

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Fourth Session
May 7, 2007**

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:09 a.m., on Monday, May 7, 2007, in Room 3137 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:

Assemblyman Morse Arberry Jr., Chair
Assemblywoman Sheila Leslie, Vice Chair
Assemblywoman Barbara E. Buckley
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblyman John W. Marvel
Assemblywoman Kathy McClain
Assemblyman David R. Parks
Assemblywoman Debbie Smith
Assemblywoman Valerie E. Weber

GUEST LEGISLATORS PRESENT:

Assemblywoman Marilyn Kirkpatrick, Clark County,
Assembly District No. 1
Assemblyman Marcus Conklin, Clark County, Assembly District No. 37
Assemblyman Harry Mortenson, Clark County, Assembly District No. 42

STAFF MEMBERS PRESENT:

Mark W. Stevens, Assembly Fiscal Analyst
Christine Bashaw, Committee Secretary
Patricia Adams, Committee Assistant

OTHERS PRESENT:

Dawn Gibbons, First Lady

Chairman Arberry opened the hearing on Assembly Bill 525.

Assembly Bill 525 (1st Reprint): Revises provisions relating to autism.
(BDR 40 1374)



Assemblywoman Leslie testified in favor of Assembly Bill 525 (R1) and was before the Subcommittee with First Lady Dawn Gibbons. Assemblywoman Leslie said the bill originated in the Health and Human Services Committee and then presented Mrs. Gibbons.

Mrs. Gibbons said that this was an important bill and she appreciated Assemblywoman Leslie's efforts. For years, legislation had been passed to help the cause of those afflicted with autism. Mrs. Gibbons quoted that 1 in 150 were diagnosed with autism. In Nevada, every other day a child was born with autism. Without early intervention, it would be difficult to live productive lives. This bill would be a good first effort to bring forth early intervention, awareness, and help for those who have been diagnosed. Mrs. Gibbons appreciated the Committee's efforts, concerns, and attention to this piece of legislation. Eighty percent of marriages in families with autistic children end in divorce. Mrs. Gibbons said she had been assured that there would be matching funds and urged passage of A.B. 525 (R1).

Assemblywoman Leslie thanked Mrs. Gibbon for her leadership on this issue and bringing it forward to the Health and Human Services Committee and to the public at large. Not enough attention had been paid to autism and through the efforts of Mrs. Gibbons and this bill, great benefits would be derived by bringing this issue forward.

Assemblywoman Leslie referred to Exhibit C, a notebook with information to support the autism legislation. The first section listed facts regarding autism which included some of the following:

- Autism was a complex neurobiological disorder that typically lasts throughout a person's lifetime.
- Occurrence rate was 1 in every 150 children.
- There was no cure for autism.

Assemblywoman Leslie said that with early intervention a lot could be done. There was a special guest who would testify from first hand experience regarding the effects that early intervention could have on a person's life.

Assemblywoman Leslie commented that the bill provided three areas of improvement:

1. A better job of screening children for autism.
2. A better process for diagnosing the children.
3. Better treatment: Nevada was behind in treatment.

Assemblywoman Leslie said that Exhibit C had great information and thanked the Autism Coalition of Nevada who compiled the binder. We all need to be better educated.

Assemblywoman Leslie reported that there was a television show that aired this past weekend, and Mrs. Gibbons was on it. She would be happy to get Committee members a copy as the show was very powerful. Assemblywoman Leslie said that after viewing the show, the families were the unsung heroes in this issue. They loved their children and the toll autism takes was unbelievable. Assemblywoman Leslie stated it was past time for Nevada to help these families get the services that they need.

Assemblywoman Leslie referred to [Exhibit D](#) an "autism fact book," from the Department of Health and Human Services (DHHS). These materials could be a resource for the Committee members with their constituents.

Assemblywoman Leslie referred to A.B. 525 (R1), and stated sections 2 through 4 were about screening. Working with the Health Division, a process was developed without additional costs. This part of the bill would help to alert parents to the potential for autism in their children. Section 7 made an appropriation of \$1.2 million to the DHHS to be used to match money from the private sector to provide a diagnostic clinic in northern Nevada, similar to the one currently in southern Nevada.

Assemblywoman Leslie referred to section 8, the third part of the bill which had to do with treatment. This section made appropriations to DHHS: \$2 million in fiscal year (FY) 2008 and \$3.2 million in FY 2009. This money was to establish a pilot program for parents who were not currently served through the state system. Assemblywoman Leslie said that Nevada focused its services on those families of children who had the most severe forms of autism. Assemblywoman Leslie said to qualify for state services, children with autism had to be mentally retarded. Not all children with autism were mentally retarded. Assemblywoman Leslie wanted to open up State services, through a pilot program, to those children who have autism but who are not mentally retarded. Section 8 of the bill would provide for the pilot program. Assemblywoman Leslie said the money would allow parents to use the funding to purchase the services that their child would need. The services children needed were very expensive, and different services were needed for different children. Assemblywoman Leslie stated that currently through the state program, the average payments for each family was \$1,100 per month. Through this bill, the pilot program, and the state program, the plan was to raise the monthly payments to \$2,000 per month.

Assemblywoman Leslie referred to the television show that aired last weekend and said that it showed how the families loved their autistic child, but the divorce rate was high and many families went bankrupt. Imagine being a parent of an autistic child and not being able to afford the services your child needed, knowing that if services were not provided early, the child might not reach his potential.

Assemblywoman Leslie encouraged the Committee members to meet with the families of autistic children.

Assemblywoman Leslie would answer any questions the Committee had and then Cliff Schumacher and his mother, Judge Deborah Schumacher, would testify about their personal story. The Committee would see the difference early intervention could make.

Assemblyman Marvel asked whether there were children placed out-of-state through the "395" program [education of persons with disabilities pursuant to Chapter 395 of the *Nevada Revised Statutes*]. Assemblywoman Leslie said there were not. Assemblyman Marvel asked whether this was because there was no funding. Mary Liveratti, Deputy Director, DHHS, stated that *Nevada Revised Statute* (NRS) 395 program was administered by the Department of Education, but she was aware of one case that the DHHS was trying to bring home from Florida. Assemblyman Marvel referred to a case he was involved with in Washington 10 or 15 years ago that had been very successful. In answer to a question from Assemblyman Marvel, Ms. Liveratti said that the 395 program was still available. Assemblyman Marvel asked why

more people did not apply for that program. Ms. Liveratti answered that the 395 program was requested by a school district, but the intent was to try and keep the children in Nevada.

