

**MINUTES OF THE
SENATE COMMITTEE ON TAXATION**

**Seventy-third Session
May 24, 2005**

The Senate Committee on Taxation was called to order by Chair Mike McGinness at 2:38 p.m. on Tuesday, May 24, 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 Sandra J. Tiffany, Vice Chair
Senator Randolph J. Townsend
Senator Dean A. Rhoads
Senator Bob Coffin
Senator Terry Care
Senator John Lee

STAFF MEMBERS PRESENT:

Brenda J. Erdoes, Legislative Counsel
Chris Janzen, Deputy Fiscal Analyst
Ardyss Johns, Committee Secretary
Tanya Morrison, Committee Secretary

OTHERS PRESENT:

Dino DiCianno, Deputy Executive Director, Department of Taxation
Mary Lau, Retail Association of Nevada
Raymond Bacon, Nevada Manufacturers Association
Carole Vilardo, Nevada Taxpayers Association
Christina Dugan, Las Vegas Chamber of Commerce
Michael Pennington, Reno-Sparks Chamber of Commerce
Steve Bradhurst, Director, Department of Water Resources, Washoe County
John E. Sherman, Washoe County

Senate Committee on Taxation
May 24, 2005
Page 2

Paul Urban, Water Resources Program Manager of Flood Control, Department of
Water Resources, Washoe County

CHAIR MCGINNESS:

We will call this meeting of Senate Taxation to order and open the hearing with
Senate Bill (S.B.) 515.

SENATE BILL 515: Revises various provisions governing sales and use taxes for
clarification and consistency and to carry out Streamlined Sales and Use
Tax Agreement. (BDR 32-1342)

CHAIR MCGINNESS:

Brenda J. Erdoes, our Legislative Counsel, will walk us through the bill.

BRENDA J. ERDOES (Legislative Counsel):

The Legal Division of the Legislative Council Bureau asked for this bill because
the Legislature adopted the multistate Streamlined Sales and Use Tax
Agreement. In the spring, it became apparent some changes were made to that
agreement, and if we wanted to continue to stay in compliance, changes
needed to be made to our law. We are bringing this forward as an option to
you. We are not urging you to pass the bill, but we are putting choices forward
to see if you want to stay in the Streamlined Sales and Use Tax Agreement.

Sections 2 through 21 provide for the construction of certain terms used in the
administration of sales and use taxes in this State in the uniform manner
required by the Streamlined Sales and Use Tax Agreement. Basically, the
uniform agreement requires if you use these terms, this is the manner in which
they have to be defined. Section 22 sets forth certain provisions to assist in the
protection of confidentiality and privacy as required by the Streamlined Sales
and Use Tax Agreement. The agreement requires each legislature that is a part
of this organization to adopt the same protections for confidentiality.

Section 23 provides for the allocation of the taxable and nontaxable portions of
the delivery charges imposed by a seller for a shipment that includes property
not subject to sales or use taxes, as required by the Streamlined Sales and Use
Tax Agreement. Most of these are meant to provide uniformity that will
facilitate the collection of taxes by these Internet companies.

Section 24 establishes certain prerequisites for and presumptions affecting an action by a customer to obtain a refund from a seller of any sales or use taxes erroneously or illegally collected by the seller, as required by the Streamlined Sales and Use Tax Agreement.

Section 25 amends *Nevada Revised Statute* (NRS) 360B.010 to include sections 2 through 24 of S.B. 515 in the Simplified Sales and Use Tax Administration Act.

Section 26 amends NRS 360B.200 to require the Department of Taxation to adopt regulations to carry out certain uniform rules required by the Streamlined Sales and Use Tax Agreement for the submission of tax returns and the remittance of taxes by sellers who register under the Agreement. Section 27 amends NRS 360B.280 to allow a purchaser of direct mail to provide the seller with a permit authorizing the purchaser to pay the sales and use taxes due on the sale directly to the appropriate taxing jurisdictions. The purchaser is not required to provide any other information to the seller in accordance with the requirements of the Streamlined Sales and Use Tax Agreement.

Section 28 conforms NRS 360B.290 to the provisions of section 18 of S.B. 515. This provides the exclusion of certain amounts from the taxable amount of the sales price of property, if those amounts are stated separately on the applicable sales invoice in accordance with the requirements of the Streamlined Sales and Use Tax Agreement.

