

**MINUTES OF THE  
SENATE COMMITTEE ON TAXATION**

**Seventy-fourth Session  
March 6, 2007**

The Senate Committee on Taxation was called to order by Chair Mike McGinness at 1:34 p.m. on Tuesday, March 6, 2007, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Mike McGinness, Chair  
Senator Randolph J. Townsend, Vice Chair  
Senator Dean A. Rhoads  
Senator Mark E. Amodei  
Senator Bob Coffin  
Senator Michael A. Schneider  
Senator Terry Care

**STAFF MEMBERS PRESENT:**

Tina Calilung, Deputy Fiscal Analyst  
Russell J. Guindon, Senior Deputy Fiscal Analyst  
Julie Birnberg, Committee Secretary

**OTHERS PRESENT:**

Linda Ritter, City Manager, City Manager's Office, Carson City  
Andy Burnham, Director, Public Works Development Services Department,  
Carson City  
Phyllis Hunewill, Chair, Board of Commissioners, Lyon County  
Mary C. Walker, Lyon County  
Josh Foli, Comptroller, Comptroller/Human Resources, Lyon County  
Lynn Pearce, Board of Commissioners, Churchill County  
Brad T. Goetsch, Manager, Churchill County  
De Vere R. Karlson, Chief Juvenile Probation Officer, Churchill County  
John McCormick, Rural Courts Coordinator, Nevada Supreme Court

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Carole A. Vilardo, Nevada Taxpayers Association  
Mary Henderson, City of North Las Vegas  
Gregory E. Rose, City Manager, City of North Las Vegas  
Phil Stoeckinger, Director, Finance Director Services, City of North Las Vegas  
Dino DiCianno, Executive Director, Department of Taxation  
Michael R. Alastuey, Clark County  
Duncan McCoy, Director, Boulder City Library  
Liane Lee, City of Las Vegas  
Renny Ashleman, City of Henderson

CHAIR MCGINNESS:

I call this meeting of the Senate Committee on Taxation to order. We will start with Senate Bill (S.B.) 147.

**SENATE BILL 147**: Revises provisions governing the use in certain counties of taxes on motor vehicle fuel. (BDR 32-938)

CHAIR MCGINNESS:

We received a document from Mary Walker to be submitted into the record ([Exhibit C](#)).

LINDA RITTER (City Manager, City Manager's Office, Carson City):

We are before you to speak to S.B. 147 for changes to *Nevada Revised Statute* (NRS) 373, the regional transportation fuel tax allowing a levy up to 9 cents a gallon. Any county with a population under 100,000 can use the tax for maintenance, construction and repair of existing streets and highways; those over 100,000 have used it for construction. We would like to allow any county over 50,000 population rather than 100,000 to use the tax for maintenance. Carson City will be the first county that reaches build-out; our need for new roads is not going to be as great as our need for maintaining the roads that exist today.

ANDY BURNHAM (Director, Public Works Development Services Department, Carson City):

We have a freeway under construction in Carson City. As part of the agreements with Nevada Department of Transportation (NDOT), we will have responsibility for Carson Street as a maintenance item when the freeway is completed in 2010. As a result, our maintenance costs are going up about \$800,000 a year. In addition, we have been working with NDOT to take over

the balance of the state streets in Carson City. This adds another 40 miles of roadway to the maintenance operation and increases our requirements by \$1 million a year. Rather than looking to citizens for additional taxes, the best option is to move into Regional Transportation Commission (RTC) funding that is available to the City now. We have only a handful of new roads to build to meet our 75-percent build-out, and our goal is to rebuild the current street system.

MS. RITTER:

Counties under a population of 50,000 can use the tax for maintenance; we would like to increase that cap to 100,000. The only county this affects is Carson City.

CHAIR MCGINNESS:

Will we have to move money from one pile to another? Is it just additional money you will gain?

MS. RITTER:

We levy the full 9 cents; 5 cents of that goes to NDOT for the Carson freeway and will for some time. We have that money in the RTC fund; we do not see it moving out of that fund or the purview of the RTC. We would use those funds for maintenance instead of construction of roadways.

CHAIR MCGINNESS:

We will close the hearing on S.B. 147 and open the hearing on S.B. 146.