Assemblyman Parks said he understood that there was a fiscal note placed on this bill and asked whether it had been removed. Assemblywoman Leslie answered no, the fiscal note included the \$1.2 million appropriation for the diagnostic clinic for the matching funds and the \$5.2 million appropriation which would serve 128 families a year, allowing parents to access up to \$2,000 per month for treatment. Assemblyman Parks said there was a fiscal note attached by the research and development Division of Department of Motor Vehicles (DMV). Assemblywoman Leslie said that fiscal note had been removed, because sections of the original bill relating to tissue donated through the organ donor program for research were removed with an amendment.

Ms. Gibbons said the testifiers would speak as one voice representing 13 coalitions in Nevada.

Judge Schumacher said she appeared today as a citizen and parent. Her son, Cliff, would testify and it was his voice that was most important to be heard and her role was to tell the Committee about his background. Judge Schumacher testified that it was immediately apparent from Cliff's birth that something was not right. At birth, Cliff showed all the neurological signs of autism, but did not know what they meant. He cried all the time. As Cliff became a toddler, the crying changed to an alternating pattern of long silences with temper tantrums which would go on for hours. Cliff did not develop ordinary language skills. Judge Schumacher understood something was wrong and consulted multiple medical and mental health professionals. Cliff was not diagnosed as autistic until he was three and one-half years of age. Judge Schumacher believed that Cliff should have been diagnosed at 12 to 18 months. That delay was very important. The window of opportunity for effective early intervention has already begun to close at three and one-half years old.

Once Cliff was diagnosed, it was ascertained that the only known effective early intervention for autism was applied behavior analysis which, at that time, was not available in Nevada. Judge Schumacher and Cliff relocated near the University of California, Los Angeles (UCLA). At UCLA, Cliff began a regiment of 40 to 42 hours per week of one-on-one treatment. The treatment was very expensive but very successful. The child, who had almost no words when he was three and one-half, was able to enter ordinary education classes with no special education assistance by the first grade. By the fifth grade, Cliff was certified to the school district's Gifted and Talented program.

Judge Schumacher said Cliff had a lot to offer the world and as a sophomore, he presently was a student of honors English, honors history, honors Latin and taking calculus. Cliff was just a great kid and great human being. Now she was able to hear the voice that she could not otherwise have heard.

Judge Schumacher concluded that she wanted to emphasize that in the scientific literature there was no reason to believe that Cliff would have made the gains he had made but for the intervention he received. Judge Schumacher thinks the delay in diagnosis could have resulted in a different outcome and realized there were families who could not obtain the treatment Cliff received because he was fortunate to be born into a family with some financial means.

Judge Schumacher understands budgetary constraints but hoped the Committee would be able to support A.B. 585 (R1) and introduced her son, Cliff Schumacher.

Mr. Schumacher testified:

I was one of those individuals who was born with autism. Unlike most with autism, I was stripped of the diagnosis when I was just five. And though I no longer fit that imprecise list of criteria, I am the individual who has lived with autism for most of his life, well, for all my life.

As an autistic, I have lived a dramatically different life than most. In fact, I would not be speaking to you without the working team of dedicated professionals and Dr. Ivar Lovaas, who was one of the most respected names in the field. Although I did not know it at the time, I would have doors opened to me by these people.

I hear noises that people do not normally hear, outside and in other rooms. I see the flickering of lights 60 times a second. I feel the texture of chairs through my clothing. Even with these challenges, I have lived a life in which I can exchange ideas and interact with the world and for that I am incredibly grateful.

But more than that, I am sad for those who can not, for those who are shut up in themselves, trapped inside of their own little worlds, simply unable to communicate with the rest of the world. It is very sad not only for the children who live a painful and solitary existence, but for the people around him who then cannot have his perspective and cannot understand what he is saying. This could be a very important and powerful individual who was simply trapped inside himself.

And for that person, I sit before you today, asking for your support of this bill because I think it is very important and time to act. We must let them be part of our world. Thank you.

Mike Willden, Director, DHHS, indicated that the Department supported this legislation. This was a decision unit that the Department tried to get into the budget but was not able to because of priorities, so he was appreciative that this legislation had come forward. Mr. Willden expressed the Department's commitment to implement sections 3 and 4 of the bill, the education and awareness portion. Mr. Willden moved to section 7 and 8, and said section 7 was the \$1.2 million appropriation for diagnostic evaluations. This was the part of the bill that would get matching funds. Mr. Willden said that section 8 was the service appropriation. Services were expensive, but evidence showed they worked. Mr. Willden concluded that the Department would aggressively implement this legislation if passed.

Assemblyman Marvel asked why more people were not taking advantage of the 395 program. Mr. Willden stated the 395 program was administered by the Department of Education, but DHHS had a component. The 395 program was for children who could not be educated in Nevada, so that program would not be implemented if in-state services were available. In response to a question from Assemblyman Marvel, Mr. Willden said that the money from A.B. 525 (R1) was to keep children in Nevada because the agency preferred not to send children out-of-state.

Assemblywoman Leslie clarified the 395 program was for the most severe cases and out-of-state placement. This bill was to keep children with their families. These services were available in the private sector if a person could afford them.

Assemblywoman Smith asked how many children this bill would help and how many would still be waiting. Ms. Liveratti said this bill was a small step towards the number of people who needed to be served. These were expensive services and estimated that at \$2,000 per month per child, this would serve approximately 128 children over the biennium.

Ralph Toddre, Executive Director, Autism Coalition of Nevada, read his prepared statement:

All we want is the chance for our children to be like Cliff, just that small chance. Most of these people have been coming here for over ten years now, in hope that Nevada would recognize the urgency of funding for autism. Yet, every time they have come, they were turned away. The autism epidemic is now the most profound and shocking epidemic in the United States.

I bring you matching money for the clinics, because of the generosity of Keith Resnick of the Lili Claire Foundation.