Sections 29 and 30 contain technical amendments to NRS 372.355 and NRS 372.690 to provide clarity and uniformity with the corresponding provisions of NRS 374. Sections 31 through 38 contain technical amendments to various provisions of NRS 374 to provide clarity and uniformity with the corresponding provisions of NRS 372.

Sections 39, 41 and 42 change the effective date of the statutory provisions required for the administration of the Streamlined Sales and Use Tax Agreement from January 1, 2006 to June 15, 2005. Section 40 amends a transitory section in conformity with the change in that effective date. Section 43 contains the effective date of the provisions of S.B. 515.

Senate Committee on Taxation
May 24, 2005
Page 4

SENATOR CARE:

Congressional prohibition aside, does this bill implicate sales on the Internet?

MS. ERDOES:

The whole reason for adopting the Streamlined Sales and Use Tax Agreement is to facilitate sales on the Internet. The idea is, if you participate in this multistate effort, when Congress changes the law and allows collection of taxes on Internet sales, the participating states would be in a position to collect taxes on those sales.

SENATOR CARE:

Does it have an immediate impact?

MS. ERDOES:

No, it does not, nor does it specifically provide for the collection of taxes on those Internet sales.

DINO DICIANNO (Deputy Executive Director, Department of Taxation):

I am speaking today, not in my official capacity, but as the voting member of the State of Nevada with respect to the Streamlined Sales and Use Tax Agreement. You have been given some material regarding the Streamlined Sales and Use Tax Agreement ([Exhibit C](#)). I would like to express my opinion on the passage of this bill. First of all, the industry has put some limitations on the states with respect to the Agreement. This process has taken over five years. Industry now has said it is time to step up to the plate. I urge its passage. If you pass it, Nevada will then petition before July 1 of this year as a governing board member to that group. The other important thing is on May 13, the National Conference of State Legislatures agreed to allow Indian tribes to become a part of this Agreement, which is significant. The last time I spoke to you in 2003 with respect to the Agreement, New York and California were not participating members; they now are participating members. This process will go forward and that governing board will try to petition Congress, before the end of the year, to overturn the Supreme Court decision on *Quill Corp. v. Heitkamp*, 504 U.S. 298 (1992), to allow the states to tax Internet sales. That is the purpose of the Streamlined Sales and Use Tax Agreement. Congress put some limitations on the states to simplify the sales tax processes before they would even consider this. There would have to be uniformity across the United States with respect to how things would be taxed, what would be considered taxable and how those rates would apply.

[Exhibit C](#), page 2 has an executive summary of the Streamlined Sales and Use Tax Agreement. Another executive summary appears on page 8, as requested by Senator Raggio during the 2003 Session, in S.B. No. 314 of the 72nd Session, that indicates the amount and level of e-commerce currently occurring in the State of Nevada. Based upon that study, it is anticipated Congress would allow the states to tax Internet sales. Nevada's share would be anywhere between \$50 million and \$100 million each fiscal year in sales tax.

Finally, the Department was requested to do a fiscal note. Because of the explanation given by Ms. Erdoes, I concur there is no fiscal impact with respect to sales and use tax collections right now. However, the anticipated revenue associated with that collection would be between \$50 million and \$100 million each fiscal year. If S.B. 515 does pass, it is my intent to petition the governing board for Nevada's membership. I would rather see Nevada sit on a governing board making its rules than having to follow some other state's rules.

SENATOR RHOADS:

How significant is it that the Indian tribes are joining? Did they join all over the nation or just a tribe here and a tribe there?

MR. DiCIANNO:

It is nationwide with the national tribal governments becoming a part of this. With respect to the Agreement, they see the momentum has moved that much further and they believe they should be allowed to share in the process.

SENATOR TIFFANY:

If we pass this bill and you are on the governing board, I am curious about the section pertaining to the Internet. A million tiny eBay, Inc. sellers are around the United States, and most are mom-and-pop vendors. As an eBay seller myself, I can currently sell to any state in the Union. My concern is each state has numerous counties with different tax scales. How are we going to know the correct tax for the corresponding county? Also, is there a certain amount that would be exempt for the small seller? I do not have the administration nor do I have the net profit to do that. We cannot afford to do this as small business owners or retired people.

