and moving the crime from one jurisdiction to another.

What does this cost? Looking at [Exhibit E](#), page 7 shows a 0.25-percent sales tax increase, which would begin July 1. We would move from 7.5 percent to 7.75 percent in Clark County. A second 0.25-cent raise, upon approval of the Legislature, would go into effect July 1, 2009, bringing Clark County from 7.75 percent to 8 percent. In a 10-year period, that would hire more than 2,000 police officers for Clark County. In the first 4 years, purchases in the amount of \$5,000 would increase an individual's sales tax an extra \$12.50. In the fifth year, if the Legislature approves the second increase, the sales taxes on the same \$5,000 would go to an extra \$25 per year.

To put this in perspective, if you buy a \$40,000 car, the additional tax would be approximately \$200. Sales tax also does not touch gasoline, food for home consumption, prescription medicines or prescription medical supplies. These are all important—especially to those on a fixed income.

By using a sales tax, we ensure residents, businesses and tourists, alike, share in the cost of law enforcement in keeping the community safe. Based on conversations with the Nevada Taxpayers Association, it is estimated tourists will pay about 30 percent of this tax; businesses and developers will pay approximately 30 percent. If you count in the businesses that supply certain supplies to the gaming industry, the business end will go up slightly more, and then residents will pay about 40 percent.

Who would get these additional officers? On page 9 of [Exhibit E](#) there is a breakdown, by city, over the next 10 years.

We approached all cities in southern Nevada and Clark County, and they passed two resolutions. The first was based on the fact they would not try to usurp the existing law enforcement budgets because of these extra dollars coming in, and the second resolution was all the entities agreed the money would be divided by entity based on population, as set forth by the State Demographer.

Support personnel within these police departments include administrative support, typists, dispatchers, 911 call takers, 311 call takers, scientists and crime scene analysts. None of these positions will be filled with this tax initiative. These will be funded through the existing and normal budget process.

Page 12 of [Exhibit E](#) gives you a breakdown of the crimes responded to throughout Clark County in 2004. The response times continue to increase, and citizens may have to wait hours for an officer to respond, or they may be forced to make a station report.

One example was a member of this Legislature whose house was burglarized, and he was told it would be a nine-hour response time. It had occurred sometime in the previous two days, so there was no suspect on the scene. If there was a suspect, they can find someone to respond right away, but if there is no suspect, it has to be prioritized.

The other number you will not see in this handout is in 2004, Las Vegas Metro alone responded to more than 20,000 domestic violence calls. All were time-consuming, and all were manpower-intensive. Calls are prioritized for response.

Page 13 of the handout shows the number of calls for service in the different cities. Narcotics use and trade are on the rise, which leads to other felony crimes to support that lifestyle. Officer safety, because there are not enough units to respond, is critical because of this. Response time, as I stated earlier, has been rising and will continue to rise.

If the Legislature passes [A.B. 418](#), we will begin to hire people with the funds which would start July 1, and we will see results as early as fall.

In conclusion, we believe sales tax is the most reasonable solution to solve the police officer power issues. Again, the costs would be shared by residents, businesses and tourists, together, and this allows the police departments to grow simultaneously, which will have the greatest impact on crime.

KAREN KELLER (Executive Director, Finance, Las Vegas Metropolitan Police Department):

I want just a few minutes to review the fiscal aspects of [A.B. 418](#). Almost two years ago, we began the process to establish a dedicated revenue source to fund sufficient additional officers to address our increasing population and crime rate. We considered various other funding alternatives, other than just the sales tax, including the combination of sales and property tax or property tax alone. Sales tax allowed us to achieve our objective and spread the burden over not just our residents and businesses, but the tourists as well. Additionally,

a countywide sales tax allowed us to address police staffing issues countywide, so we did not just chase criminal elements into other jurisdictions in our community. We limited the use of the sales tax proceeds to only pay for officers' salaries, benefits and the required equipment to ensure these funds went to the identified need, and that is what we stated in the ballot initiative.

We began working with all of the local jurisdictions and came to an agreement that the population of each jurisdiction would be the most appropriate basis for distributing the new sales tax revenues.

Page 1 of your handout breaks down the percentage of revenue on each entity, based on the July 2003 State Demographer's population numbers ([Exhibit G](#)), to give you an idea of the percentages that would go to each entity. Each entity has passed a resolution demonstrating its agreement to this distribution formula. Should the Legislature pass this bill, enabling the Clark County Commission to levy the tax, formal interlocal agreements stipulating the distribution methodology will be completed between all of the affected agencies.