These people's hopes and dreams are higher than ever before. We need the early screening, early diagnosis, and early intensive intervention. That is what A.B. 525 asks for. It will help more children, but certainly not all of them. It is a small, but a very important start.

All of our children need the help they rightfully deserve as human beings and citizens of this State. The insurance companies do not help.

We will never give up the hope, but we need your help. Understand that 1 in every 150 children are diagnosed with autism. If autism has not affected you yet, odds are it soon will.

Assemblyman Marvel asked about private and federal money and how much was available. Mr. Toddre replied that this was still the beginning stages but there was a new bill Senator Hillary Clinton had introduced that was specifically for funding. Mr. Toddre's understanding was Senator Clinton's bill would look at each state and then make a decision on the amount each state would receive. Assemblyman Marvel asked about the private money. Mr. Toddre said that he had commitments from a lot of people and guaranteed funding from private sources would be forthcoming.

Assemblywoman Smith wanted to thank Assemblywoman Leslie and Mrs. Gibbons for bringing this legislation forward and the Schumachers for testifying. She also watched the autism television special and hoped the Committee would be able to help.

Chairman Arberry closed the hearing on A.B. 525 (R1) and opened the hearing on A.B. 469 (R1).

Assembly Bill 469 (1st Reprint): Requires the Division of State Parks of the State Department of Conservation and Natural Resources to conduct a study to consider the feasibility of establishing a park for the protection of certain paleontologically sensitive sites. (BDR S-717)

Assemblyman Mortenson testified in support of Assembly Bill 469 (R1). Nevada was growing fast, but recreational facilities were not. This bill would establish a unique park that would be both public and academic. Assemblyman Mortenson likened the park to the La Brea Tar Pits in California. He believed the park could be a destination, bringing a lot of people to the State, and be a great asset. The land for this park was 315 acres which the State already owned. Assemblyman Mortenson said that funds were needed to turn a concept into a plan.

Assemblyman Mortenson referred to Exhibit E which was a copy of an amendment which "nailed down" the 315 acres. The bill asked for \$50,000 for a study which would turn the park concept into a plan.

Stephen M. Rowland, Professor of Geology, University of Nevada, Las Vegas (UNLV), testified in support of A.B. 469 (R1). There was a world-class paleontological site in southern Nevada. Dr. Rowland brought a mammoth tooth which represented the fossils found at the site. The mammoth was an ice-age animal that became extinct about ten thousand years ago and lived all over the State. Dr. Rowland said this site was a world-famous site because in the 1960s a famous excavation was done at this site.

Dr. Rowland referred to Exhibit F, and stated the map published by National Geographic Society showed Tule Springs. Tule Springs was a site where radiocarbon dating was first established as a viable technique for studying fossils and archeological material. The studies from the 1960s were just preliminary, and most of the fossils were still in the ground waiting to be discovered. Dr. Rowland said that Nevada had not done a good job of protecting the natural fossil resources and using those fossil resources to develop fossil tourism and get citizens excited about the natural history of Nevada.

Dr. Rowland said this bill would provide funding for a feasibility study that would involve UNLV and the Division of State Parks. As a representative of UNLV, Dr. Rowland was excited about the prospect and referred to Exhibit F, which included a letter from the Dean and Professor of Microbiology expressing strong support for this legislation.

Dr. Rowland stated that two of Nevada's neighboring states have developed sites that were models. He referred to La Brea Tar Pits which was a research locality where scientists were working and volunteers become involved with research. Utah had a site similarly developed. The city of St. George hired a paleontologist to supervise the research at that site as well as encourage fossil tourism.

Dr. Rowland concluded that Nevada had a wonderful site that had the potential of developing the fossil tourism component, being a world-class research site and helping the citizens learn about the history and science in Nevada.

Helen Mortenson, President, Archaeo-Nevada Society, testified in support of A.B. 469 (R1) and had been associated with Dr. Rowland for many years. The 315-acre site was within a 1,000-acre site of Bureau of Land Management (BLM) land that was on the national register. Mrs. Mortenson said through this

site and impacting the east side of the state land, there was a 500 KV transmission line run by Nevada Power. Mrs. Mortenson had talked to Pat Shalmy, President, Nevada Power, who was ready to help. There was also a commitment from National Geographic which took over 2,000 photographs during the 1962-63 study. Mrs. Mortenson referred to [Exhibit F](#) and said the map came from the December 2000 issue of National Geographic. As Dr. Rowland testified, Tule Springs was recognized around the world. The upper Las Vegas wash was in a transfer mode, and BLM was considering transferring the land to another manager or developers. The City of North Las Vegas on the east side of Decatur and the City of Las Vegas on the west side were interested in the project. Mrs. Mortenson said that she would like to establish the Pleistocene Institute which would study the paleontological site. What was needed was a small commitment from the State.

Assemblywoman Weber asked why the study was done in 1962, and what had happened in the last 40 years since that study was done. Dr. Rowland said he was driven by the development of the new radiocarbon dating technique, and an interest in trying to determine whether humans had coexisted with the extinct animals. The earlier study did not confirm that, so archeologists turned to other sites where they were able to establish that humans coexisted with extinct animals, and the Tule Springs site was forgotten. Dr. Rowland said in the succeeding 40 years, new technology had been developed, and now the site had attracted renewed interest.

Chairman Arberry closed the hearing on [A.B. 469 \(R1\)](#) and opened the hearing on [A.B. 487 \(R1\)](#).

[Assembly Bill 487 \(1st Reprint\): Exempts certain professional minor league baseball events from the state tax on live entertainment. \(BDR 32-1361\)](#)

John Pappageorge read a prepared statement in support of the bill:

I am John Pappageorge. I am here today representing the Las Vegas 51s baseball team. The 51s are a professional baseball team affiliated with the Pacific Coast Triple A league.

Existing law provides for the imposition of a state excise tax on the admission to facilities where live entertainment is provided. The 51s are requesting an exemption from this state tax. Section 1 of this bill provides for this exemption. We would want this exemption to apply when a baseball event is conducted at a stadium.

