MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR

Seventy-Fourth Session
May 22, 2007

The Committee on Commerce and Labor was called to order by Chair John Oceguera at 1:46 p.m., on Tuesday, May 22, 2007, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman John Oceguera, Chair
Assemblyman Marcus Conklin, Vice Chair
Assemblywoman Francis Allen
Assemblyman Bernie Anderson
Assemblyman Chad Christensen
Assemblyman William Horne
Assemblywoman Marilyn Kirkpatrick
Assemblyman Garn Mabey
Assemblyman Mark Manendo
Assemblyman David R. Parks
Assemblyman James Settelmeyer

COMMITTEE MEMBERS ABSENT:

Assemblyman Morse Arberry Jr. (Excused)
Assemblywoman Barbara E. Buckley (Excused)
Assemblywoman Heidi S. Gansert (Excused)

GUEST LEGISLATORS PRESENT:

Assemblywoman Debbie Smith, Washoe County Assembly District No. 30

STAFF MEMBERS PRESENT:

Brenda Erdoes, Committee Counsel
Dave Ziegler, Committee Policy Analyst
Patricia Blackburn, Committee Secretary
Gillis Colgan, Committee Assistant

OTHERS PRESENT:

John C. Sagebiel, Environmental Affairs Manager, Environmental Health & Safety, University of Nevada, Reno
Kyle Davis, Policy Director, Nevada Conservation League
Stephen Wiel, Southwest Energy Efficiency Project
Joe Johnson, representing Toiyabe Chapter, Sierra Club
Pamela Vilkin, President, Las Vegas Regional Chapter, United States Green Building Council
Michael Crowe, Past President, Las Vegas Regional Chapter, United States Green Building Council
Robert Tretiak, representing International Energy Conservation
Renny Ashleman, representing City of Henderson
Ray Bacon, representing Nevada Manufacturing Association
Joyce Haldeman, representing Clark County School District
Bob Crowell, representing Boyd Gaming and Echelon Resorts
Kevin Sullivan, Senior Vice President and Chief Administrative Officer, Echelon Resorts
Mike Mathis, Vice President and General Counsel, Echelon Resorts
Mike Alastuey, representing Clark County
Myron Leavitt, representing Urban Consortium of Cities
Deepika Padam, representing Las Vegas Regional Chapter, United States Green Building Council
Tom Warden, representing Howard Hughes Corporation
Rob Elliott, Vice President, Government Affairs, MGM Mirage
Cindy Ortega, Senior Vice President for Energy and Environmental Services, MGM Mirage
Dino DiCianno, Executive Director, Department of Taxation
Jeff Fontaine, Executive Director, Nevada Association of Counties
Terry Graves, representing American Chemistry Council and the World Jewelry Center
Rusty McAllister, President, Professional Fire Fighters of Nevada
Dave Kallas, representing Southern Nevada Conference of Police and Sheriffs

[The roll was taken and a quorum was present.]

Chair Oceguera:
We will open the hearing on Assembly Bill 621.

Assembly Bill 621: **Makes various changes in the provision of tax abatements and exemptions based upon the use of energy and repeals certain prospective energy requirements for public buildings. (BDR 58-1512)**

Assemblywoman Marilyn Kirkpatrick, Clark County Assembly District No. 1:
We came to you last week talking about a bill draft request (BDR); today, we would like to allow plenty of time for public comment. We have gone through the bill with the Committee and we know there are some concerns with it. We feel it is important to let the public have their say on this bill.

Sections 1 through 3 are currently the only sections of this bill that apply to the Leadership in Energy and Environmental Design (LEED) subject. Sections 4 through 12 are already in statute, and we are trying to bring all the energy abatements to one chapter. Section 13 talks about public works buildings and the repealed sections from Assembly Bill No. 3 of the 22nd Special Session.

Assemblywoman Debbie Smith, Washoe County Assembly District No. 30:
I just wanted to remind the Committee members that at our last meeting we provided you with a notebook containing background materials regarding the issues we are dealing with. At this point, we are still dealing with prospective issues relating to energy efficiency in design and building, meaning that we are restructuring this legislation to deal with how we move forward with sound policy, ensuring we have a good understanding of the fiscal impact of the decisions that we make. So, if you will keep those points in mind as you hear testimony today and consider the information, we would greatly appreciate it. We have been working with various individuals and groups over the last several days and have received a lot of input already about the BDR that we presented on Friday. We know that there are some issues within the bill that still need to be addressed concerning how the process will flow to make sure that we have everything as tight as it can be, so that we do not have another situation occur similar to the one we are currently in.

One of the bigger issues that we know we have to take into consideration, and I am sure you will hear about the fiscal impact of this legislation, is a consideration for capping the total amount of a property tax abatement. One of the issues is the many applicants already in Nevada. We are looking at other states and how we might be able to cap the abatements in a reasonable way. Those are some of the things we have been talking about and receiving input on since Friday. Today, we are here to listen and take notes about what others have to say to you on the record, and then we will be here to answer any questions that you may have.

Chair Oceguera:
Before we get started, are there any questions of Mrs. Kirkpatrick or Mrs. Smith? I see none. What we are going to do here is talk prospectively. That means if you were to start your project tomorrow, is this good policy? We are not discussing retroactivity, and if you bring that up, I will stop you because that will be discussed on another day. If you hear something that has already been said, you do not need to say it again. Please do not start repeating, or I will cut you off. I want to hear from everyone, and I want to hear what you think this bill will do in the future for the State. Proponents of the bill should start.

John C. Sagebiel, Environmental Affairs Manager, Environmental Health & Safety, University of Nevada, Reno:
I would like to support this bill and encourage it to go forward. I have some brief comments. [Distributed document (Exhibit C).] My particular concern is under Section 2a where my reading suggests that the bill does not implement portions of the LEED that have not been in that program for at least five years. The current version of LEED, 2.2, has been out since November 2005. That version made major advances in energy efficiency, which is one thing that this bill addresses. My concern is that by excluding standards that have not been in LEED for at least five years, the bill will miss an opportunity to advance energy efficiency. The one critical issue is the standard that LEED applies to building, specifically energy efficiency. The 2.2 version adopted the most current version of that standard and tightened down the energy requirements. So, when you have a more energy efficient building, the question is, more efficient than what? In the case of LEED, the standards reflect more energy efficiency than the building energy codes of the American Society of Heating, Refrigerating, and Air-Conditioning Engineers' (ASHRAE) 90.1 code compliance manual, as amended in 2004. That point is important because you want to be starting from the most efficient baseline you can. I suggest that in Section 3, if the focus is on energy efficiency, you require additional energy points in order to get the abatements.

