

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON TAXATION**

**Seventy-Fourth Session
February 27, 2007**

The Committee on Taxation was called to order by Chair Kathy McClain at 1:32 p.m., on Tuesday, February 27, 2007, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, 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:

Assemblywoman Kathy McClain, Chair
Assemblyman David R. Parks, Vice Chair
Assemblywoman Francis Allen
Assemblyman Morse Arberry Jr.
Assemblyman Mo Denis
Assemblyman Tom Grady
Assemblyman William Horne
Assemblyman John W. Marvel
Assemblyman Harry Mortenson
Assemblyman James Ohrenschall
Assemblywoman Peggy Pierce
Assemblywoman Valerie E. Weber

GUEST LEGISLATORS PRESENT:

Assemblyman Jerry Claborn, Assembly District No. 19

STAFF MEMBERS PRESENT:

Russell J. Guindon, Senior Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Mary Garcia, Committee Secretary



Gillis Colgan, Committee Assistant
Marge Griffin, Committee Manager

OTHERS PRESENT:

Kevin Christensen, Chairman, Nevada State Apprenticeship Council and
Chairman, Joint Apprenticeship Training Committee, Las Vegas,
Nevada

Dino DiCianno, Executive Director, Department of Taxation, Nevada

Jim Sala, Regional Council Representative, Southwest Regional Council of
Carpenters, Las Vegas, Nevada

Thomas Morley, representing Laborers Local #872, Las Vegas, Nevada

Jack Jeffrey, representing Southern Nevada Building and Construction
Trades Council, Las Vegas, Nevada

Danny Thompson, representing Nevada State American Federation of
Labor and Congress of Industrial Organizations

Gary Milliken, representing Las Vegas Chapter, Associated General
Contractors and Southern Nevada Laborers-Employers Cooperation
and Education Trust

Michael Tanchek, Labor Commissioner, Department of Business and
Industry, and Secretary-Director, State Apprenticeship Council,
Nevada

Chair McClain:

[Called the meeting to order at 1:32 p.m. Roll was called.] We have a couple
of Committee introductions. They are both assessors' bills dealing with
property taxes.

BDR 32-469—Makes various changes regarding property taxes. (Later
introduced as [Assembly Bill 209](#).)

BDR 32-470—Revises provisions governing property taxes. (Later introduced as
[Assembly Bill 210](#).)

ASSEMBLYMAN PARKS MOVED TO INTRODUCE BDR 32-469.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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ASSEMBLYMAN GRADY MOVED TO INTRODUCE BDR 32-470.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair McClain:

We have one bill on the agenda today, Assembly Bill 110.

Assembly Bill 110: Repeals the prospective expiration of the exemption from the property tax levied on the real and personal property of certain apprenticeship programs. (BDR S-75)

Assemblyman Jerry D. Claborn, Assembly District No. 19:

This bill was requested on behalf of the Southwest Regional Council of Carpenters and all other members of the Joint Apprenticeship Training Committee (JATC), which is recognized by the State of Nevada. The bill asks to repeal the expiration of the exemption of the property tax levied on the real and personal property of certain apprenticeship programs. As a member of the International Union of Operating Engineers, I sat on the Southern Nevada JATC as a trustee for almost 24 years.

Kevin Christensen, Chairman, Nevada State Apprenticeship Council and Chairman, Joint Apprenticeship Training Committee, Las Vegas, Nevada:

Assembly Bill 110 proposes an elimination of the sunset provision of the real and personal property tax that has been granted previously to the apprenticeship programs in the State of Nevada. I have been involved before on this particular piece of legislation, in its initial drafts, original passage, and subsequent amendments, so I am familiar with its history.

This bill is primarily intended to benefit nonprofit, tax-exempt entities organized for purposes of training the workers of Nevada. I have had the opportunity to work in that area for 25 years, 20 of which were as the chairman of the State Apprenticeship Council (NSAC), which approves and regulates each of the programs, and reviews and accepts, denies, or revises their standards, and oversees committees and apprentices. When they have appeals, they come before the State Apprenticeship Council.

I have also consulted with dozens of these programs from carpenters, culinary workers, operating engineers, floor coverers, electrical workers, glazers, painters, cement masons, iron workers, and laborers. I have been involved with the Associated Builders and Contractors, Inc. (ABC) program, Sierra Pacific, and Nevada Power—many of the great training organizations that the State has

approved. These training organizations are incredibly varied. There are university programs that are approved, such as printing, child care, and, at one time, prison programs. We have had the opportunity to train thousands through these programs. The assistance from this tax break is significant in being able to direct those dollars straight to the actual training.