Knowing that sales tax revenue can be an unstable income source, we took a conservative approach to projecting the revenue stream using an annual growth rate of 3 percent. Historically, sales tax revenue has grown at a higher rate, but we did not want to depend on the growth rate continuing. We assumed there would be some years where we would have surplus revenues and other years where there would be a deficit, with the good years carrying us through the leaner years to provide sufficient revenues through the long haul. We factored in an interest rate on the funds at 2 percent. We used a cost-per-officer of \$90,000, which includes salary, benefits, standard-issue equipment and one vehicle with the associated equipment, fuel and maintenance for every three officers. Page 2 of your handouts ([Exhibit G](#)) illustrates the estimated revenue countywide for each entity based on its population percentages at the 0.25-cent level. Page 3 has that same illustration at the 0.25-cent level. These are based on 2003 revenue levels, with the 3-percent growth rate factored in for all of the out years.

Based on our conservative revenue projections, we would need the 0.25-cent increase to be effective July 1 and an increase of 0.25-cents on July 1, 2009. Once the revenues actually begin, we may find we can wait longer than July 2009 for the additional tax to be imposed or that we might need a lesser increase. The amended language of the bill provides we must appear before the

Legislature to demonstrate the need before the second increment could be enacted.

Las Vegas Metropolitan Police Department plans, as do all the other government entities, to utilize a separate, special revenue fund for the sales tax revenue, so it is accounted for apart from our regular operating budget, and we can assure these funds are used only for the stated purpose of hiring and equipping additional officers.

Page 4 of [Exhibit G](#) gives a breakdown of the estimated number of officers by agency that will be funded by the More Cops Initiative. The actual number of officers hired each year will be commensurate with the revenue collected to support their salaries, benefits and equipment. A surplus is built into the first few years of the tax to reflect the limited number of officers each entity could successfully recruit, hire and train. For Metro, we estimated 150 to 200 officers per year would be the maximum number of new officers we would be able to hire and train in a given year.

SENATOR COFFIN:

We had to do this once about 20 years ago, but we had to increase police on the streets through Legislative action. Do you recall that, or was it before your time of service?

MR. OLSEN:

I recall it because I was an officer on the streets at the time. Yes, I do recall it.

SENATOR COFFIN:

Is that a continuing source of revenue, the sales tax that was passed on that?

MR. OLSEN:

Yes, that is a continuing source from property taxes. It came through before we had the massive spread in growth that is going on now. We lost the ability to keep up with the growth at that point.

SENATOR COFFIN:

Help refresh my memory about communities voting against this bill. Was Henderson one of them that did not support it?

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MR. OLSEN:

If you look at the city as a whole, we missed by 700 votes, but if you look at it by Senate Districts, they passed it. There was one Assembly District that did not pass the bill.

SENATOR COFFIN:

How about the unincorporated areas?

MR. OLSEN:

In the unincorporated areas, it passed at a level comparable to the overall, of about what the 52- to 48-percent vote came out to.

SENATOR COFFIN:

The City of Las Vegas pulled hard to pass this bill. Is that correct?

MR. OLSEN:

Yes, that is correct.

SENATOR COFFIN:

Tell me if I am wrong. Has Henderson defeated tax increases at the ballot before?

MR. OLSEN:

The City of Henderson had a property tax increase four years ago. Chief Mike Mayberry from the Henderson Police Department, who has recently retired, could probably answer that question better than me.

MICHAEL D. MAYBERRY (Retired Police Chief, Police Department, City of Henderson):

I have been retired for three weeks. In 2000, Henderson did try to pass a property tax increase. It failed by 433 votes. As you remember, that was the year we had the big residential election. Following that, we tried again in 2001 to pass another property tax increase, and it failed by a little wider margin. There was one time in the late 1980s when we did approve a property tax increase in Henderson.

SENATOR COFFIN:

The reason I am asking these questions is because I hate to force something on communities that have not supported the tax increases in the past. I am

frustrated to see where we really need the police and that the impact would be diluted by spreading them all over the county, as opposed to the areas that know the need and are willing to vote yes to pay the taxes.