**SENATE BILL 146**: Authorizes the boards of county commissioners of certain counties to levy an ad valorem tax to pay the costs of operating a regional facility for the detention of children. (BDR 31-937)

PHYLLIS HUNEWILL (Chair, Board of Commissioners, Lyon County):

I am here to speak in support of S.B. 146 and present two handouts ([Exhibit D](#) and [Exhibit E](#)). Lyon and Churchill Counties have a critical need for our own joint juvenile detention and service center. The only facility located within our counties is the Western Nevada Regional Youth Center (WNRVC), which focuses on drug rehabilitation and not juvenile detention services. The only option for many years was to transport our youths to other county facilities or to the state for detention. Often, there was no space available. There have been occasions when juveniles have been freed or held in unsecured locations. Such

action presents a risk to our communities, juvenile probation officers and even the youths.

Senate Bill 146 is a companion bill to our proposed Bill Draft Request (BDR) S-917, which asks the state to help fund the estimated building cost of \$4.6 million for just such a juvenile center.

**BILL DRAFT REQUEST S-917**: Makes an appropriation to Lyon County for the construction of a regional juvenile services facility in Silver Springs. (Later introduced as [Senate Bill 406](#).)

This is not an unusual request as the state provided funding for juvenile detention centers in the past: \$2.2 million for the Eureka-White Pine facility in Lincoln County; \$750,000 in the late 90s for the Humboldt, Lander and Pershing County facility; other juvenile facilities in Clark and Washoe Counties, and China Springs and Aurora Pines.

We are proposing this facility be built on Lyon County property in Silver Springs adjacent to the WNRYS. Churchill and Lyon Counties fund and operate the WNRYS and have done so since its opening in July 2000. It is important to note that WNRYS is a drug rehabilitation youth center and not a detention center. This bill addresses the ability to generate the necessary resources to operate this proposed facility once it is built. Its annual operating cost is estimated at \$1 million. With Churchill and Lyon Counties splitting that cost, we have neither those resources nor means to generate them. Senate Bill 146 will help us accomplish that.

On February 22, I shared with this Committee some of Lyon County's concerns with our present financial situation. Even though we are the fastest-growing county in Nevada, in fact one of the fastest-growing in the nation, our county revenues have not been growing at that same 10.6-percent growth rate. Our county dollars are already stretched to meet that growth and the accompanying service needs.

This fiscal year's (FY) projected budget revenues are not being generated as predicted by our county or state. Projected FY 2007-2008 revenues from the state indicate a shortfall. In fact, the Lyon County Board of Commissioners received a FY 2007-2008 budget at our meeting last Thursday that is \$1.7 million out of balance. We receive the state's final figures March 15 and

hope it will not be more. We have little ability to increase revenues because of various tax caps and abatements. Therefore, it will be difficult to not cut citizens' expected services and county personnel. We need to generate these detention center operating funds outside the tax abatement of A.B. No. 489 of the 73rd Session.

The State Demographer estimates Lyon County's present population at 54,061 residents, making us the fourth largest Nevada county and 3,670 residents behind Carson City. We grew by 5,271 residents just this past year. As our area's population continues to grow, the pressing need for a regional juvenile detention center for Lyon and Churchill Counties will continue to grow also. It is essential that we work together to meet this need now.

MARY C. WALKER (Lyon County):

Senate Bill 146 enables the boards of commissioners of at least two counties with populations of less than 100,000 to levy an ad valorem tax at a rate not to exceed 8 cents per \$100 of assessed property to pay for operating a regional juvenile services facility. This facility in Lyon and Churchill Counties will cost \$1 million per year to operate, and we do not have the funding. We have significant public safety concerns in regard to our lack of ability to have these juvenile services. My amendment ([Exhibit F](#)) adds a new provision to section 1, in which the boards of county commissioners levying the tax are required to place a separate line item on the tax bill listing the new tax as follows: "County imposed tax for regional juvenile services, the amount of the tax rate imposed and the tax amount." This separate line item listing will provide full disclosure to taxpayers regarding new tax levied outside the tax abatement amount. We are requesting to eliminate section 2 because it takes the proposed 8-cent tax levy outside the \$3.64 tax cap, and intend to stay within that cap.