The language in the existing law that authorizes an exemption begins on page 2, paragraph 5, line 19. The new language we are requesting is on page 3, beginning at line 33, subparagraph (p):

- Beginning July 1, 2007, a baseball contest, event or exhibition conducted by a professional minor league baseball player at a stadium in this State.

Cashman Stadium is where the 51s play their games. It lacks the revenue streams common in most ballparks such as suites, club seats, party decks, and a video scoreboard. Not having these amenities makes it quite difficult to make this business competitive.

The live entertainment tax has created an added burden for the Las Vegas 51s. We pay a tax approximately \$90,000 per year depending upon our paid attendance. The \$90,000 plus what it costs each year makes it very difficult to run the business in the black. In fact some years we do not.

We pick up the cost in place of adding it to the ticket price because we target locals as our customers and do not think it is fair to burden them with additional expenses. We believe that many of our fans do not attend simply because they cannot afford the extra expense.

As you know, we are competing against the entertainment capital of the world. Eliminating the tax is something that would allow us to make professional baseball in Las Vegas a much more attractive event to those who love the game.

Chairman Arberry asked if this bill was passed, would there be a difference on ticket prices. Mr. Pappageorge did not know, but thought the savings would be used to make baseball a more attractive event.

In response to a question from Assemblyman Marvel, Mr. Pappageorge said he was not sure about the average attendance for the games, but the stadium held 8,000 and was not close to filled for games.

Alfredo Alonso, with the law firm of Lewis and Roca LLP, was representing Katzoff Investments and Simon Property Group, Inc, which were the new owners of a team, and were interested in bringing a team to northern Nevada. Mr. Alonso expressed support for Assembly Bill 487 (R1). One of the issues was the lack of money to be made in minor league baseball, but the exemption was sought because of the affiliation with a major league team. Mr. Alonso said major league baseball sets a significant fee on the ticket prices which made it difficult for the owners of the teams to breakeven.

In response to a question from Assemblyman Marvel, Mr. Pappageorge said the entertainment tax was \$90,000 per year.

Assemblyman Grady asked whether this would affect the Silver Sox baseball team from Reno. Mr. Alonso did not know because he did not know the capacity of their field but believed they were subject to some entertainment tax.

Assemblywoman Gansert commented that the fiscal note referred to the University of Nevada, Reno (UNR) stadium, which pays a 10 percent live entertainment tax and Cashman Field.

Chairman Arberry closed the hearing on A.B. 487 (R1) and opened the hearing on A.B. 544.

Assembly Bill 544: Makes an appropriation to the Department of Transportation for highway improvements. (BDR S-1225)

Kent Cooper, Assistant Director, Planning Department, Nevada Department of Transportation (NDOT), testified in support of Assembly Bill 544. The \$170 million in this bill was for the Interstate Highway 15 (I-15) in Las Vegas. The project would be ready to go by approximately the middle of June 2007.

Assemblywoman Buckley supported the bill, but she had made an inquiry of staff regarding Highway 160, which was a road between Las Vegas and Pahrump, and asked what could be done to jump-start that project as well. It was suggested that there might be sufficient funding in A.B. 544 and through reserves to add the Highway 160 project. Assemblywoman Buckley said the Highway 160 project would cost \$16 million but understood that there was some private sector match. Mr. Cooper explained what was happening on Highway 160. A state-funded project from Durango to State Route 159 would start within three months, which left two sections of Highway 160 unfinished, a section close to the town of Pahrump of about five to seven miles of a two lane section. The section Mr. Cooper believed Assemblywoman Buckley was referring to was from State Route 159 over Mountain Spring Summit. Mr. Cooper said the second section had preliminary studies done, but the project was not far enough along to have a detailed cost estimate produced. There had been discussions with private developers regarding contributions, but no firm commitments had been received. Mr. Cooper concluded that NDOT was confident in the I15 project, but was keeping an eye on Highway 160.

Assemblywoman Buckley referred back to the highway construction from Durango to State Route 159 and asked Mr. Cooper to elaborate on the timeline and how large that project was going to be. Mr. Cooper said NDOT decided to go ahead with state-only funds, which did not require NDOT to go through the federal environmental process, and went with a minimal design. In response to a question from Assemblywoman Buckley, Mr. Cooper said the project would be four lanes, construction would take less than a year, and the project would start before October 1, 2007.

John Madole, Associated General Contractors, Nevada Chapter, testified in support of A.B. 544 and said that in a time of scarce resources this bill recognized the priority of funding the highways.

Carole Vilardo, Nevada Taxpayers Association, testified in support of A.B. 544.

Chairman Arberry closed the hearing on A.B. 544 and opened the hearing on A.B. 567 (R1).

Assembly Bill 567 (1st Reprint): Revises provisions governing university schools for profoundly gifted pupils. (BDR 34-918)

Assemblywoman Smith testified in support of Assembly Bill 567 (R1) and reminded the Committee that last session legislation was passed which provided for the creation of a university school for profoundly gifted students. This was a school that was a public K-12 school. The school was formed in a different manner than a charter school and has its own statutes and provisions for operations. Legislation was being brought back this session to make technical corrections and a few other changes, but A.B. 567 (R1) was primarily to change the statutes so that the school would start to receive the per-pupil funding.

Assemblywoman Smith said that last session this was a new concept to create a school under these circumstances and wanted to create legislation that would allow the school to form but without public funding.

Assemblywoman Smith said that the school had been in the media, and the Committee would hear testimony about how successful the school was, and the unique niche of students the school was able to serve that the public schools cannot. These students have a very high level of intelligence and have needs for a different type of curriculum.

Assemblywoman Smith explained what the bill would accomplish. Primarily, the bill provided that the school would begin to receive the same per-pupil funding as any other school. Section 17 and 20 made technical corrections to the statutes. The Superintendent worked through the process with the founders of the school and found items that needed to be changed. Assemblywoman Smith said that section 21 changed the governing body of the school. That section made the state superintendent and local superintendent ex-officio members of the governing board instead of voting members and added two members to the governing board that would be appointed by the Speaker of the Assembly and the Majority Leader of the Senate.

Alfredo Alonso, with the law firm of Lewis and Roca LLP, was representing The Davidson Academy of Nevada and said last session the Committee was asked to have faith in the Davidsons. The press, while amazing, does not do justice to what had been accomplished in a short time. Mr. Alonso said that the academy had 35 pupils and was going to make the State very proud.