MR. OLSEN:

When we looked at sales tax, we did not realize at that point we could not do that within a specific jurisdiction. We could only go minimum, countywide, which is why we are where we are today. Even though Henderson did vote this down, it is in one of the absolute worst conditions for officer-to-resident-population ratios of any of the jurisdictions. North Las Vegas is at 1.4; Henderson is at 1.0; Metro is at 1.7. Again, the national average is 2.5 officers per 1,000 people. We are not even trying to reach the 2.5.

SENATOR COFFIN:

Henderson could have made more efforts to fund its own police, and it has refused two times in the last four years. Now, they want us to bring more police in with money generated from all over. Why should they be so special? It is kind of like a free ride for them.

MR. OLSEN:

I do not see it as a free ride. I live in Henderson, and we have a significant number of gated communities. They do not realize there is so much crime out there because they are protected. It prevents a lot of traffic through their communities and foot traffic through their yards. There are those areas of Henderson that are not gated and are getting hit hard by crime. Now the gated communities are beginning to get hit hard with burglaries. In private areas within golf courses, the criminals will go through the golf courses and burglarize the areas around there. There is a tremendous amount of crime. The thing to remember is, when Joe Citizen does not see the crime, has not been a victim and his neighbor has not been victimized, he does not realize there is a tremendous amount of crime. It could even be down the street from his home, but neighbors are not talking to neighbors much anymore. People do not realize that three doors down, their neighbor got robbed of \$10,000 worth of valuables the night before. They do not speak to each other and do not hear about these crimes.

Crime is occurring in the neighborhoods, but residents do not realize how bad it has gotten because they do not get to know their neighbors like it used to be.

SHERIFF YOUNG:

In 1987, former Clark County Sheriff, the late John Moran, proposed a property tax increase that would hire 200 police officers, and it passed back then. They thought that would carry Las Vegas Metro through many, many years. Sheriff Moran retired, and Sheriff Jerry Keller took over. In 1995 he went before the voters to obtain 650 police officers, and that passed easily. That was funded by property tax, also.

MR. MAYBERRY:

This is an issue of significant importance to me. I understand Senator Coffin's concerns. I was in Sheriff Young's office the night this issue was voted on. We heard things in Clark County and Henderson from people not on the police force, who said if this is approved, we would spend the money elsewhere. We have put language in this bill to prevent that. I think that is what turned the tide at the end.

JAMES WHITE (Acting Chief, Police Department, City of Henderson):

I am here to speak in support of this tax initiative. I would like to thank Sheriff Young for having the foresight and initiative to put this bill forward. It would really be a godsend to us if it passed. Our manpower is the most anemic of those listed on the board, and what we really require in Henderson is a steady stream of revenue to staff our police department and plan to staff the police department. The "punctuated" stream of revenue we have had has not been sufficient and has resulted in a lot of problems in our organization.

Our population growth is outstripping our ability to man the streets. We cannot seem to get our hands on the funding to staff the department. Our current ratio is right at 1 officer per 1,000 residents, and if this initiative does not pass, we will fall below that in fiscal year 2006. Our problems, like Metro's problems, are similar. One of our problems is response times are increasing. The response times are now averaging 7 minutes for Priority 1 calls, which are the most serious calls. That is simply not acceptable. Increases in population density and increased traffic situations will continue to go up and leave our community in a more dangerous position. Whether or not the residents realize it when it comes time to vote on this, they will be in a more dangerous position. The frequency of the crimes we have, the complexity of the crimes, the magnitude of the crimes we are experiencing and the complexity of the investigations is monstrous.

Last week, we went on a call in the Seven Hills neighborhood about someone growing marijuana, and we wound up in the middle of a child pornography case involving computers and cyber crimes. It is extraordinarily difficult, and these investigations have to be comprehensive. The complexity of the average homicide investigation, from when I worked them back in the early 1990s, is tenfold the problem. The increase in technology, with shows like *Crime Scene Investigation* on television, causes the juries to expect in-depth investigations in every case they see in front of a judge. We are experiencing more frequent large-scale deployments. I know in April 2004, we had a 24-hour standoff where we had a gentleman fire 17 shots at the police. That required the collective tactical efforts of Las Vegas Metropolitan Police Department and our police department to bring that to a safe ending.

All I can say to you is this revenue would allow us to staff, plan and adequately protect the community, to do some crime prevention work and to connect better with the community through community policing.