Currently, there are more than 250 active apprenticeship training programs in the State. At any one time, between 11,000 and 12,000 apprentices are indentured to the State through the Labor Commissioner's office. Labor Commissioner Tanchek is the acting Secretary-Director of apprenticeship for the State. He has an able staff, and they work closely with the Department of Labor and the Bureau of Apprenticeship and Training representatives in trying to ensure the training is appropriate in the State.

Why is this bill so important? There are very few sources of funding for training. In most situations, the contributions come from employers who have journeyman workers and other trainees on-site. For each hour they work, a few cents comes out of their compensation package and into a trust fund or an organization approved by the State, through the State Apprenticeship Council, which usually has a 501(c)(3), 501(c)(5), or 501(c)(19) exemption. Other than those contributions, there are very few sources of revenue. Occasionally, a large entity will contribute materials or equipment. Some of the state and federal government agencies do contribute some monies for reimbursement for instruction and classrooms, but by and large, the money comes out of the pockets of the employers and employees of Nevada.

We oversee joint committees that are usually composed of labor and management individuals to ensure that the needs of the workers are met, that their training is top-notch, and that safety is a priority. They are required to receive 144 hours of classroom training every year during their apprenticeships. They are also required to receive usually between 2,000 and 10,000 hours of on the job training before they become journeymen. Programs can be from one to five years in length.

The expenses of running that type of program are extensive. There are coordinators, instructors, and clerical staff, as well as a great deal of equipment and material. Some facilities are extravagant and include huge pieces of equipment. For example, the operating engineers in northern and southern Nevada have large training facilities with several acres. They push dirt from one side to the other and learn how to operate dozers, scrapers, and graders.

The carpenters JATC currently has 1,600 or more apprentices at a huge facility in southern Nevada to try to meet the need for a trained workforce. ABC trains

a variety of crafts, both in northern and southern Nevada. The Culinary Union Training Center (CUTC) is a great example of training efficiency. They provide training for hotel workers, both in food and beverage. They also provide training for hotel workers in housekeeping and provide significant benefits you would not expect, including meals for at-risk children in certain places throughout the State. These are very valuable services. Probably the most innovative in the past few years is child care. There are dozens of child care apprenticeship programs throughout the State.

All the programs need this tax break for their physical facilities and equipment. When the county assessor issues his bill, then they do not have to come up with thousands of dollars to pay for the property, the building, or the equipment that could be used to directly train these individuals. The reason we do this is to create a skilled and trained workforce in Nevada. The requirements are huge these days. Workers need a reasonable and profitable wage, and we think this legislation helps support these fine programs and allows them to be trained appropriately with good supervision and good ratios of supervisors to apprentices that will ensure their safety and meet the demand for skilled tradesmen in the State of Nevada.

All of these programs require an equal opportunity to enter and be selected. There is a statewide plan, and each program has to have a plan that requires equal opportunity. There is a significant increase in the opportunities for minorities and women in these programs, and each of these dollars is to their benefit. Thousands of apprentices have been turned out as new journeymen.

We need this bill to be able to take care of the unprecedented growth in the State. I urge you to pass the bill to help support these skilled craftsmen to build, serve, and sustain the State of Nevada.

Assemblyman Marvel:

I am not arguing with the merits of the bill, but what is the total assessed valuation of all this exempt property?

Kevin Christensen:

I am not aware of the total assessed value. When the original exemption passed, there were only a handful of facilities. Since that time, because of savings involving this and other exemptions, other facilities have come on board. I would estimate that about 20 physical facilities are owned by the apprenticeship programs in the State.

Assemblyman Marvel:

Do you know how they would be valued on the open market?

Dino DiCianno, Executive Director, Department of Taxation, Nevada:

I do not have that off the top of my head. I just called my office to try to get that information.

Chair McClain:

The local assessors would probably have that information.

Dino DiCianno:

That is correct, and that is where we would have to get that information.

Jim Sala, Regional Council Representative, Southwest Regional Council of Carpenters, Las Vegas, Nevada:

I would like to share with you the importance of this bill for the carpenters. When I first became involved with our program in 1996, we had about 250 apprentices. Our January 2007 report shows us having 1,641 apprentices. During that time, our membership has gone from 3,200 members to nearly 10,000 members because of the phenomenal growth in the construction market. In 1998, we built a new 65,000-square-foot facility in southern Nevada, which is much bigger than our old facility.