Jan Davidson, co-founder of The Davidson Academy of Nevada, testified that she and her husband Bob started getting involved in philanthropy about ten years ago. The population, Mrs. Davidson found, that was underserved and had special needs were the extremely bright children in the top 1 percent of the nation. These children did not fit into the standard curriculum and caused a dilemma for schools to figure out what to do with these children. Many of the students were affected with a form of autism called Asperger's syndrome. The Davidson Institute was founded in 1999, and the academy branched off from the institute. Mrs. Davidson hoped the academy could be a model for the nation and show that public schools could meet the needs of these students. Mr. and Mrs. Davidson were funding the school, but would like to have the Distributive School Account (DSA) support.

Mrs. Davidson introduced Colleen Harson, Director of The Davidson Academy of Nevada, who runs the day-to-day operations.

Ms. Harson said that the 35 students served were a diverse group. This was the underlying importance of obtaining the DSA funding. By establishing the public school, it created opportunities available to students who would not otherwise have them. It was one thing for families with means to be able to access private schools for the bright students, but it was another for those who were not born into a family of means to be able to provide opportunities for them. Ms. Harson concluded that by having Davidsons as public schools, they were tapping into the population in a different way than what had been done previously. The academy served as a model not only for Nevada, but for other states throughout the country. As a non-profit doing long distance case management, the long-term goal was to have this model replicated. To have the DSA funding from the State was the goal today.

In response to a question from Assemblyman Grady, Ms. Harson answered that there were 35 students currently, and the school had accepted 12 more for the coming school year. All of the students were from Nevada, but not all originated from Nevada but were now residents. The school did not have a boarding option for the school, so any students who attended and lived previously out-of-state were bringing their families with them and, therefore, contributing to the economic base of the State. Ms. Harson said approximately half of the students came to the academy from out-of-state but were now Nevada residents.

Assemblywoman Buckley said she was recently at a meeting with a talented new state employee and what brought the employee to Nevada was the child's enrollment in The Davidson Academy.

Assemblywoman Smith said that this was one of those opportunities to have great media coverage concerning education statistics. Articles and stories had been running nationally on the academy because it was unique.

Mrs. Davidson said the reason for the press was because of the school's uniqueness and noted the publicity reported in the *New York Times* and *New York Magazine*, CNN, ABC Nightline in June, and *Time Magazine* in May.

Ms. Harson continued that there were also articles in the *Las Vegas Review Journal*, *Reno Gazette Journal*, *Los Angeles Times*, and the CNN piece with Dr. Sanjay Gupta. The academy had been featured in *Time Magazine* because it addressed the needs of the overlooked students, a population that had not been adequately served within the public education system. Ms. Harson said that for these students to come together to find likeminded peers was a significant advantage for them.

Mrs. Davidson added that emotional and social issues with these students were also a big issue, and the academy provided an environment for them to feel comfortable. Mrs. Davidson thanked the Committee and Mr. Alonso for their help.

Keith Rheault, Superintendent of Public Instruction, Department of Education, testified that he was part of the initial development of the bill and thought it addressed the areas that needed to be changed and supported A.B. 567 (R1).

Chairman Arberry closed the hearing on A.B. 567 (R1) and opened A.B. 598.

Assembly Bill 598: Authorizes the creation of tax increment areas in certain cities for theme park projects. (BDR 22-1457)

Dana Napier representing the Greater Nevada Special District (GNSD), introduced George Cordova, Jackie Robinson, and Ben Sabouri, who would speak about the District. Mr. Cordova would answer any questions.

Mr. Cordova said he was a bond expert and had spent 18 years in underwriting and the bond business. The GNSD was working hard to create a district that would contribute and be part of the communities. This would create a special tax district for themed entertainment and collateral business such as retail stores. Mr. Cordova was on the Greater Arizona Development Authority so he was familiar with special tax districts and how they functioned. This group was looking for a noncontiguous special tax district with a user fee which would be used to pay back the bonds. Anything considered had to be investment grade. There would be a user fee which would be set aside to make sure there was a revenue source for bond repayment. This would be in addition to additional taxation. The special tax district would be a body that was formed through legislation consisting of three members that would be appointed by communities to oversee and approve contracts that would maximize the use of land for themed entertainment.

Mr. Cordova indicated that for any dollar bonded, GNSD would provide the first 20 percent in aggregate participation from hard equity from external sources. He was asking for \$8 billion in bonding authority and the life was a 30-year amortization and anytime that GNSD sought additional revenue bonds, GNSD

would be providing the participation itself. There was a sunset clause if GNSD did not do its job. There would be a governing body which would be a special tax district board, and if GNSD did not provide the participation, there would not be revenue bonds.

Assemblyman Grady asked what type of projects GNSD might be considering, how the funds would be spent, and what was to be accomplished. Mr. Cordova said GNSD was looking at feasibility studies for highest and best use, things like indoor skiing, water parks, and expanded Renaissance activities. The project would have to generate revenue and be inviting enough for consumers to visit the site to pay the user fees. The focus would be on family and themed entertainment. Mr. Cordova continued that the bond market considered the type of park and ticket prices. If the theme park was built, GNSD wanted to make sure that people would come. Ultimate approval for the concept would be in a business plan to be approved by the special tax district board.

Jackie Robinson, GNSD, said he had been a business owner for 20 years in southern Nevada. Mr. Robinson's main focus was the difficulty for rural areas to raise money for small business and also minorities. This bill would accomplish this by creating jobs and business activity.

Assemblywoman Smith referred to [Exhibit G](#), a proposed amendment, and asked whether the amendment would exempt competitive bidding, prevailing wage and all the normal provisions of public finance projects. Mr. Cordova answered no that this amendment did not ask for those exemptions.

In response to a question from Assemblywoman Smith, Mr. Cordova replied that he had said the amount of debt financing requested was \$8 billion.

Mr. Cordova said San Diego County was considering a similar project and believed that the future of financing larger projects was moving toward the use of user-fees.