Chair Oceguera:
Mr. Sagebiel, how often do new versions of LEED come out?

John Sagebiel:
I do not know the answer to that question. They update as appropriate and are continually making small modifications to it. They are currently working on

LEED 3, which will again be a major revision. It is expected that in July 2007, the United States Green Building Council (USGBC) will require all buildings, as a minimum, to obtain two energy points under that revised energy efficiency standard. That will require every building to be at least 14 percent more efficient than the current referenced energy standard. It is a model energy code. It is tighter than almost all state and national energy codes at the current time.

Chair Oceguera:
Are there any questions?

Assemblyman Conklin:
I understand where you are trying to go to be certain we meet the tightest LEED standard. As a policy maker, I have to make certain that the standard we put forward is better than what we have now, but also legitimate in the sense that there is some history behind it; that it is practical and achievable. If we always went with the latest standard without some history, there are bound to be some mistakes made. Like a car in its first edition, there are going to be things the engineers did not think of—things that sound good, but do not work in practice. This five-year standard is fairly practical. As a lawmaker and a policy maker, I want to make sure I protect the interests not only of the State and its energy conservation policy, but also the people who want to do business in this State and need a practical measure with which to move forward. I disagree with your position on this bill.

John Sagebiel:
The reference standard that LEED uses is reviewed continually and is updated approximately every five years. The previous one was 1999; the current one is the 2004 edition. What is put into LEED is vetted very carefully and very rigorously by a large number of technically qualified people, in addition to builders and other stakeholders.

Kyle Davis, Policy Director, Nevada Conservation League:
You have in front of you a document (Exhibit D) with five names at the top. These are five people who got together and tried to wrap our brains around what we have been talking about in terms of green buildings. We came forward with some comments and suggestions about the BDR that was heard last Friday. In general, we are in support of the concepts in this bill, and we like that we are still leading green building and encouraging green building in this State. My colleague, Stephen Wiel, would like to testify next.

Stephen Wiel, Southwest Energy Efficiency Project:
We are speaking on behalf of five organizations: the Southwest Energy Efficiency Project, the Nevada Conservation League, the Toiyabe Chapter of the Sierra Club, Western Resource Advocates, and International Energy Conservation. We are generally supportive and are especially pleased that your BDR 58-1512, or A.B. 621, contains the basic provisions of supporting testimony that we provided a few days ago. We support that you have maintained the goal of these tax provisions, and that you are overlaying a minimum energy efficiency requirement, recognizing that it is possible to achieve the LEED silver level without any energy efficiency as a component. We support the idea that you are providing the direction on implementation that we felt was required and that you are providing a graduated level of abatement based on the energy efficiency and sustainability achievement.

We have one correction to suggest and three suggestions for improvement. First, if you look at Section 2.2(c), you say that you get credit if you have "up to 2 points" in the energy efficiency portion of LEED. I think what you meant was "at least 2 points." We support correction of that issue.

The three recommendations are:

- You say you can qualify for silver if you achieve at least 2 points. We think there should be a higher requirement for LEED gold and an even higher requirement for LEED platinum. We suggest that along the lines of ASHRAE, it should be 2 points for silver, 5 points for gold, and 8 points for platinum to reach the threshold for those levels of qualification for abatement.
- Currently in the bill, you provide a 25 percent partial abatement for silver, 30 percent for gold, and 35 percent for platinum. If you look at the energy efficiency achievement for achieving the silver, gold, and platinum levels, the abatement percentage is disproportionate to the achievement portion. We recommend a steeper level of increase in the abatement. We are not commenting on the starting point. We have done no analysis of whether the 25 percent is the right level. If that is the right level, then we feel the abatement for gold should be 35 percent and for platinum it should be 50 percent. That would provide a gradation that is commensurate with the achievement.
- The last recommendation has to do with the five-year provision. We agree that the more flexibility that can be provided in the implementation of this law, the better. Improvements in LEED and ASHRAE standards generally make buildings greener, and that is our goal. We recommend that you go to two years instead of five years of history.

Chair Oceguera:
Have you done a fiscal analysis of the costs if we change those numbers as you suggest?

Stephen Wiel:
We have done no fiscal analysis. If you wanted to keep the dollar pool the same, you might lower the 25 percent and raise the others. The additional incentive to achieve gold and platinum should motivate the builders to change the way they are building. If this law is going to be successful in getting people to go beyond the silver level, the added abatement needs to be commensurate with the expense, the achievement, and the benefit.

Assemblyman Horne:
When would you be able to determine what standard you would build on? If you have a project that is at one standard when you start and then another standard comes out, when is it determined which standard is going to be used?

Stephen Wiel:
I would say the standard that was in effect when your project was approved is the one you would live with.

Kyle Davis:
My understanding is that you would go with the standard in place when you start the project and any future standards would not be relevant to your project.

Assemblyman Horne:
So, that standard would apply throughout the entire process of the one project?

Kyle Davis:
For that one project, yes.

Stephen Wiel:
The builder needs certainty. The way to motivate builders to change the way they operate is to provide them with certainty.

Assemblyman Horne:
That might provide some certainty for that particular project, but as the standards change and different projects operate under different standards, how do we, as a state, calculate what the net effect is?

Stephen Wiel:
The way I understand A.B. 621, the Nevada Energy Office will keep the files on the projects, and the only way to know what the effect is statewide is to add up the effect, building by building.

Assemblyman Conklin:
I understand the need for a builder or developer to have some consistency; however, we are here today because my constituents have an enormous amount of uncertainty about the impact our current policy will have on their futures. One of the things we need to assess is what the cost per square foot will be in terms of abatement versus the reduction in energy needs and costs for my constituents. That is a real cost-benefit analysis. The only thing we are talking about is the policy to make it possible to build these buildings, but there has to be some cost-benefit analysis for my constituents and the constituents of all the members of this Body to make certain that we recognize when we build green, there is an ongoing consumer-constituent benefit that is good for us. That happens with lower energy rates and lower usage, but I have not seen any data analysis that suggests at what level we can reasonably abate to get that benefit.

Kyle Davis:
We need to be sure that the policy we are putting forward will result in the public good. In terms of specific data, my organization does not have the capacity or resources to run those types of analyses. Our goal is to move people to build at a higher level of energy efficiency. The benefit to consumers is not having to create additional generating facilities, and not having to buy energy on a volatile open market. Our idea is to find the right balance. We do not want to give away too much.

Assemblyman Mabey:
Should not the State make sure the builder has met the standards before he gets abatements? That way, we would not give the abatement just because he submitted the plans.