MR. DiCIANNO:

The states have taken that into consideration already. Currently, there is a Request for Proposal for a nationwide, certified service provider. This would

require all states to provide what is referred to as a matrix. The matrix would contain the tax rates of all the different taxing jurisdictions by zip code plus four to that provider. The individual on eBay, to which you are referring, would only have to file one return.

SENATOR TIFFANY:
How do we know the taxable value?

MR. DiCIANNO:
Part of the requirements for the centralized service provider is to provide that information to those individuals. That is part of the reporting process.

SENATOR TIFFANY:
Yes, but, let us say they provide it for me. It has to be some software program that I implement into my eBay calculation or matrix, because that is probably what would happen. It would be like the United States Postal Service where you go online, put in a zip code and it tells you the amount it would cost to ship a package or envelope. Would it be a service on the Internet which I would have to pay for monthly, plus the tax I collect?

MR. DiCIANNO:
The states will pick up the tab with respect to the centralized service provider, just as businesses now are afforded a collection allowance when they collect and pay the tax. The retailer or the individual you refer to would not pay that fee. Governing states within the agreement would pay the fee.

SENATOR TIFFANY:
The software built into the Internet system would have a prompt where you would type in your zip code and the amount of tax would be entered automatically and given to me through PayPal. PayPal takes 3 percent out of that, but I have to do the tax amount now plus whatever else comes in. Now I have to write a check to this centralized service, right? Out of every sale, some way I will know the tax I have to pay a fee on and write a check to them. It seems all I will net each month may only be \$700, and I have to do all that paperwork. That is the point I am trying to make. It sounds like that is the process.

Senate Committee on Taxation
May 24, 2005
Page 7

MR. DiCIANNO:

There is no question that is a legitimate concern.

SENATOR TIFFANY:

On eBay, you are going to pay PayPal, and PayPal takes 3 percent of everything, just like a credit card. Assuming we pass this, I am saying be aware of the big-little goose you are going to kill if you do something like this.

MR. DiCIANNO:

I have taken note of your concerns.

MARY LAU (Retail Association of Nevada):

This is probably the fourth time during a Legislative Session I have testified in favor of the Streamlined Sales and Use Tax Agreement. An ongoing process, it will not tax user access on the Internet, only the sales; it has nothing to do with the engine itself in the Internet. Without the Streamlined Sales and Use Tax coming into effect, as Mr. DiCianno said, it is not only \$50 million to \$100 million the State will lose. It also puts brick-and-mortar retailers at risk because they are the ones paying and collecting all the taxes. If this bill passes and goes into effect, it will allow the states to collect the money formerly going elsewhere and allow the *Quill Corp. v. Heitkamp* decision to be reversed. We are much in favor of this and urge the support of it.

RAYMOND BACON (Nevada Manufacturers Association):

As most of you are aware, many items the manufacturers consume in their processes are tax exempt because we are just part of the process. Part of this entire process is forcing the states to set up that matrix and some consistency in their sales tax law. We believe the savings for corporations that are buying commodities from multiple states result in a huge savings in compliance costs for us. This will actually reduce our compliance costs substantially. We have been deeply involved in this process. The reality of the situation is a major step and a huge plus for Nevada to be on the governing board.

CAROLE VILARDO (Nevada Taxpayers Association):

As an association, we have been supporting this legislation since it was known as the main street legislation. Legislators here when it was main street legislation recall it only dealt with catalog sales, because the Internet was not used to the extent it is today. Former Senator Charles W. Joerg put in a provision for voluntary compliance based on economic nexus, and those of

you who have been on the tax committee remember the bill. We have had some voluntary compliance. Mr. Bacon and Ms. Lau have talked about the advantage of Streamlined Sales and Use Tax. For the first time, you are going to have a consistent set of definitions on an item. States do not have to tax the item, but where states do tax the item, the definition will be consistent. I understand your concerns, but I have also gotten extremely comfortable at this point with a lot of work done by the business community in the effort to create a less intrusive environment. One of those things would be a change in order procedures. They would be more streamlined and more efficient, but it may have some bad impacts on smaller businesses. I know of no tax that does not.

I will end with saying the bank tax was a perfect example of unintended consequences; you cannot create a tax that does not have unintended consequences. What you try to do is minimize the consequences that do not benefit a particular segment. Those of us who have testified have taken numerous conference calls during this Session with the individual who is a business representative out of Chicago. Mr. DiCianno has been working with this individual to try to address some of the issues that have come before us and make sure we are in compliance. That compliance means we will ultimately have for the greatest majority—not 100 percent, but the greatest majority of people who have to comply—the best system possible given you are dealing with a tax, and there is no perfect tax system.