MARK S. PARESI (Chief, Police Protection and Detention, City of North Las Vegas):

I would like to go back to Senator Coffin's comments. This is not an isolated issue to any city or area. This is a regional problem we face here. What happens in Henderson happens in North Las Vegas or Las Vegas. The criminals know no boundaries. This issue of 1.4 or 1.7 is epidemic in nature. The point we need to pick up is what Sheriff Young said earlier: The one thing we all fear as administrators is that our officers fear they will have no support out there. The one thing we do not want is for them to lack confidence, and we do not want the community to lack confidence in us.

Dallas, Texas, does an annual survey of service, citywide. One of the most important factors they check for success is what are the community's expectations for police response. One of the main indicators of the health of their community is they believe police will respond when they call. If this tax measure does not get approved, I will have to reduce service in North Las Vegas. My numbers were rounded up to 1.4, but are significantly lower than that. With the growth we are experiencing and the crime increase, if we do not receive this support, our communities will suffer greatly and the quality of life will deteriorate. It does not matter if you are in a gated community or if you live in a neighborhood like I do, it will deteriorate. It will start at intersections, and it will start with property crimes. We are all feeling the frustrations, the sheriff,

the other chiefs and myself, of our inability to respond in the manner we know our people are capable of responding. We have quality people on the street, but we lack sufficient resources, and we lack sufficient personnel to provide the type of quality service from the law enforcement community that the citizens of Clark County deserve. This tax measure is that critical for us, for those residents to live safely with a quality of life we all believe they should have.

SENATOR LEE:

I would go on record mentioning the nicest people in all of southern Nevada live in North Las Vegas, and basically, this is bleeding over into our community. I agree to that. We are the highest for calls in North Las Vegas, we are the second lowest with police officers in the Valley and third in additional officers in the future, yet we are growing so fast. Will we ever catch up? Will the City Council say they already gave you that 0.25-cent raise and that is all you will get? Is our justice infrastructure able to handle this? If we have you doing your job properly, we will then have to handle the problems municipally.

CHIEF PARES:

You are quite right. This additional tax will give us the boost we need, but the long-term burden is on each of our jurisdictions to adequately fund and support the police departments as communities demand, and we should not have to keep coming back to you asking for money to pay for services critical to our communities ([Exhibit F](#)). That is just me speaking. Please rephrase your second question for me.

SENATOR LEE:

Will we ever catch up in North Las Vegas based upon this growth and the growth we are expecting to continue? I am concerned if we are getting the right share of the mix in North Las Vegas.

CHIEF PARES:

The Sheriff has done a marvelous job in crafting this measure. We are getting our fair share there. Yes, we are growing at a fast rate. We are the second fastest-growing city in the United States, over 150,000 people, and will continue that growth. We have developed a strategic plan for 20 years of hiring and staffing for the North Las Vegas Police Department that the City Council adopted a year ago. We do have a plan in place to fall back on as this proceeds.

This tax measure is only a boost. Our governments have to step up to the plate.

SENATOR LEE:

Based upon that exponential growth, we are competing with Henderson, Mesquite and everywhere in the mix. When does the State Demographer decide this community has more residents and needs more police support than another community? Is there an equation in there, or will we stay on this standard mix?

CHIEF PARES:

It is based on the State Demographer's census data. Mr. Olsen can clarify this for you.

MR. OLSEN:

The way the bill is crafted, the numbers are done by the State Demographer annually, and those are the numbers that will be used. For example, growth in North Las Vegas is expected to be at 150,000 and Henderson at 172,000. If North Las Vegas was to have huge growth and everybody else was stagnant, the numbers would shift and the allocation would shift the following year.

JOSEPH R. SZALAY (Deputy Chief, Police Department, City of Mesquite):

On behalf of the City of Mesquite, I would like to say we support this, and I agree with Mr. Olsen. The residents who live in the gated communities are not seeing the problems out there. I would just like to reiterate, we support this bill.

CHAIR MCGINNESS:

I have a resolution from the City of Mesquite to enter into the record as well ([Exhibit H](#)).

DAN MUSGROVE (Clark County):

With regrets on behalf of our Board of County Commissioners, especially Chairman Rory Reid, who was at the hearing on the Assembly side, they are involved in a zoning meeting at the present time and could not be here. I will put on the record, Clark County supports this completely and fully. Assembly Bill 418 is actually a Clark County bill draft we requested on behalf of the Metropolitan Police Department, and it has our full support. To answer Senator Lee's question, Clark County, especially, has to look at the whole justice equation completely and fully because we handle the courts. This body is looking at adding more judges through Senate Finance. We have district attorneys and prosecutors, and we fund it fully in Metro. In fact, it always gets increases in the budget each year and this money will not supplant those

increases. This money is to be used strictly for the Metro manpower they went to the voters for, and we completely support that.