Joe Johnson, representing Toiyabe Chapter, Sierra Club:
Until the building is certified, there is no abatement given.

Assemblyman Mabey:
If the government did not offer abatements, would the developer decide not to build these kinds of buildings? I question the government's role in offering these abatements in the first place.

Joe Johnson:
Before Assembly Bill No. 3 of the 22nd Special Session, there were no LEED-certified buildings in the State, but there were some proposals. It has had a very successful implementation, perhaps too successful.

Assemblyman Manendo:
What are other states doing that are consistent with what Nevada is doing?

Kyle Davis:
There are not many other states offering incentives to commercial development at this time. I think there are five other states offering incentives, and for the most part they do not use property tax abatement; they give income tax credits. Nevada is the nation's leader in providing incentives for green building.

Assemblyman Manendo:
I am trying to find out what we are doing right and comparing it to other states. I would like some information on that.

Kyle Davis:
I have an outline, and I will send it to you.

Assemblyman Manendo:
Do you think under this bill we would still remain the leader?

Kyle Davis:
Yes.

Chair Oceguera:
We have previously given incentives for developers to build. What is the difference in cost between building green and not? Is it 5 percent, 3 percent?

Kyle Davis:
It depends on what level you go to in LEED; there is not a hard and fast number in terms of how much more it costs. I believe to get to the silver level, you are talking about 2 percent.

John Sagebiel:
The answer varies quite a bit. The additional cost for building to the silver level is something near 1 percent, gold is 4 or 5 percent, and platinum is about 10 percent. These change as the industry develops. There is a Harvard University study that shows they currently have 16 LEED buildings, and through a five-year process of continuous improvement, they make the claim that they are building gold level-certified LEED buildings at no added cost to the

projects. They believe they have achieved this because they have developed the process and the industry around LEED, and they are seeing all the efficiencies.

Assemblyman Conklin:
Does that figure include the reduction in cost of energy over a certain period of time? If, in fact, you could build at the same cost, why would we ever have an incentive program in Nevada?

Pamela Vilkin, President, Las Vegas Regional Chapter, United States Green Building Council:
I would like to answer a couple of questions that were asked earlier on the LEED green building rating system. LEED will be changing dramatically. In the next year and a half, it will become more regional. This is important for Nevada, as we deal with energy efficiency and water. It will be known as a more bookshelf approach, where instead of having LEED for new construction, LEED for commercial interiors, LEED for core and shell, LEED for retail, LEED for health care, and on and on, it will just be LEED. This will probably transpire in the next 18 months. With the five-year history requirement, it will be difficult because of the changes, but it will be better for us in Nevada.

On another note, you had asked about the LEED versions. Just to clarify, there are currently 85 projects registered with the United States Green Building Council (USGBC) in the State of Nevada. Some of those were registered when we had version 2.0. We are now at 2.2. Those people who registered at 2.0 will be able to follow version 2.0 or 2.1, but they also have the option to use the current version. It is up to them.

Also, on the tax incentives, there are approximately 97 states, cities, and counties with LEED legislation and incentives. I would be happy to send you the list and detail what the other states are doing. Oregon is very progressive. New Mexico has a very positive policy. They looked to Nevada, made some changes, and capped their number.

Assemblyman Conklin:
One thing that concerns me about this bill is that we have used the terminology LEED, and we have used the standards put forth in LEED, but I recognize there are other businesses that have standards that might be different, but equivalent, in the energy efficiency arena. We have monopolized one set of principles over all others. Do you know how many LEED-certified people there are in Nevada willing to do this work? Are their numbers significant enough to keep the costs down, or are we implementing something that is so new that the costs are much higher than the 1 to 5 percent?

Michael Crowe, Past President, Las Vegas Regional Chapter, United States Green Building Council:
I would like to address several issues. I will start with the cost of LEED. I have worked on five of these buildings, and my research tells me that the additional cost is about 5 percent to achieve a LEED silver certification on a commercial or public building. However, that does not take into consideration the 30 or 40 percent savings on energy that the building will achieve over its lifespan of 50 years. The payback for that 5 percent is approximately five or six years.

Where it costs 1 percent, people will sometimes figure the energy savings into it and say it costs nothing to build green. Or, in the case of a particular locale where the code structure is sustainable or green, the actions that are required by the LEED programs are automatic. Nevada is in its infancy, and there is a cost. A developer must bear that cost to earn the silver certification.

I would like to address how you document the energy savings. Within the LEED process we do energy modeling, which is performed by a subcontractor who specializes in energy modeling. We also do daylight modeling. That modeling uses a constant, current price for fuel. It also includes cost estimates for every system that goes into the building, from the building frame to the insulation, to the skin, to the mechanical systems. It presents a set of options that an owner can choose for his benefit. That is part of the record so that there is documentation of energy savings built into the system. When you start modifying the LEED systems, you are opening the State up to more obligations without the benefit of energy savings.

Assemblyman Conklin:
If the cost for silver is 5 percent, and over the life of the building the owner is looking at a savings on his energy costs of 35 percent, and he pays back that 5 percent in five to six years, then it begs the question: Why offer an abatement if the cost savings result in such a sound business practice? Having said that, if we are going to have some type of incentive program, businesses need the upfront type of abatement so that they can absorb that 5 percent cost.

Stephen Wiel:
I completely agree with Mr. Conklin that the information he wants about benefit costs is exactly what I would want if I were sitting in that chair, trying to determine what the specific provisions of this bill are. The information that you are seeking is exactly the right information. I wish I had the cost side of it. I can talk only of the benefit side.

States in the United States started to promote energy efficiency in 1975 during the first oil crisis. There is a 30-plus-year history of trying to do that. I personally have experience with it in Nevada as an energy consultant and then as a utility regulator, trying to achieve energy efficiency both through the private sector and through utility regulation.

People, for one reason or another, do not invest or take advantage of opportunities to save energy. Our experience is that government intervention is necessary, useful, and beneficial. The goal, of course, is to find the minimum incentive required to overcome the barriers and change the building practices. I wish I had some suggestions on what that level should be.

Assemblyman Conklin:
I wish you had that answer, too. It could make our job a lot easier. Green building may not happen without our intervention, but where is the balance? What lies on the other side of this equation is all the other things we could have done with the money like roads, education, and health care and had energy efficiency at the same time. This particular question of the cost-benefit analysis is very important because there are other things we have foregone or risked foregoing in an effort to make something that is now out of balance.

[Mr. Oceguera left the meeting and Vice Chair Conklin took over.]