CHRISTINA DUGAN (Las Vegas Chamber of Commerce):

We are also here in support of S.B. 515 and echo some of the comments already made. I also thank Senator Tiffany for her comments as they deal with small businesses, and certainly that is important to the Las Vegas Chamber of Commerce as a vast majority of our members is small businesses. The numbers operating over the Internet, in terms of sales, is not something I have with me today. I can certainly try to ascertain what that is from our database. Going back to the point Ms. Vilardo was making, as well as some of Mr. DiCianno's points, it is important Nevada participate in the application of these laws to ensure we have a voice in the Streamlined Sales and Use Tax situation as we move forward. This is certainly something the Las Vegas Chamber of Commerce supports. Ms. Vilardo did wisely point out that no tax is a perfect tax, but we would like to do everything we can to make the compliance burden as small as possible for smaller retailers operating over the Internet or doing catalog sales.

MICHAEL PENNINGTON (Reno-Sparks Chamber of Commerce):

Much has been said today, and I will not repeat any of it. We have been on the record for a few sessions now supporting the concept of the Streamlined Sales and Use Tax. We wanted to take the opportunity to come before you and express that support once more.

SENATOR COFFIN:

I am sorry I had to miss the first ten minutes of the meeting. If concerns were expressed by anybody, including members of the Committee, I would like to hear them again before I vote. I have been a buyer and a seller on the Internet since 1992. I have always felt we need to do the conformance and get in with all the states. It is not going to change sales because people who sell on the Internet or with paper catalogs have unique items, and they meet a particular need. They just do not have the space to stock these items. I see everybody coexisting and nothing really changing because of this kind of a move. I am in favor of it.

SENATOR TIFFANY:

I am worried about a lot of mom-and-pop operations that do not necessarily sell unique items. They could do as I do by going down to Primm, buying something for \$9 and trying to sell it for \$14.99. There is not a great deal of profit built into that. At this point, the online application providers would have to be involved with this streamlined process to have that software built into their applications, so if you type in a zip code, it would pop up with the tax.

I am concerned about two things. One, when you sell over the Internet, it is usually out of state so you are submitting one check to this entity. If you get it on PayPal, that is a 3-percent hit. Bricks and mortar, you come up and hand somebody cash, and I do not believe catalog sales use PayPal. They use credit cards, but again, there is a 3-percent fee or some other percentage on credit cards. Two, mom and pop and individuals with a low margin will have to do the administration for paying the tax. There is a 3-percent hit, yet they are going to have to remit 100 percent. There are a billion sellers on eBay now. It is huge, across the world.

CHAIR MCGINNESS:

Mr. DiCianno also indicated that Nevada's share of this may be from \$50 million to \$100 million per year.

Senate Committee on Taxation
May 24, 2005
Page 10

SENATOR RHOADS MOVED TO DO PASS S.B. 515.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR MCGINNESS:

We will close the hearing on S.B. 515. Our other project today is to hear an update on the Truckee River Flood Management Project.

STEVE BRADHURST (Director, Department of Water Resources, Washoe County):
I have provided you with my written testimony from which I will read [\(Exhibit D\)](#).

CHAIR MCGINNESS:

That gives us an overview of the project for the members of the Committee who have not been here before. We have had Washoe County come back the last two Sessions to give us an update on this.

SENATOR TOWNSEND:

The yearly updates have been helpful and appreciated, but the concern is in your prepared remarks. You talk about Congressional approval being necessary. First of all, what is the estimated cost of the project?

MR. BRADHURST:

The estimated cost of the project is \$350 million.

SENATOR TOWNSEND:

What percentage of that would be federal money?

MR. BRADHURST:

That would be 50 percent.

SENATOR TOWNSEND:

How much money have we collected so far?

Senate Committee on Taxation
May 24, 2005
Page 11

MR. BRADHURST:
Currently, we have \$36 million.

SENATOR TOWNSEND:
Is that a result of the 8 cents collected since we allowed you to do that in 1997?

MR. BRADHURST:
The funds were also used for two other public safety projects, but on average, we are generating a little over \$8 million per year.

SENATOR TOWNSEND:
With regard to the acquisition of land to help with this project, are you doing that out of cash or bonding and using the revenue to pay for the bonds?