This bill is very important. The fact that the exemption has been in place for a while has facilitated many of the programs getting their own buildings and being able to invest that money in the training programs. These programs, many of which have been in place since the late 1950s or early 1960s, are generated by private dollars. Our current contribution from employers through our collective bargaining agreement is \$0.35 an hour. For every hour worked, that money goes to these programs, and that is the only revenue we get to do the training, buy the materials and equipment, pay for the building, pay the instructors, and pay for the curriculum. Unlike some crafts where the operators push dirt around, carpenters are commonly referred to as "wood butchers." We tear up a lot of wood, dry wall, and other things, and once we tear it up, we need to get new materials so the apprentices will have materials to work with. These programs generate millions of dollars in private funding. Contractors are paying their own way, and they deserve this tax exemption.

As Mr. Christensen mentioned, there are many types of programs: union, nonunion, single employer, and multiple employer programs. Ours is under the Taft-Hartley Trust Act. On the Labor Commissioner's website, there are more than 50 categories and well over 200 programs in the State. They represent a wide variety of crafts from the building trades to child care workers. The men and women who go through these programs are the top of the line in their industries when they come out. Not everyone goes through an apprenticeship program, but the ones who do end up being the foremen, general foremen, and

superintendents who run projects and build such things as the MGM City Center and the World Furniture Mart. Those jobs require a great deal of skill.

Our program is a four-year program. We also offer an extensive amount of journeyman upgrade training. Roughly 1,000 journeymen a year go through that program and through skill enhancement training. We offer safety training in the Occupational Safety and Health Administration's "OSHA 10 Hour" and "OSHA 30 Hour" construction safety courses, hazardous materials training, and other things to ensure workers' safety on the job. We offer remedial classes in mathematics and other subjects. Many of our programs are accredited with the community college for those who want to further their educations. We also offer English as a Second Language (ESL) and many other subjects.

Our 1,641 apprentices break down to 8 percent female in the carpentry program and 3 percent female in the drywall program. Our minority participation overall is 62.3 percent, which is significantly higher than it was 10-12 years ago. The program provides a good wage; our apprentices start out at 50 percent of a journeyman's rate, which is currently \$30 an hour plus benefits. It is a good way to make a living as long as workers stay safe and are appropriately trained.

The apprenticeship programs also participate in many charitable endeavors in their communities, such as Habitat for Humanity; the John C. Vanderburg Rainforest Biosphere in Henderson, which was in cooperation with the local school district; wheelchair ramps for seniors; Christmas in April; and Opportunity Village. The apprentices learn to give back to the community, and much of their on-the-job training ends up benefiting the people of the community. They are good programs that are definitely worthwhile.

Chair McClain:

You mentioned that at one time you had some programs in the prisons. What happened?

Kevin Christensen:

For one thing, security became an issue. Wages were very low, about \$0.03 an hour. They came under the State's Parole and Probation, and supervision capacity was something in which they thought people were not being adequately trained. Those programs are no longer being used, but I hope to see them again. Some very well-trained people were coming out of the prisons. There are helmets-to-hardhats and school-to-work programs that feed off the military and the schools and are along the same lines.

Assemblyman Denis:

I need to disclose that my son-in-law is a sheet-metal worker in Las Vegas. He is not an apprentice, but he has been in their training program for the last year and a half. I am disclosing that just in case I need to.

Chair McClain:

Did they train him well?

Assemblyman Denis:

Yes. I think he is going to make more money than I do.

Assemblywoman Weber:

Will apprenticeship programs accept ex-felons?

Kevin Christensen:

Each of the programs establishes a set of standards, which occasionally come before the Nevada State Apprenticeship Council for approval. Two people on the Council recently suggested restrictions along those lines. In fact, Rebecca Massingill, with Sierra Pacific Power Company's program, and Clara Andriola, with the ABC program, were particularly interested in promoting limitations. There are currently no limitations.

Thomas Morley, representing Laborers Local #872, Las Vegas, Nevada:

We are strongly in support of this bill.

Jack Jeffrey, representing Southern Nevada Building and Construction Trades Council, Las Vegas, Nevada:

This bill was submitted at my request ten years ago, and it is still a good bill. Regarding work done on a charitable basis, when the veterans' cemetery was built, all the dirt work out there was done by the apprentice operators. They had 40 acres in North Las Vegas where they moved dirt around on the weekend. We got them to move their training center to Boulder City and basically got them to build that cemetery without even charging for fuel.

As far as cost is concerned, at the time we originally passed the bill, it was negligible, especially as far as the State was concerned. It is an ad valorem tax, so it has had very little impact, but I cannot tell you how much it would be now. Many apprenticeship programs do not have their own buildings. The building trades generally do. Others meet in locations such as classrooms at community colleges.

Assemblyman Marvel:

I was just wondering what the total value was. I think it is a great program.