Assemblyman Settelmeyer:
On page 3 of your amendment, you discuss the concept of applying the abatement only to the building portion of the tax and not the land value. I was wondering if you could elaborate on that?

Kyle Davis:
You are looking at what we submitted last week before we saw the original bill draft request. We do not want to take it off the table. When you are talking about tax abatement in theory, the value of the land the building is built on really does not have much to do with how much it cost to build that building. That was one idea we had considered in terms of addressing the problem.

Vice Chair Conklin:
Are there additional questions from the Committee? I see none.

Robert Tretiak, representing International Energy Conservation:
There were several workshops held last year and two meetings of the Commission on Economic Development. At one of those meetings, there was testimony from Irwin Molasky, one of the most respected five-decade builders in Las Vegas. He testified about the Molasky Corporate Center which he is

building for his tenant, Southern Nevada Water Authority, and stated that on a $100 million building, he would spend $6 million to $7 million extra to qualify it as a green building. He also outlined and underscored a more important issue, which is, in his case, transferring ownership of that property gradually to Southern Nevada Water Authority, which will be tax exempt anyway. So the tax abatement that would accrue to the builder was a very important consideration for him. There are a number of other types of properties that also do that type of "flipping" of buildings. In 2001, I sat on a subcommittee of the Governor's Task Force on Energy Conservation and Renewables that was a working group for commercial buildings. We found out there are disparate objects and individuals involved in many buildings; there may be the landlord who has to pay for the green measures; there is the tenant who has to pay the power bill; and then there is the building manager who actually gets a percentage of all passed-through costs. It is important to give some sort of abatement or financial incentive to the actual builder because he might not get the energy savings.

You have before you our supplement (Exhibit E) concerning some of these issues from an economic standpoint. Clearly, Assembly Bill No. 3 of the 22nd Special Session had some potential for unintended consequences with some seemingly overwhelming fiscal impacts on county budgets, particularly in small counties and school districts. There is obviously a more significant fiscal impact on megaprojects, as well. The preamble of Assembly Bill No. 3 of the 22nd Special Session states that one of the purposes of the bill is for the Nevada Legislature to encourage a sound financial economy, the reduction of usage and demand of fossil fuels, and a reduction of harmful emissions.

One of the things we proposed, and I am pleased to see it made it into this bill, was elimination of the abatement of the school district portion of property taxes. I have heard in the last two years a lot of angst from smaller counties that could have their budgets decimated by one large taxpayer. We suggest that there be some graduated abatement by size, in relation to the county budget, for smaller counties.

Regarding the megaprojects, although we do not represent any of those large projects nor are we affiliated with any of those projects, in looking at policy it is important to note that some of these projects are on land that had very low assessed value, so they are creating value on the tax rolls where none existed before. The abatements are not there forever. These projects create a coattail effect and increase the value of neighboring projects. They also set an example worthy of emulation in their exercise of responsible corporate stewardship of our resources.

What are the benefits to the public? With LEED and other standards like it, we have improved working conditions for the State's workers that result in improved short- and long-term health. That is important for both the social benefits and the economic benefits, to say nothing about increased productivity. We feel that in Nevada it is important to place greater emphasis on energy efficiency and water efficiency. A study released yesterday stated that Las Vegas is the driest major city in the country. Seven years ago we were paying $3 billion a year out of State for energy; now it is $6 billion or $8 billion. We feel in order to get the abatement there needs to be more emphasis on it, so we included a suggestion from LEED which would make 60 percent of the available LEED optional credits available for water efficiency and energy efficiency. We are in alignment with the document that was presented by Dr. Wiel.

In the marketplace, we have heard comments that developers will not build green because they are afraid they will be halfway through a project and the rug will be pulled out from under them. It is important to preserve the faith and credit in the laws of Nevada.

There are few issues with as much currency as energy policy. We call on you to act decisively in continuing to craft good, forward-thinking energy legislation for the State of Nevada and its residents.

[Mr. Oceguera returned as Chair.]

Assemblyman Conklin:
You mentioned there are other energy efficiency standards. What are the ones that you hear the most about, or that might be a substitute for LEED?

Robert Tretiak:
EnergyStar is a pure energy measure; however, it is included as part of LEED. We also heard testimony about Green Globe, which was promulgated by the American Plastics Council. In addition to that, the Southern Nevada Home Builders have come up with a similar situation for residential construction. The LEED itself is a work in progress, and they will be regionalizing it specifically for the Southwest.

Assemblyman Manendo:
When speaking about other credits, what if there is a child care facility on property? Is there a credit for that?

Robert Tretiak:
I do not know. Ms. Vilkin might be able to answer that question.

Pamela Vilkin:
No, there is not a credit for that.

Assemblyman Manendo:
Okay.

Michael Crowe:
I would like to address the child care issue if I could. When you choose your level in the LEED system, one requirement is that there are ten amenities within one-half mile of the building. One might be a child care center, one might be a bank, and one might be a grocery store. The effort is to encourage people to live in communities, and not drive their cars, wasting energy. The answer is yes, indirectly, there is a benefit to having an on-site child care facility.

Assemblyman Conklin:
Mr. Tretiak, I have another question regarding EnergyStar. If a person is EnergyStar compliant and receives a federal abatement, can he also receive the State abatement?

Robert Tretiak:
There are some federal tax deductions on a per-square-footage basis, from 60 cents to $1.80 per square foot, for achieving certain levels of energy efficiency. Those would be in addition to anything else one could get.

Assemblyman Conklin:
I assume that only profitable businesses would invest in this. Have you ever seen a business not make a profit?

Robert Tretiak:
Not specifically, but in my experience there are a number of businesses that would construct a building and, because of accelerated depreciation methods, there may be positive cash flow, but they may not have a profit in the early years.

Terry Graves, representing American Chemistry Council:
Assemblyman Conklin sponsored a bill earlier in this session which proposed to add Green Globes as an alternative standard to the green building standard menu of options for builders. I would like to see the options remain in the bill so the State can consider alternative standards, or even better, develop its own.

Chair Oceguera:
Thank you for your testimony.

Renny Ashleman, representing City of Henderson:
I have heard concerns regarding initiating a residential subsidy. We would prefer not to have incentives in the areas where there already appear to be results. I have been asked by Senator Townsend for language that would add up to two additional energy credits; however, I am not done with that yet. On page 3, I agree with the prior speakers that the silver level is not that difficult to reach. I have some concerns with Section 13 because I am not sure whether the State of Nevada Public Works issues are going to be handled within the money committees, or if we are going with what is currently in the bill. Currently, this section has a definition that states that a "proposed public building" means a public building for which, on July 1, 2007, design and construction have not yet been completed. That is probably not all you want to do in this area. It seems to give a deadline of usefulness for the general idea. The wording makes it impossible to have alternative or equivalent standards. We would like to preserve that idea.