DAVID KALLAS (Detective, Las Vegas Metropolitan Police Department, City of Las Vegas; Executive Director, Las Vegas Police Protective Association; Las Vegas Metro Police Managers and Supervisors Association):

I am here representing the Las Vegas Police Protection Association, the Las Vegas Metro Police Managers and Supervisors Association and the North Las Vegas Police Officers Association. We are here in support of A.B. 418. From the get-go, when Sheriff Young began thinking of a way to have additional funding so we could put the amount of police officers we need on the street, our organization bought into that idea and supported it. I know a lot of people have talked to you about statistics, and I certainly want to thank the Sheriff and the other chiefs and sheriffs, Mr. Olsen and his staff, for providing us with that information. From a policeman's perspective, the reality is, we do not really need to know the statistics because all we have to do is show up at a substation on a Friday or Saturday afternoon on swing shift and see there are not nearly enough police officers sitting in chairs getting ready to go out and do the job the public expects. There are certainly not enough police officers in those chairs to provide themselves with the safety they deserve when they decided to take this job. I find it somewhat ironic, in the back of the room today we have several officers in uniform from different agencies. They are here for Police Memorial Week; the ceremony is tomorrow at 1 p.m. In my 26-year career, I have buried more people than I would like, and I certainly do not want to see that happen again. I realize there are some concerns about the fact that this is a tax issue.

The bottom line is three things occurred in the course of this ballot campaign. First of all, the voters in Clark County approved this. Secondly, this is enabling legislation that some people who have already been up here talked about and it is not a burden. The Clark County Commission already said publicly it is willing to support the sales tax increase because the commissioners know we have the need. Last, but not least, we know there is a need. Those of us who have worked the streets and continue to work the streets realize we cannot do the job the public expects us to do if we do not have the type support and manpower needed to do it. Regardless of all the statistics, the reality is the need is there.

RAYMOND McALLISTER (Professional Firefighters of Nevada):

We support this bill for many reasons. I have a little story, if you will indulge me a moment. We got called for a fire in a building not too long ago, and mine was the first-arriving engine company. There was no smoke showing; we walked up to the front of the building, and there was a woman and two children standing at the front door. I walked up into the entryway and looked inside. The woman was talking to me telling me to do something. Her husband was sitting on the floor maybe 8 feet away in his underwear with a .357 magnum firearm in his lap looking at me. At that time, I really needed a police officer. After a brief moment, I grabbed the woman and children and pulled them back. I asked her why she called the fire department; we do not do this kind of call. She said she knew if she called the police it would take forever for them to get here, and "so, I called the fire department because I knew you were in the neighborhood."

There is a need. We routinely go out on auto accidents every day, and we routinely have to wait an hour or an hour and a half for motor officers to respond to these calls because there just are not enough of them. They are backed up with calls. More police officers would certainly help free up the fire department to go and do our jobs also; so with that in mind, we support A.B. 418.

DANNY L. THOMPSON (Nevada State American Federation of Labor and Congress of Industrial Organizations):

Each year, we do two conventions. We do a regular constitutional convention where we set all our internal policies, and then we do a political convention where we decide the issues and candidates that we are going to support in the political process.

This last year, through our affiliate, and I should say for the record we represent the Affiliated Police Unions, the Police Protective Association and the Nevada Conference of Police and Sheriffs, they brought in Sheriff Bill Young, who made a presentation to that convention. Every union in the State of Nevada is represented there, approximately 120 different organizations. After Sheriff Young's presentation, there was a unanimous vote to support the increase in the sales tax for more police officers. I understand the outcome of elections all too well. I do this for a living. A 3-percent win is a good win. I can tell you in 1998, Senator Harry Reid won by a couple hundred votes, and he has gone on to become one of the most powerful people in the world. A 3-percent win is a significant win in the political world. I would say the people have spoken, and

certainly my organization, on behalf of the 165,000 members I represent, has taken a unanimous position in support of A.B. 418.