MR. BRADHURST:
We are paying for it out of the cash we have. We also have bonded, and I have to ask the finance manager to tell you the distinction between the cash collected and what we have bonded.

JOHN E. SHERMAN (Washoe County):
As Mr. Bradhurst mentioned, there were three projects funded out of the proceeds of this tax. There were the Regional Public Safety Training Center and the Emergency Operations Center Dispatch. Both of those were joint projects operated with the two cities. Finally, there was the Truckee River Flood Management Project. We initially sold bonds in 1998 that partially funded all of those projects. We also issued some bonds in 2001. That was the major funding source of the Public Safety Training Center. As to the land acquisition, most of the initial acquisition was from bonds issued in 1998. Those proceeds have already been spent. Any additional future land acquisition will be cash. As Mr. Bradhurst mentioned, we have in excess of \$30 million in accumulated cash. My position is it is cheaper to buy anything with cash than with borrowed funds because you have to pay for the bond issuance costs and, of course, interest.

SENATOR TOWNSEND:
We could debate that all day long. I worry about the future of that decision. I do not necessarily disagree since the 8 cents is going to continue. When the other two projects are finished, will the entire 8 cents go toward the flood project?

MR. SHERMAN:

The requirement of the law basically said we had to get approval of the projects through the Truckee Meadows Regional Planning Commission. There was a whole list of projects discussed during the 1997 Legislature. We submitted that list to the Regional Planning Commission, and they handed us back a priority list. The priority list was the three projects we are talking about now. The last action on the Board of Commissioners was the balance of the proceeds of the 8-cent sales tax will go to the flood control project.

SENATOR TOWNSEND:

It worries me if you spend the cash, you have to wait every year for the \$8 million. If you bank the cash and use it to acquire land, you still get approximately \$8 million per year and you could bond for futures if needed. You are talking about a lot of money here with \$350 million. If our responsibility is \$175 million, you are going to acquire that at an 8-cent tax. That will have to be bonded.

MR. SHERMAN:

First, just to get on the record, the cost estimate previously given has an estimate for land. I believe the land is total local share. Our last look at that was about \$50 million. With local share, we have to buy the land anyway; to buy it now as opposed to later would be cost effective as real estate prices climb. We have been working with our financial advisors and bond counsels to make sure we can maximize the yield, if you will, out of the 8-cent sales tax between what and when we should spend cash, and then what and when we should bond. We are working on the timing of those things.

SENATOR TOWNSEND:

Did the Regional Planning Agency of the Washoe County Commission determine to prioritize at the level you talked about for the three projects?

MR. SHERMAN:

They gave us a list of prioritized projects. Our initial analysis back in 1998 indicated we could only afford the top three. I do not recall where the flood control project was in that top three.

SENATOR TOWNSEND:

Allow me to tell you the purpose of my question. Mr. Bradhurst stated we have one of these issues every ten years. It is 2 years away, and that was

\$600 million back then. It would probably be \$800 million or \$900 million if the same things happen. We will not break ground until late that year. What is your contingency if the ten years is actually accurate? I know, having taken one of your wonderful classes in graduate school, this is a best-guessed estimate. What do we do with the project then? I am not a Chicken Little guy. If you have to put it off, I want to know you have a contingency plan because we did have a flood during the time we wanted to break ground.

MR. BRADHURST:

What we have done locally has really been helpful in terms of our early flood warning system. We are in better shape today than we were back in 1997 by knowing when the conditions are there, and when the water is coming, not only down the Truckee River but also from its tributaries. We can give advanced warning to the folks in the Truckee Meadows, and they can help preclude some damage as occurred in January 1997. We also have a better coordinated flood response plan. The Board of Commissioners has been asked to look at what could be done along the river. Maybe clear out debris, sedimentation and what have you so the water would flow through and not back up against the bridges because of debris in the river. There are efforts under way to make sure we do everything possible. If a big flood comes again before we have this system in place, hopefully it will not be as bad as it was in 1997.

SENATOR TOWNSEND:

There is a bill in the Senate Finance Committee, requested by a coalition of groups headed up by the Reno-Sparks Convention and Visitors Authority, regarding additional white-water parks along the Truckee River. Are those factored in relative to your last comment? If these were funded, can some of the problems we face in flooding be incorporated into that effort?