I have some LEED silver, gold, and platinum costs which you asked for. These were compiled by actual experience and projections of the Public Works Board. Silver, for example, runs approximately 6 percent soft costs [energy efficient light bulbs, mechanical devices, bicycle racks to encourage workers to bike to work, et cetera] and 6 percent construction costs. Gold is 7 percent of the soft costs and about 8 percent for construction. Platinum has comparable numbers of 12 percent and 14 percent. You hear lower numbers from the USGBC, probably because they add in their energy savings. Our numbers are fairly comparable.

Chair Oceguera:
Are there any questions for Mr. Ashleman? I see none. So, you think there should be a bigger gap between gold and platinum levels?

Renny Ashleman:
Correct. I think you could lower the tax abatement for achieving the silver level, and that might automatically give you your gaps. My concern is that we have left residential in the bill at this point.

Chair Oceguera:
I do not believe we will be moving to residential on this side. Are there any other questions? I see none.

Ray Bacon, representing Nevada Manufacturing Association:
I have given some input to Mrs. Kirkpatrick and Mrs. Smith already, but I would like to address some key issues. One issue that is not addressed is whether this abatement becomes a property right and, if so, how one transfers that right or

whether there should be transfers. Ignoring that issue could lead you into potential litigation. Another issue that needs to be addressed at some point is who is going to do the inspections? If it is the local inspectors, they will need education in this field.

You need to define when the standard is in place, so you will end up with a clearer bill that will save time later on. Also, the issue of a cap should be addressed. This would be easier to do with retrofit projects since the level of energy efficiency is easy to obtain.

Assemblyman Anderson:
Is your concern that after a retrofit is put in, there should be an actual test to be sure that the energy standards are being met?

Ray Bacon:
Yes. Someone could build one LEED-qualified building on a parcel, but then sell off additional parcels. You need to be careful that those additional parcels are not included in the LEED qualification if they do not, in fact, qualify. Clearly, you have to do an inspection during the process to make sure that the construction truly meets what is on the plans.

Chair Oceguera:
Are there any other questions from the Committee? I see none.

Joyce Haldeman, representing Clark County School District:
We would like to thank you for the opportunity to put on the record what the impact of Assembly Bill No. 3 of the 22nd Special Session would do to the School District if the bill's provisions were not corrected. I would like to thank Assemblywomen Smith and Kirkpatrick for their understanding of how important it is for the School District to retain the revenues we have coming to us. When we first heard about Assembly Bill No. 3 of the 22nd Special Session and its potential impact, we contracted with Applied Analysis to do a study of what the impact would be. At Friday's hearing we distributed a document that showed the impact. To the Clark County School District alone, during the next 15 years, the impact would be approximately $416 million, which is a considerable portion of both our operating expenses and capital construction budgets. This is money we need that would no longer be available to us, so we appreciate that this new bill addresses those issues and encourage you to keep that in mind as you go forward.

Chair Oceguera:
Are there any questions? I see none.

Bob Crowell, representing Boyd Gaming and Echelon Resorts:
During the past week, you have heard a lot about this program. I want to assure the Committee and the members of this Body that we are here to help craft a solution that does at least three things: First, it fosters education funding; second, it fosters an adequate LEED program; and third, it allows us to participate fairly in that program. We would like to thank Assemblywomen Smith and Kirkpatrick for allowing us to discuss with them some of our concerns, and we would like to thank them for the work they have done on this project. We understand from your comments, Mr. Chairman, A.B. 621 is designed to be prospective, and we do not intend to talk about retrospective matters. With that said, there are changes to the LEED incentive program, relating to property taxes, that are present in A.B. 621. Those changes give us pause as to whether we can financially participate in the program under the bill as drafted. Along those lines, I would like Mr. Sullivan to explain what the concerns are and offer some potential solutions.

Kevin Sullivan, Senior Vice President and Chief Administrative Officer, Echelon Resorts:
I am very happy that we can be here and talk in a public forum from a developer's perspective. We heard talk today that getting to the silver level was relatively easy, going to gold was a little harder, and that the platinum level was what we should try for. From our perspective, getting to silver is very difficult and we are not sure that we can get there. We can see our way to achieving 30 of the 33 points necessary, and we have an opportunity to achieve the extra points necessary to get to the 33 points. We are going to be investing a lot of money on this project, and I think everyone has to understand that this project we are undertaking is a tremendously large project for LEED. Other than the CityCenter project, no project of this size has been attempted before. No project anywhere near the size of these projects has been certified at the silver level. We are entering into a long-term development project with the hope of getting silver.

There currently is a three-year limit in the bill from the time one applies for partial abatement until the time proof is established that the building at least meets the silver LEED level. Our project is much longer than three years; therefore, we would respectfully ask you to consider that the term be lengthened to five years. Otherwise, we would have to hold back applying for a few years in order not to bump up against the time limit. We would like to have an application in and considered, but that three-year limit is simply too short.

I want to emphasize that we are here to figure out a way to reach a compromise and balance a developer's perspective and our desire to do a LEED project with the needs of the schools and the needs of the taxpayers.

Our understanding is that on the property tax side the benefit is reduced by two-thirds. The benefit right now, as stated I believe, is 35 percent. We suggest the land value be deducted. Speaking to our project, the land value is 17 percent of the total, so that would reduce it by 17 percent.

The next suggested change to the bill is to take out the school portion. The school portion in our county for our district is 44.4 percent of the total taxes. That means the proposed abatement would be reduced by 44.4 percent.

The last suggested change is to reduce the benefit from 35 percent to 25 percent. What started off at 35 percent would be reduced, by our calculations, to an abatement of only 11.5 percent. Assuming the sales tax benefit stays, this reduced property tax benefit would not be enough of an incentive for a developer to take the risk on the hope of getting to even the silver certificate minimum level. For good reasons, the benefit on the property tax side alone is being reduced by two-thirds.

Another suggestion would be to increase the length of the benefit from 10 years to 20 years. You are reducing it by two-thirds already, because protecting the schools is very important, but that would still make it a valuable incentive for developers to take the risky gamble with LEED. We are trying to figure out the right balance, and lengthening the benefit of the credit would be good.

Assemblyman Conklin:
There was earlier testimony that the additional cost was 5 percent for silver with a return of investment in five or six years on a standard project. There was an article that stated that green buildings work out economically even without incentives. The statistics for the 850 buildings certified worldwide show it takes only 1.5 percent more to build green and those costs are recouped in the first year alone by lower utility bills. What we are trying to do here is balance. How would you suggest we deal with that balance?