MICHAEL MACK (City Council, City of Las Vegas; Vice Chair, Regional Transportation Commission of Southern Nevada):

I can tell you, as a representative of one of the fastest-growing wards in the fastest-growing city in the nation, I am hearing daily of the need for more police officers on the street. I have been fortunate for the last four and half years to represent this great area and the fast-growing city. If we had an election today, I think you would see a great change. The property crimes we are seeing out in Ward 6 in the City of Las Vegas, the traffic problems and the lack of traffic cops out in my area are killing our phone lines. I get e-mails and phone calls that are just astounding. I have been supportive of this initiative. I know it is enabling action you will be putting forward. On behalf of our city council and the City of Las Vegas, we are supportive of A.B. 418.

CHAIR MCGINNESS:

Councilman, we appreciate your testimony. Is there anyone else who wishes to testify and has something new to add?

SHERIFF YOUNG:

The needs have been talked about. In 2002, the crime rate in Clark County went up 12 percent over 2001. We strongly felt it was going to impact my first year as Sheriff, and we made a lot of moves to make our operations efficient; we placed officers in places we felt would prevent crime before it occurred. We did our level best. We took administrators out of administrative jobs and put them on the streets. In 2003, the crime rate went up another 13 percent for a total of 25 percent more crime at the end of 2003 than we had at the end of 2001. I can tell you, cops do make a difference. The whole goal of this thing is they can prevent crime before it occurs. That is what we are not doing adequately, right now. Finally, the last point I would like to make is sales tax is tax deductible on federal tax returns. We are getting a break on this. I did my taxes recently, and it made a tremendous difference seeing that wonderful tax-deductible portion for our sales tax. That even further discounts this. The public is getting a lot of bang for their buck with this measure, and I strongly urge your support of this badly needed bill, A.B. 418. Thank you for your attention and support of law enforcement.

CHAIR MCGINNESS:

Sheriff Young, thank you for your presentation.

KNIGHT ALLEN:

I am in opposition to A.B. 418, but I do not oppose putting more police officers on the street. I do oppose the method for doing so proposed in this bill. First, any experienced and knowledgeable Legislator knows that earmarking revenues is bad public policy. I know each of you can give me lots of examples of earmarked revenue in the General Fund Budget. My response to each example would be the same, it is bad public policy. Each example represents a lessening of your legislative authority, a degrading of your office and this legislative body. This bill represents the same lessening of authority at the local government level. It is a mistake, and it does not matter how many well-respected local government officials support it; it is still a mistake. Look around you. You can see how earmarking revenues has put many legislative bodies into a position in which they do not control even half of their General Fund budgets. It is just bad policy that does serious structural damage to representative government.

Secondly, while earmarking revenue is bad public policy, giving any government bureaucracy its own private tax is even worse policy. Again, I know you can give me examples where this has been done. We have an example right here in Clark County of bureaucracy that, I would respectfully remind you, got its own private sales tax using the exact same formula pushed at you today. That bureaucracy is the Southern Nevada Water Authority.

I know Sheriff Young and the other high profile and well-respected supporters of this bill can come to you and say,

Wait a minute, Nevada has just been ranked the No. 1 prime State in the Nation, and that rating has its roots right here in Clark County. We need more police officers on the street, and we need them out there yesterday. Do not talk to us about government principles and ideals. That is a luxury we do not have time for.

My response to their arguments is they just do not wash. They sound good, but they do not wash. They chose this mechanism, and the mechanism is no good. It needs to be rejected. Please understand, I am not questioning the integrity or good intentions of the supporters of this bill. I am questioning their judgment

regarding the mechanism. They should have known better. Vote of the people or no vote of the people, they should have known better. You are not going to create a safer society by dismantling the system of checks and balances so essential to our governing process one bad decision at a time. Whether they want to or not, whether they like it or not, the county commission and the city councils must retain full control of the financing of the police departments here in Clark County. It is absolutely necessary and cannot be compromised for the sake of representative government. For the sake of the system, I ask you to reject A.B. 418.

SENATOR LEE:

I know we are short on time, but I need to say this. We have a huge transportation issue in southern Nevada, and I consider the Nevada Highway Patrol (NHP) to be deeply involved in what we are doing. I do not like NHP left out of this component, and I am not sure how we could add them, I wish we could address what is happening on the highways.

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CHAIR MCGINNESS:

We are going to close the hearing on A.B. 418. This meeting is adjourned at 3:40 p.m.

RESPECTFULLY SUBMITTED:

Tanya Morrison,
Committee Secretary

APPROVED BY:

Senator Mike McGinness, Chair

DATE: _____