Assemblyman Hogan asked whether the \$8 billion was to cover a group or series of theme parks investments or was that amount just for the first venture. Mr. Cordova answered the \$8 billion was for a group of projects and would apply to the life of the project, a 30-year period of time. Whatever dollar amounts were approved, GNSD would have to provide 20 percent of the principal. Mr. Cordova said that \$8 billion was a substantial amount, but the first request would be for a lower amount.

Assemblywoman Smith stated that the taxation that provided funding for schools would not be affected, but understood that with the property acquired or constructed by the special tax district, the revenue and activities were exempt from all state and local taxation. Mr. Cordova said the land that themed entertainment and all the collateral would sit on, building, bricks and mortar, would be owned, not by GNSD, but by the special tax district. The special tax district was a government entity that would have ownership and oversight. However, in other jurisdictions, to be good corporate citizens GNSD would work with the local school districts to make sure their funding was not jeopardized and develop a contract that would provide funding to the school districts.

Assemblyman Hardy asked Mr. Cordova what his track record was in Arizona and what land in Nevada was being considered by GNSD. Mr. Cordova answered that in Arizona there were nearly 700 acres in two different areas. The legislation in Arizona was passed by a large margin.

Mr. Robinson answered that there were several different areas in Nevada that were being considered, areas where there was the capability of large developments and rural areas. There was not a focus now on a particular property or land, but there would be after the bill was passed.

Alfredo Alonso, with the law firm of Lewis and Roca LLP, representing the Olympia Group, was neutral on the bill, but would like to present an amendment for the Committee's consideration.

Jon Snyder, Olympia Group, stated that last year Clark County and the City of Las Vegas commissioned the Las Vegas Events Task Force to evaluate the present and future facilities in southern Nevada. The task force presented its final report in 2006 and referred to information on [Exhibit H](#) which included the following information:

- The current facilities in southern Nevada were outdated, and a renovation of the facilities would not be sufficient to attract world-class events.
- The economic impact would be significant. An arena project would generate between \$7.5 and \$9.2 billion in total output, and \$3 to \$4 billion in personal earnings over the next 30 years.
- A new arena would create 5,500 to 7,300 new jobs.
- Public financing would be necessary to construct a new arena in Las Vegas.

Mr. Snyder said that after reviewing the task force report, work began on obtaining financing for an event center arena within Clark County.

Mr. Snyder proposed an arena district and referred to [Exhibit H](#), which listed what defined an arena district. An arena district had to be:

- Formed by a county with a population greater than 400,000 or any city within that county.
- Contiguous, containing a publicly owned arena with at least 15,000 seats.

Mr. Snyder said that an arena district would utilize new property tax and sales tax generated by new development within the district to pay debt service on bonds. The arena district would not propose a new tax, increase any existing tax, or use or redirect any existing revenue. All taxes for schools would be passed back to the schools. Any voter approved taxes would be passed back to the appropriate jurisdiction.

Mr. Snyder relayed that there had been numerous discussions with the county and the convention authority, and the plan incorporated some of their comments.

Assemblyman Marvel asked Mr. Snyder whether he had communicated with anyone from Reno or Washoe County. Mr. Snyder answered no and noted the legislation was specific to a county of 400,000 or more.

Assemblywoman Gansert asked whether there were any other projects in Nevada and, if so, how were they financed. Mr. Snyder said that Olympia Group was working on a number of projects. There was a 16,000-unit master planned community in North Las Vegas which was financed through a special improvement district and private financing. There was a 5,000-acre parcel in

Lincoln County which was in the early planning stages with some public financing.

Jeremy Aguero, Principal, Applied Analysis, said he was asked by the Olympia Group to review the amendment ([Exhibit I](#)) and its structure, how it would work, and what its potential impacts would be. Mr. Aguero took the analysis and found the amendment to be a workable framework to achieve the stated objective, which was to be able to construct and finance a publicly owned arena. The amendment used generally accepted approaches; one was the creation of a special district that utilized the revenues that were generated from that district. The new revenues were generated through the construction of the facility and the ancillary uses that would be near it. Mr. Aguero would discuss the tax structure or revenues, and said that after reviewing the proposal, he believed that the amendment balanced the concept for such a facility against the needs of the communities.

In response to a question from Assemblyman Marvel, Mr. Aguero explained that he was referring to [Exhibit I](#) and the population cap was counties of more than 400,000.

Assemblywoman Buckley stated that she looked cautiously at any new district and was unimpressed with efforts that would deprive the school districts, local government, and the State of needed revenue. Assemblywoman Buckley asked Mr. Aguero to describe how this proposal would ensure that no one was shortchanged among those three entities. Mr. Aguero thought it was important to draw a distinction between tax abatement and the development of a district. These were revenues that would be directed specifically for a public project, the construction of an arena and the infrastructure surrounding it. Considering the three groups that Assemblywoman Buckley mentioned, Mr. Aguero said that it was important to understand that this was not all taxes as was alluded to earlier. This was a specific utility of sales tax and property tax. The property tax had specific components, which included without limitation the operating rate for the school district, as well as the school districts capital debt rate. Both of those had been separated out and would not be included as revenue for the district. Mr. Aguero continued that in addition, the sales tax was made up of a number of specific levies. The local school support tax piece was specifically removed from the amendment to limit the impact on Nevada schools.

Mr. Aguero said that with regards to State and local governments, it was important to understand this was enabling legislation. This was a two-fold issue. The first being that the arena was a very substantial investment and generated additional incremental revenue associated with a specific use. This was the development of a stadium measured in hundreds of millions of dollars that could create surrounding uses that would generate substantially more economic activity. Schools would benefit from the incremental revenue. Mr. Aguero said that regarding local governments, as part of the developmental agreement, any arena district proposal was going to have to go through the process and consider the economic and fiscal impacts associated with a particular project. There had not been a comprehensive, economic, and fiscal analysis completed because any project to be approved has to be site-specific.

Assemblywoman Buckley asked how the arena district proposal would balance the developers and operators need to receive a fair return on their investment with the amount of money that was diverted from the public coffers. She asked if the arena proved profitable whether the taxes reverted to Clark County or any other appropriate entity. Mr. Snyder noted that it was a publicly owned arena so everything that was being financed would be owned by a public entity.