Kevin Sullivan:
First of all, everyone needs to remember the size and the scale of the different projects. Most green buildings are in the less-than-$10 million range. We are speaking about projects that are hundreds of times bigger and certainly more complex because of the systems that are being put together—the heating, ventilation, and air conditioning (HVAC), fire safety, life safety, and the volumes of air. An office building has a nine-foot ceiling. A casino has a 30-foot ceiling, so air moves very differently and energy efficiency is a lot harder to achieve when pushing such large volumes of air. The slot machines throw off heat, but office buildings do not have them. An office building does not have the volume

of people moving through it that our building has. Sadly, we will not ever receive those types of paybacks in energy efficiency alone. The LEED component in its core is less than half of the total. You are investing in a lot of other things in addition to the energy efficiency. We are trying to figure out, with you, a good compromise, and we urge you to help us find a fair compromise.

Assemblyman Conklin:
I respect your position. In some respects it is a minor tragedy that we are here revising this issue. The original bill was not drafted to take into consideration that casinos are significantly different than any other businesses in this State, but we still need a balance so that the public gets the benefit of the dollars we expend to help promote green energy. We have only a limited amount of money. My question is if it is not five years, what is the percentage? What is the impact on your budget for that project to achieve these levels?

Kevin Sullivan:
Are you talking about the percentage of our building costs that we are going to pay in terms of LEED?

Assemblyman Conklin:
Yes.

Kevin Sullivan:
To the nearest percent, it would be 2 percent. That would be an increment over what we were going to do. We were already going to a certain level of energy efficiency, but LEED forces you to go to much higher levels than we were contemplating.

Assemblyman Conklin:
Okay, and 2 percent of a billion dollar project is substantial; but, without LEED you were already going to build your project to be more energy efficient because you knew you had some serious data showing that you would receive some reward for those cost efficiencies. Is that correct?

Kevin Sullivan:
Yes.

Assemblyman Conklin:
I understand that, but you had some things that you were going to do anyway because you would reap the benefit, otherwise you would have no incentive to do them. You have to have had a cost-benefit analysis that showed that a 2-percent expense was worth it. The benefit might be a blend of additional

energy efficiency plus tax abatements. Somehow this is attractive to you. At what point, when you invest this 2 percent, do you anticipate breaking even?

Kevin Sullivan:
We looked at this project and at what we believed the tax benefits would be. On that basis we said we could do it. The problem is that we are not sure how we are going to get there yet. That is a scary position to be in as a developer. We are not sure how we are going to get the last three or five credits. We have a 90 percent chance of attaining the 30 percent level which is 27 credits, but how do we get to 33 credits? The cost of those extra credits could be tens of millions of dollars per credit.

Assemblyman Conklin:
I understand and I am not trying to put you on the spot, but I am trying to help myself and others make a policy decision. This question is important because that 2 percent represents a certain cost. I am sure that somewhere in your organization you evaluated that cost and said you were going to break even and would be happy to have made that 2 percent investment otherwise you would not have made it. Do you have a report we could see, publicly or privately, showing what that point is to help us evaluate the program?

Kevin Sullivan:
I would like to speak first in general terms. When you are not sure you are going to make it, you do not invest a large amount of money on the hope of getting it recouped. If you know you are going to make it, then you at least cover your costs. When you are not sure, you have to look for multiple chances. I hate to gamble on building costs. I am not sure how to answer your question. We did look at the tax benefits over the ten-year benefit period. We are betting our shareholders' money on a chance.

Mike Mathis, Vice President and General Counsel, Echelon Resorts:
I would like to supplement that answer. One factor that complicates the analysis is when you talk about the percentage of incremental costs for LEED, those are the known costs. To your point, Mr. Conklin, there are a lot of unknowns. We are creating an industry. A real-life example of what I am talking about is a just-completed negotiation on one of our first major contracts. That negotiation was very telling about the issue of LEED compliance because in those negotiations we told the contractor that they had to comply with LEED, and the first question from them was, "What is LEED?" We spent half an hour telling them the definition and then we told them about procurement and processes. Ultimately, we are going to have to budget some unknown number for the incremental costs for contractors to process LEED products, and to factor in schedule impact to comply with LEED. One thing that is unique about

a casino is the need to factor in schedule impact. We are taking down a high revenue project to create a new project and each day of delay has considerable costs. Those are some of the factors that do not translate to some of the studies you have heard about, such as the buildings at Harvard. As we create the industry, future projects will be done smarter and cheaper and we will be able to give you some of those costs in a more definitive way.

Chair Oceguera:
Are there any questions? I see none.

Michael R. Alastuey, representing Clark County:
[Distributed document (Exhibit F) and explained the document page by page in detail.]

Assemblyman Conklin:
You believe the State offers the abatement and the local governments carry the burden. If you are asking the State to pick up half of your losses, are you willing to pick up half of the State's Distributive School Account (DSA) losses?

Michael Alastuey:
The County is already bearing the exact same loss that you are in the DSA and our own budget.

Assemblyman Conklin:
So, you still want us to pick up half of your burden?

Michael Alastuey:
The abatements are a state program and we would wish to be part of the approval process and to bear a like responsibility.

Assemblyman Conklin:
And I understand that, but part of the process here is to create energy efficiency so that the overall cost of energy goes down. That benefits your consumers. The burden is huge, that is why we are here to begin with. All Nevadans are supposed to benefit from this, including Clark County constituents. I am sure you feel you have been left out of the process. I believe Mrs. Kirkpatrick and Mrs. Smith are more than willing to figure out how to keep those considerations and the considerations of other counties in mind, but I think it is far-fetched to ask us to absorb all the cost when we do not absorb all the benefit.

Michael Alastuey:
It is a question of the level of benefit and the level of abatement. We are not talking about caps today, but about what level the State wishes to elect to pursue a program. One level would be a partial deterrent to an investor stepping forward and taking responsibility for saving energy. In an ideal world, it would be a complete reimbursement of the exact cost. There might be a level that might be considered excessive that actually assists in the development. A combination of selecting the right level of reimbursement and distributing the benefit, and also the responsibility, fairly among governments is what we would be after.

Chair Oceguera:
Are there any questions from the Committee? I see none.

Myron Leavitt, representing Urban Consortium of Cities:
I will not repeat what Mr. Alastuey has said. I agree with his comments and the computations he has given you. We are concerned that the abatements would be borne by the local governments at the rate of 90 percent. We provide public safety. We ask for your consideration in preserving our revenue structure.