Jack Jeffrey:

The bigger ones, such as the carpenters and operators, have substantial investments. Some of the other facilities are fairly small. The plumbers and electricians are small, but they put a lot of money into equipment that other programs may not. They basically provide state-of-the-art equipment. By the time apprentices come out of these programs, they are well qualified to do anything that is handed to them.

Assemblyman Grady:

We used the same thing for the veterans' cemetery in Fernley, and part of that was funded last session with state money. If it had not been for the apprenticeship program, we could not have finished the road to the cemetery in Fernley. That is working in both ends of the State.

Chair McClain:

That is good to know.

Danny Thompson, representing Nevada State American Federation of Labor and Congress of Industrial Organizations:

We (the AFL-CIO) want to speak on behalf of this bill. Many of the public programs in place pale by comparison to these programs. Most of the Strip hotels probably do not have the equipment that the culinary program uses to train chefs; it is absolutely top notch. This exemption is very important in maintaining the level of these programs. I urge the Committee to pass this legislation.

Gary Milliken, representing Las Vegas Chapter, Associated General Contractors and Southern Nevada Laborers-Employers Cooperation and Education Trust:

We are strongly in favor of this bill. The great thing you find here is both management and labor working together on these apprenticeship programs trying to get qualified laborers out to the job sites.

Michael Tanchek, Labor Commissioner, Department of Business and Industry, and Secretary-Director, State Apprenticeship Council, Nevada:

At the current time, we have over 9,000 registered apprentices in more than 200 programs. Many of these are one-on-one programs in the day-care industry. The graduation rate in those programs is relatively low because people get into those programs to learn to be licensed day-care operators. The demand for that skill is so high that as soon as employers find out they are getting training in that area, those people are hired away from the program.

This is really a postsecondary education, like a community college or university, just more specialized. I have been very pleased with what I have seen of the apprenticeship programs, and I am strongly in support of this bill.

Chair McClain:

Is that everyone in support of this bill? Is there anyone in opposition?
[There was no response.]

We received an email ([Exhibit C](#)) from Carole Vilardo, President of the Nevada Taxpayers Association, who could not be here today. She requests that we amend the bill to provide for another ten-year sunset. She writes:

It is a longstanding policy of the Association that no exemption should be in perpetuity. A sunset allows the exemption to be reviewed to see if the reasons for the exemption still exist and make sense. I hope that you and the Committee members will agree with that amendment.

Does anybody want to respond to that proposed amendment?

Jim Sala:

I met with Ms. Vilardo yesterday on this bill, and she shared with us her policy position. I do not think she felt that strongly about it. We explained to her that these kinds of educational institutions have been around for 50 years. Under the circumstances, and with their track record, they do deserve the exemption. We would appreciate your consideration.

Chair McClain:

Normally, 501(c)(3)s and all nonprofits are exempt, is that correct?

Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau:

I believe you are correct that 501(c)(3)s typically do have a permanent exemption. I can look further into that to see if there are any exceptions to that other than the apprenticeship programs.

Dino DiCianno:

The 501(c)(3) is a federal designation for income tax purposes. With respect to property taxes, sales taxes, and any other type of tax we administer that has an exemption to it, it takes more than just the 501(c)(3) designation. There are certain rules they would have to follow and procedures they would have to go through. The same would be true from a property tax standpoint. That is why you had to address the exemption specifically for the apprenticeship program.

Even though they had that 501(c)(3) designation, you had to enact something to effect that exemption.

Chair McClain:

Were the others we legislated exemptions for sunsetted, or were they given permanent exemptions?

Dino DiCianno:

Over the past few sessions, some of them have had sunsets, but not all of them. There are a number of them on the statutes; some of them have sunsets and some do not.

Jack Jeffrey:

I do not have any real concern about a sunset amendment, but I believe it is unnecessary. These are labor-management trusts, and all these trustees are liable for any mistake they make.

Chair McClain:

What is the pleasure of the Committee?

ASSEMBLYMAN HORNE MOVED TO DO PASS
ASSEMBLY BILL 110.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN DENIS WAS ABSENT
FOR THE VOTE.)

Chair McClain:

Assembly Bill 110 has passed out of this Committee. Next week we are going

to schedule the last three bills of the five that have been referred to us, as well as the two assessors' bills.

Is there any other business to come before the Committee today? Not seeing any, we are adjourned [at 2:09 p.m.].

RESPECTFULLY SUBMITTED:

Mary Garcia
Committee Secretary

APPROVED BY:

Assemblywoman Kathy McClain, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: February 27, 2007

Time of Meeting: 1:30 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
<u>A.B. 110</u>	C	Carole Vilardo / Nevada Taxpayers Association	Email containing proposed amendment