MR. BRADHURST:

They can, but I would like to ask the flood control manager to give you some detail on that. He is more familiar with those projects.

PAUL URBAN (Water Resources Program Manager of Flood Control, Department of Water Resources, Washoe County):

When the Commission on Tourism developed the plan for white water and came out with a master plan in 2001, they worked with the flood project and our various committees at that time. What they are planning to do is consistent with things we want to do with the flood project. They are removing obstacles

in the river or diversion dams and making them safer for rafting and kayaking. These do provide a small amount of localized flood control. It is all consistent with the flood project.

SENATOR COFFIN:

Regarding the flood issue, because it is a major investment, they tell me they are building it in such a fashion to withstand the floods. Apparently, somehow or another, they have it engineered for little or no loss of assets if there is a serious flood. They have not talked about your project; maybe, they are figuring that is going to be part of the protection. Nobody could ever explain to me how they were going to reservoir the water, in some way or another help defer or delay the release of huge amounts upstream so things would not wash away. How do they work together?

MR. URBAN:

The concept of the Truckee River Whitewater Park at Wingfield is not to have dams or impoundments to impound a significant amount of water that could affect flood flows. Those structures mainly provide the type of water currents and flows that kayakers and rafters like to have in their recreational process. They can do this in a way friendly for fish passage that allows us to take out impediments in the river, like diversion dams with increased water levels during flood times by reducing those a bit across the area of the dam. That is how these projects help reduce flood effects. They design these with natural boulders which are huge and designed to handle the velocity of the water expected to flow over them at least for a 100-year event. There is always going to be some event larger than your design that could cause problems, but as much as they can expect, they have been designing these so the materials stay in place during a major flood.

SENATOR COFFIN:

Who would be responsible for the upkeep afterwards? We can put up capital money, but we do not want to be responsible for the upkeep. The State of Nevada owns the river, but if you put assets right next to it, I would hate to see us get stuck trying to pay for repairs if something was not thought through carefully. Aside from that, you need some diversion up there to help guarantee flow at times. When you have a low flow and want to have an event in August, you need to have water available for that event. It seems you always need a few acre-feet tucked away somewhere that you can grab and send down the river to support the event.

MR. BRADHURST:

When we talk about flow in the Truckee River, it gets a bit ticklish. The Federal Water Master has control of the flow of water. A certain rate has to be met at the State line, and a certain amount of water has to be in the river for fish. It is difficult to estimate the flow of water from time to time since it has to go through a federal process.

CHAIR MCGINNESS:

Page 2 of [Exhibit D](#) states, "Early this summer it is expected the U.S. Army Corps of Engineers, in concert with the local project participants, will identify a flood management plan that will qualify as having a federal interest" The middle of the next page states "there has not been construction of project elements." I asked this question two years ago. Do you think there is some reasonable expectation of those businesses and homes that were flooded in Sparks and other areas? And would there be something on the ground to help them eight years later?

MR. BRADHURST:

I think there would be. The bottom line is, this is really a partnership with the U.S. Army Corps of Engineers, and we are securing federal funds, as mentioned earlier in the discussion about the sales tax. This is an extensive project, and we are wedded to the federal process. The federal process has been slow.

CHAIR MCGINNESS:

Is there nothing you can do on your own without going to the U.S. Army Corps of Engineers?

MR. BRADHURST:

No, the Corps has to sign off on any project we have on the Truckee River. We need the Corps involved in the project. The bottom line is every year we have to go to Congress and ask them to set aside money so the Corps can continue work on this project. Our Nevada Congressional Delegation has worked hard to make sure the Corps Sacramento District is fully funded to accomplish this. It seems like the last two, three or four appropriation cycles, the money has been cut for this program. It has been put back in. There was a period when it was cut for about two years, so we are really at the mercy of the federal process.

Senate Committee on Taxation
May 24, 2005
Page 16

The key decision happens once the chief engineer for the Corps of Engineers makes a decision. That decision then goes to Capitol Hill for project authorization and funding. Once we get to that point, things will start to smooth out. We are not there yet. We hope to be there at this time next year.

CHAIR MCGINNESS:

If no one else wants to comment on the Truckee River Flood Management Project, we are adjourned at 3:32 p.m.

RESPECTFULLY SUBMITTED:

Tanya Morrison,
Committee Secretary

APPROVED BY:

Senator Mike McGinness, Chair

DATE: _____