Michael Crowe:
I wanted to say that I compliment each of you for the efforts you are making. You have a daunting task and everyone here has presented a valid point of view. One concern mentioned earlier was documenting that each building is working as it should and performing as it should. If LEED silver is achieved, the process within the LEED system determines that fact. I would also like to say that the USGBC supports the LEED system, but it should be noted that they support that system because it is the best on the market today. Should another come along which is better, you would find the USGBC being very honest in approving that other system.

Chair Oceguera:
How do the privately owned condominiums and residential properties fit into the abatement scheme?

Michael Crowe:
It is my understanding that if you have a high-rise condominium, it fits in LEED noncommercial (NC) and is not in the residential LEED program.

Chair Oceguera:
So, we would do a 3 percent property tax cap and then do a LEED abatement, as well?

Michael Crowe:
I do not know the answer to that.

Deepika Padam, representing Las Vegas Regional Chapter, United States Green Building Council:
Anything above four stories would go under LEED NC, not LEED for homes.

When we look at rating systems other than LEED, we should pay special attention to what the equivalent system is. We had a discrepancy between the percentages. Those percentages are probably different because our market here is newer. As it develops and people gain experience with the system, these percentages should come down.

Chair Oceguera:
Are there questions from the Committee? I see none.

Tom Warden, representing Howard Hughes Corporation:
I would like to answer the previous question on modeling. How much does it cost and how much do you get in return on this investment? I think the figure you heard earlier might have been geared more toward a single-structure operation. Large, complex, multi-building, mixed-use centers are $1 billion projects. The Rocky Mountain Institute is the consultant of record on our project for the LEED issue. They told us the project would cost an additional $30 million to reach LEED silver. The tax rebate program on a five- or ten-year option would be somewhere between $8 million to $14 million. I asked what the operational savings would be and was told $500,000 a year, so over ten years the savings would be $5 million. If you add that all up, the savings amount to $13 million to $19 million after ten years. You are not even close to the $30 million original investment. I do not think this is the kind of thing businesses should be looking at as profit opportunities or even as break-even opportunities. It has to be a commitment to do it because it is the right thing to do. An incentive program also provides an impetus to get things going.

The last point I want to make concerns the category in LEED called core and shell (CS). We would strongly advise that consideration be given to including that in whatever incentive program comes out of this discussion. That is how most of the office and retail projects get built. We think there is a great appetite out there for tenants to build green, but we have to build the core and shell first. It was approved by the USGBC a year ago, so it is a valid program and we are hearing from retailers coast to coast wanting to build their stores green.

Chair Oceguera:
Are there any questions? I see none.

Rob Elliott, Vice President, Government Affairs, MGM Mirage:
I have brought our LEED expert with me, Cindy Ortega, Senior Vice President for Energy and Environmental Services. First, I would like to acknowledge the phenomenal amount of work that has been done by Assemblywomen Smith and Kirkpatrick. I consider Assemblywoman Kirkpatrick a "Wonder Woman." She took it upon herself to tour the construction site at CityCenter. She asked a lot of questions during her tour to better understand all the different dynamics associated with LEED. The MGM Mirage has always been a partner with the State as you address very important issues. We strive to be a good corporate citizen. Our commitment to the State is evident by the way we take care of our employees, our customers, our shareholders, and the environment; and in the charitable contributions we make, the taxes we pay, and by our continued commitment to reinvesting in this State.

In regard to A.B. 621, and changing the green construction policy, MGM Mirage is uniquely qualified to help in this process. We were one of the first companies to embrace the legislation put in place in 2005. We took on the required level of investment, risk, and uncertainty that came with being a pioneer in the area of green construction. Our CityCenter project is the largest green development in the world and once completed, it will be certified LEED silver or better. Construction is well under way with extensive work in progress on each major element of the CityCenter project. All our projects—commercial, retail, high-rise condominium, hotel, and casino—everything we touch and everything we build goes through a new thinking process that considers how we are impacting the environment and strives to conserve our very limited resources. We remain committed to the State and committed to the work that you are doing here today.

Cindy Ortega, Senior Vice President for Energy and Environmental Services, MGM Mirage:
Promoting green building in sustainable communities is the right thing to do. However, we also recognize that in moving forward, it is prudent for us to look at the incentives and evaluate whether they are at appropriate levels to encourage environmental responsibilities while recognizing green construction as it becomes more commonplace in our community.

Over the past two years, our company has invested thousands of hours trying to understand what this means and how we can do it. We are here to say that we are willing to help. We could provide whatever expertise we have and that we have gained in trying to draft this law and helping create the framework you are seeking. We have reviewed the bill, and we believe it is good for three reasons. First, it creates a better framework to operate and administer the program. It clarifies the responsibilities of the various agencies. The older bill's concerns were largely policy concerns and this bill goes a long way toward sorting that out and making it better. We strongly support the notion of creating accountability during the process and a continuing link between projects as they move along and get built out. We think this is a benefit to both the State and the applicant.

Second, we agree all parties' needs should be balanced and that it is prudent for the State to be reexamining the incentives in the context of today's society. We believe that Assembly Bill No. 3 of the 22nd Special Session has been tremendously successful in its intention to jump-start the process and encourage companies to take bold steps in Nevada and move the market forward so that sustainable construction and sustainable building will result.

The CityCenter project is large, and we have many areas where we can demonstrate that we fulfilled the intention of the State. We have capitalized small companies and grown environmental companies in southern Nevada. We are in the process of training all of the construction workers on CityCenter, which will end up being a training program for over 10,000 people. We have trained architects, engineers, and designers all over the country. We went to interior designers and provided them with the framework they needed to choose the appropriate materials, to put durability into their designs, and to lessen the environmental impact of the end product. That goes back to testimony we heard today, how buildings, like Harvard University buildings or other LEED buildings, could be different from what we are talking about in Las Vegas. I had the opportunity to tour Emory University's cancer center. They have a very strong LEED program with ten buildings.

There are two important differences that I think the Committee should take into consideration. The first one is that it is a big leap between designing a government building or an office building, and designing a LEED-certified building. If you think about it, they have been designing buildings for a long time that use durable carpets and a certain amount of non-wood products and all of the things that you expect in an office setting. Their big challenge is energy, just as ours is, but they do not have the big leaps in areas such as hospitality buildings. How do you design a building that is meant for the public and build it in an environmentally responsible way? That is what is really tough, and that is what people are talking about. There is not a hotel I am aware of, and there certainly is not a large mixed-use project the scope of many of the Nevada projects, that has attained the level of LEED silver.