Mr. Snyder thought the answer to Assemblywoman Buckley's question was he did not believe tax revenue went to the private developer. The developer would be building around the arena, but would not receive any direct tax revenue benefit.

Mr. Aguero added that once the facility was paid off from the revenue sources, all of the increment used to pay the debt would inure to the benefit of every governmental entity as though the district never existed. Mr. Aguero said that there were benefits associated with the arena district.

Assemblywoman Buckley asked why if this was a high priority for the local government, the local government had not introduced the legislation. If it was going to be publicly owned and this was the financing mechanism the local government thought would lead to the most success, why not have them introduce the bill. Mr. Aguero did not have the answer to that. Mr. Alonso said the answer to the question was timing. The report from the Events Task Force came out just before the session began, and there needed to be legislation in which this proposal could be considered. The county and city was very interested in the arena district, as the Thomas and Mack Center would not sustain this type of demand much longer.

Assemblywoman Smith said she felt the same as Assemblywoman Buckley and still had concerns about "chipping away" at the tax situation for local governments and for school districts, and the debt risk was another thing that concerned her. Assemblywoman Smith said that if this was a publicly owned facility, what were the risks taken by doing this, and the future revenue. Assemblywoman Smith referred to an article she had read which said local governments were concerned about sales tax revenue and the need to go to the voters for increased sales taxes. At the same time, the Legislature provided huge sales tax abatements on projects in that same county, so she was constantly worried about the "shell game" that might be going on. Assemblywoman Smith acknowledged she might be shortsighted in having this concern.

Mr. Alonso said that this was the same concern the Olympia Group had. He felt this was similar on a larger scale to what Sparks had done recently with the RED Development. Sparks would have a large district that would bring in an immense amount of revenue. The arena district in Las Vegas was a method of private enterprise being able to cover the cost of building an arena. Mr. Alonso said this was not abatement.

Mr. Snyder said in response to Assemblywoman Smith, the risk to the county would be handled in the development agreement, with a performance bond posted by the developer. The bonds could be insured to guarantee payment, so for a project of this size, there would be plenty of security.

Mike Alastuey, representing Clark County, was opposed to the original bill. There were a couple of versions of amendments proposed, and he had the same questions the Committee had regarding the amount of financing authority, and the noncontiguous nature of the proposed theme park districts. Mr. Alastuey did not have a position on the amendment just made. There was a parallel between the Sparks project and this project, but Sparks was combination of redevelopment and sales tax revenue (STAR) bonds.

Carole Vilaro, Nevada Taxpayers Association, indicated tax increment financing was an important vehicle to finance projects, but she was concerned about its use in areas that she would characterize as lifestyle projects rather than

essential projects. Ms. Vilardo believed that there were major policy decisions to be made on the part of the Legislature, in regard to Chapter 278C of the *Nevada Revised Statutes* (NRS) that allowed infrastructure financing for major streets, sewer and water projects. Ms. Vilardo said these projects were important, limited, and relatively well-defined. She had been hoping that within the transportation funding package, there would be something that allowed tax increment financing for roads.

Ms. Vilardo referred to the first amendment, [Exhibit G](#), and noted that there would be a governing board over contiguous and noncontiguous areas. She said it was very creative financing, but did not believe it was the place of the Legislature to include projects that were lifestyle issues in legislation designed to handle Nevada's infrastructure needs.

Ms. Vilardo referred to the second amendment, [Exhibit H](#), which held schools harmless, but noted there were indigent funds, which were county obligations, and thought there was a policy issue in regard to what should be excluded from the tax increment.

Ms. Vilardo said that if Chapter 278C of the NRS was expanded beyond basic infrastructure needs there would be policy concerns. Clarifying her earlier testimony, she urged the Committee not to pass Assembly Bill 598 in any form with any amendments.

Mr. Cordova wanted to address Assemblywoman Smith comments and referred to page 11 of [Exhibit G](#), which read:

Any user fee imposed pursuant to this section is in addition to any State or local taxes which may be imposed in the district.

Mr. Cordova wanted to reinforce that any tax would be in addition to the user fee.

Ted Olivas, representing the City of Las Vegas, said that the City was neutral on the bill, and had not seen the Olympia Group amendment ([Exhibit H](#)).

Ms. Vilardo clarified that she did not support A.B. 598 and opposed both amendments heard today.

Chairman Arberry closed the hearing on A.B. 598 and opened the hearing on A.B. 603.

Assembly Bill 603: Makes various changes relating to affordable housing. (BDR 25-139)

Assemblyman Conklin, Clark County, Assembly District No. 37, testified in support of Assembly Bill 603. In the interim, a Legislative Commission Subcommittee studied the Availability and Inventory of Affordable Housing. Assemblyman Conklin chaired that Subcommittee, and Assemblywoman Kirkpatrick was a member. Assembly Bill 603 was a recommendation from that Subcommittee and had two parts. The first part was a policy which dealt with the creation of a Workforce Housing Account to assist in providing housing for families whose income exceeds 80 percent but does not exceed 120 percent of the area median income, which was the Housing and Urban Development (HUD) standard for workforce housing.

Assemblyman Conklin said that the second part of the bill made General Fund appropriations. There were three parts to the appropriations which included money for:

- The Low-Income Housing Account.
- The Workforce Housing Account.
- The Low-Income Owners of Manufactured Homes Fund.

Assemblyman Conklin stated that the total appropriation was \$33 million, and this amount represented the revenue generated by the real property transfer tax in excess of budgeted revenue for the last biennium. This was an estimated amount as of June 2006. Assemblyman Conklin said the logic from the Subcommittee was there was a housing crisis with respect to those families who were below or near the area median income. The Subcommittee felt that the money being generated in excess from the real estate market should be reinvested into the real estate market to create more housing for those the market had left behind.

Assemblywoman Kirkpatrick, Clark County, Assembly District No. 1, testified in support of A.B. 603 and was available for any questions.

Bambi Spahr, Builders Association of Northern Nevada, testified in support of A.B. 603. Nevada had a serious housing affordability issue, particularly in northern Nevada. Additional funds for the Low-Income Housing Account were needed, but the creation of the new Workforce Housing Account was also needed.