The idea of this legislation is to provide incentives to build green so that everyone gets down to the range of 1, 2, or 3 percent in additional cost. An office building in Las Vegas that has achieved platinum does not move the market the way we do. That is the risk that you take with the incentives for a large development. I would offer any of our people to help with this process of putting the framework together.

A third reason we support this bill is that it acknowledges a vested interest by the participants who have already invested in state policy. We have projects at both ends of this pipeline. As you know, we continue to invest in Nevada and we will continue to fuel the economy in Nevada through big investments on the Strip and in other places. We are very concerned about and interested in A.B. 621 and we would like to move forward with this bill; however, there are some areas of concern. One item is whether or not residential, high-rise condominiums should be included. We feel that the investment we make and the steps that we take in building those buildings to LEED standards are the same and improve the environment as much as a commercial project would. The type of occupant in the building probably should not direct the incentive on that. We met with Assemblywomen Kirkpatrick and Smith this last week and they brought some things to our attention concerning core and shell, and I understand their concerns. What we are looking at right now is maybe not eliminating an entire sector of the building and development community, but maybe looking at a different reward structure for that. We hope you will be open to that with core and shell, but I do understand your concerns.

I want to end my comments by saying thank you for your consideration. I am happy that we have a Legislature that is cognizant of how the State spends its money. I have lived here a very long time and I am very proud of the level of effort that you have all put into this.

Chair Oceguera:
Are there any questions? I see none.

Dino DiCianno, Executive Director, Department of Taxation:
I would like to offer some technical adjustments to the language in the bill. I apologize that I do not have them in writing today, but I will be more than happy to provide those to Mr. Ziegler [Committee Policy Analyst].

If I could draw your attention to page 3 of the bill, Section 3, paragraph 2, it states that the Department of Taxation and the Commission on Economic Development would provide both agencies with information. I propose adding the County Assessor and the County Treasurer because the abatements relate to local property tax. The Department of Taxation does not maintain those rolls. Those rolls are maintained at the county level.

On page 4, I believe the determination as to whether or not a building either meets or does not meet LEED certification should be determined by the Director of Energy because the Department of Taxation does not have that expertise.

As far as making sure the information is shared among all affected entities, I suggest adding language saying that any person claiming the abatement shall provide annually to the Director of Energy, the Department of Taxation, the County Assessor, and the County Treasurer such information regarding the continuing eligibility of the property for the abatement as the Department determines to be appropriate.

Chair Oceguera:
Most of those suggestions make sense. Are there questions from the Committee? I see none.

Jeff Fontaine, Executive Director, Nevada Association of Counties:
We would like to thank Assemblywomen Smith and Kirkpatrick for putting this bill together and addressing this issue. We support construction of green buildings, and we can understand the policy discussions that have taken place regarding whether or not it is appropriate to provide incentives for developers to meet LEED standards. I will not repeat the discussion that was brought up by my colleagues from Clark County regarding the impacts to local revenues, but clearly that is a big concern for us. This bill would affect all 17 counties, including rural counties, and especially those that are growing counties, such as Lyon County and Storey County. We would like any discussion about caps or appropriate abatements to have as a centerpiece a good analysis so that we can all walk away and feel as though the issue has been thoroughly evaluated. Our hope is that there will be additional analysis and more discussion about the balance, especially the balance in regard to the State's participation in this process versus local entities' participation, and the concern about the disproportionate burden. We are willing to work with this Committee and others to find that balance.

Chair Oceguera:
Are there any questions? I see none.

Terry Graves, representing the World Jewelry Center:
The World Jewelry Center is a large project costing approximately $800 million and being constructed in the redevelopment area of what used to be the railroad yard in Las Vegas. When fully developed, it will employ 3,000 to 3,500 people.

This project has been in the development phase for about two years and we hope to break ground next spring. We agree with the other developers and share some of the same concerns. We are interested in what goes forward with this bill. Our main concerns are the core and shell issues and also the provisions concerning taking advantage of both the redevelopment and LEED benefits.

I would also like to commend and thank Assemblywomen Kirkpatrick and Smith for their terrific effort in putting this together in such a short time.

Chair Oceguera:
Mr. Graves, are you saying you want to have your cake and eat it, too?

Terry Graves:
We just want to look at the issue more closely and see if there are trade-offs.

Chair Oceguera:
Are there any questions? I see none.

Rusty McAllister, President, Professional Fire Fighters of Nevada:
We love green buildings. All of the discussions regarding what makes a green building are not within our realm of expertise. The concerns we have fall back on the provisions within the bill. As Mr. Alastuey has pointed out, anything that impacts the revenue that is used to hire firefighters falls back on the counties or the local governments that are involved. It takes 18 firefighters to staff a fire station. That costs money. There was an article in the paper this morning that talked about Clark County being able to hire only 50 people this past year because that was all the revenue the County had. We have concerns because the bottom line is we still have to provide 100 percent of the services to all the people in Clark County. Our workload is not going down just because the revenue decreases.

Chair Oceguera:
Are there any questions? I see none.

Dave Kallas, representing Southern Nevada Conference of Police and Sheriffs:
I would echo Mr. McAllister's, Mr. Leavitt's, and Mr. Alastuey's comments, and give thanks to Assemblywomen Smith and Kirkpatrick for bringing this bill forward. I do not think anyone can debate the positive impact of energy efficiency. The concern is with the loss of revenue. Some of you may know that in 2004 we went before the voters in Clark County because there was not enough revenue available to hire enough police officers in order to accommodate the growth that was taking place in southern Nevada. We came before this Body in 2005 to implement a sales tax increase. Consideration needs to be

given to the revenue lost when you provide incentives and end up robbing Peter to pay Paul. We ask that you ensure that we are able to provide the services to which the residents of our communities are entitled.

Chair Oceguera:
Are there any questions? I see none. Are there others wishing to testify? I see none. We will close the hearing on A.B. 621.

[The meeting was adjourned at 4:07 p.m.]

RESPECTFULLY SUBMITTED:

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Patricia Blackburn
Committee Secretary

APPROVED BY:

____
Assemblyman John Oceguera, Chair

DATE:______________________________

EXHIBITS

Committee Name: Committee on Commerce and Labor

Date: May 22, 2007 **Time of Meeting: 1:46 p.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
AB 621	C	John C. Sagebiel, University of Nevada	History and Information
AB 621	D	Kyle Davis, Nevada Conservation League	Written Testimony
AB 621	E	Robert Tretiak, International Energy Conservation	Informational document
AB 621	F	Michael Alastuey, Clark County	Property Tax breakdown and Charts