Ms. Spahr added that there was \$3 million allocated to the Manufactured Housing Fund. She believed that people who applied for the Manufactured Housing Fund also had access to the Low-Income Housing Account. Ms. Spahr said the \$3 million should be moved to the Low-Income Housing Account and requested the Legislature to hold funding stable for the Low-Income Housing Account.

Ann Harrington, Nevada Housing Coalition, referred to [Exhibit J](#), which included her comments, and stated that she supported A.B. 603. She agreed with Ms. Spahr and her comments on the Manufactured Housing Fund. Ms. Harrington said that during the Assembly Government Affairs Committee hearing, manufactured housing representatives suggested that the \$3 million be amended out of this bill. Ms. Harrington referred to [Exhibit J](#) and said that the \$15 million to be added to the existing Low-Income Housing Account would leverage an additional \$80 to \$100 million of federal and private affordable-housing dollars depending on the project.

Ernie Nielsen, Washoe County Senior Law Project, testified in support of A.B. 603. It was the one recommendation from the Subcommittee created by A.C.R. 11 of the 73rd Legislative Session that provided money to produce more housing. In 2006, his office met with 547 seniors who were in need of affordable housing. Most clients could not afford to live in the tax-credit project, which provided housing for those at 60 percent of median income. The Interim Subcommittee generated a lot of data which supported the need for more funding in the Low-Housing Account. Mr. Nielsen urged the Committee to make affordable housing a priority.

Jan Gilbert, Progressive Leadership Alliance of Nevada (PLAN), testified in support of A.B. 603 and making the Low-Income Housing Account whole.

Chairman Arberry closed the hearing on A.B. 603.

Chairman Arberry indicated that the Committee would consider certain bills.

Assembly Bill 201: Makes a supplemental appropriation to the Budget Division of the Department of Administration for overtime and increased costs. (BDR S-1246)

Mark Stevens, Assembly Fiscal Analyst, explained that the bill was the supplemental appropriation to the Budget Division. The supplemental recommended \$135,218, because there were areas in the budget where the Budget Division had costs in excess of what was budgeted.

Mr. Stevens said that first area was in the single audit report costs, which were shared between the Legislature Counsel Bureau (LCB) Audit Division and Budget Division. The overage was approximately \$58,000.

Mr. Stevens said that the cost of printing The Executive Budget overage was approximately \$35,000 in this fiscal year.

Mr. Stevens concluded that there were a number of annual and sick leave payouts for staff that had retired. That amount was approximately \$56,000.

Mr. Stevens said the total was more than the \$135,218, but staff recommended that if the Committee wanted to pass this bill it do so at the original amount.

ASSEMBLYWOMAN LESLIE MOVED DO PASS A.B. 201.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

Mr. Stevens said following Committee discussion on the motion, there was no amendment because he had talked to Andrew Clinger, Director, Department of Administration, who believed that the \$135,218 was sufficient. Elizabeth Barber, Deputy Director, Department of Administration, confirmed that the Department wanted to stay with the \$135,218, and the Department would defer purchases to stay within the original amount.

MOTION PASSED UNANIMOUSLY.

* * * * *

Assembly Bill 596 (1st Reprint): Makes certain changes to provisions concerning obligations of support for a child. (BDR 11-1411)

Mark Stevens, Assembly Fiscal Analyst, said Assembly Bill 596 (R1) was the bill which would institute a \$25 charge on the noncustodial parent for anyone receiving over \$500 of child support annually. The original bill had the custodial parent as the person responsible. Mr. Stevens said the Committee might not be ready to pass this bill, but because it was closing the Welfare Division budgets, he thought it would be a good time to discuss the bill and see what the Committee wanted to do. If there were other questions or research that the staff needed to do, those could be brought back to the Committee.

Assemblywoman Buckley said she found it difficult saying to a custodial parent, "congratulations, your ex-spouse would not pay you child support and you have to pay the fee." She said it seemed like a bad news, bad news message.

Assemblywoman Buckley said the Assembly Judiciary Committee switched from custodial to noncustodial parent for those reasons and asked Mr. Stevens whether a noncustodial fee would work.

Mr. Stevens said it could work, but from the Welfare Division's perspective that created additional costs because the agency would have to set up a collection database to keep track of the noncustodial parent to make sure the amount had been paid. Mr. Stevens did not have the exact additional cost, but if that was something the Committee wanted staff to determine, he could do that and bring the cost information back to the Committee, if the bill was approved in its current version.

Assemblywoman Leslie said that as she recalled the testimony, there were a lot of states that had the custodial parent paying the fee, and the fiscal impact was significant. Assemblywoman Leslie thought that if a lot of parents started getting child support, \$25 would seem like a reasonable amount to pay. There was only one state, Indiana that had the noncustodial parent pay. There were a number of states where the state paid the \$25, and there was a suggestion that Nevada did not want to pay the entire \$25, but that would cause even more problems. Assemblywoman Leslie would support the custodial parent paying the fee.

Assemblywoman Buckley asked about the \$50 disregard utilized previously within the Child Support program and whether that was a way to make up the fee. There had been a suggestion in a subcommittee that it could be done. Assemblywoman Buckley asked whether the pass through was a way to offset the fee.

Mr. Stevens said it was a good question, but did not know the answer right now, but he could find out if the Committee was not voting on this bill today.

Chairman Arberry said that A.B. 596 would be held.

Chairman Arberry adjourned the meeting at 10:34.

RESPECTFULLY SUBMITTED:

Christine Bashaw
Committee Secretary

APPROVED BY:

Assemblyman Morse Arberry Jr., Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>May 7, 2007</u>		Time of Meeting: <u>8:09 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
AB 525	C	Assemblywoman Leslie	Information to Support Autism Legislation
AB 525	D	Assemblywoman Leslie	Autism Fact Book
AB 469	E	Assemblyman Mortenson	Copy of amendment to A.B. 469
AB 469	F	Dr. Stephen Rowland	Map and letters of support.
AB 598	G	George Cordova, GNSD	Proposed amendment for AB 598
AB 598	H	Alfredo Alonso, Olympic Group	Summary of Arena District
AB 598	I	Alfredo Alonso, Olympic Group	Proposed amendment for AB 598
AB 603	J	Ann Harrington, Nevada Housing Coalition	Statement on AB 603