A sample tax bill we are contemplating could have a separate listing for county-imposed juvenile services tax. At the time A.B. No. 489 of the 73rd Session was implemented, eight counties were at the \$3.66 tax cap. It was \$3.64, but the state added 2 cents. Nine counties were not at that level. Carson City had \$2.74, not \$3.66, if you increase that tax without generating any additional revenue on a current home. If you have a tax bill of \$1,000 in the current year and a 3-percent increase per A.B. No. 489 of the 73rd Session the next year, that tax bill can only go up to \$1,030. If you increase your tax rate, it is still \$1,030; no additional monies are generated. What happened, particularly to conservative rural and local governments, was the tax rate took

away their ability to raise taxes and generate rent money from those taxes for the first time in the history of Nevada. Regarding A.B. No. 489 of the 73rd Session, certain things like public safety are so important that the critical policy decision is whether we are going to provide public safety for the health and safety of our citizens.

CHAIR MCGINNESS:  
What is Lyon County's current \$3.64 cap?

MS. WALKER:  
They are within 6 cents or 7 cents. For example, the hospital has 53 cents. There is an ability to work with some entities.

CHAIR MCGINNESS:  
You need the \$.08 to be outside the \$3.64 cap.

MS. WALKER:  
Just outside the abatement only, not the \$3.64.

CHAIR MCGINNESS:  
Would you have to levy the entire 8 cents to get your funding?

MS. WALKER:  
We have an estimate for Churchill County; they need a little over 6 cents using this year's assessment value. For Lyon County, it is about 3 cents.

CHAIR MCGINNESS:  
Have you done any calculations?

MS. WALKER:  
Typically, a \$100,000 home could cost us \$3.50 for every \$100,000. That is an assessed value home, for every penny. If we are talking \$.04 for Lyon County for a \$100,000 home, we are talking \$14 a year.

JOSH FOLI (Comptroller, Comptroller/Human Resources, Lyon County):  
The amount needed for Lyon County to fund the additional revenue is 2.6 cents. With the projections for next year, that would decrease to 2.1 cents if the assessed valuation comes in as projected.

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CHAIR MCGINNESS:  
Is that about \$7 a year?

MR. FOLI:  
Yes, \$7 a year.

CHAIR MCGINNESS:  
Is that about the same amount the WNRYS facility is costing?

MR. FOLI:  
We are levying \$3.91 with the WNRYS facility.

SENATOR RHOADS:  
What happens if we pass S.B. 146, but BDR S-917 fails? Is that in the Governor's budget?

MS. WALKER:  
It is not in the Governor's budget at this point. We have had several favorable discussions with leadership about that BDR.

SENATOR COFFIN:  
What if you remove your proposed amendment to take out permission to go over the cap. How much authority do you need from us?

MS. WALKER:  
We need to be outside the abatement set by A.B. No. 489 of the 73rd Session. That is the 3 percent. That has to happen because right now if you implement 1 cent, 10 cents or 50 cents, you do not get any money except for new growth. We definitely need to be outside of that. We can live within \$3.64. Our message is we want to be treated like the other eight counties that go to the \$3.66 and get their full revenues. We are not capped at \$3.66; we are capped at \$3.00 or \$2.70. In effect, that is what has happened.

SENATOR COFFIN:  
Is that because of the 3-percent cap?

MS. WALKER:  
Yes, sir.

SENATOR COFFIN:

Was that one of the side effects we were not warned of last time? I do not recall hearing we would put a strict limitation on anybody's growth if we passed A.B. No. 489 of the 73rd Session.

MS. WALKER:

When you cap the tax bill, you are, in effect, capping the assessed value and the tax rate.

LYNN PEARCE (Board of Commissioners, Churchill County):

I am requesting the ability to help ourselves address a growing problem. Some of these problems present a potential danger that our Juvenile Probation Department and its employees face on a regular basis. This presents a potential danger to our employees, the general public and juveniles who find themselves in need of detention or supervision. On September 7, 2006, the Board of Commissioners took action to seek a tax rate override outside A.B. No. 489 of the 73rd Session abatement in an amount up to 8 cents before the 2007 Legislature. This action anticipates increased operating costs to be incurred for a juvenile detention facility to be constructed in the next biennium. Churchill County has been a fairly conservative county. Our existing general county rate is 1.095. That is about 3 cents below the allowed rate of 1.3665. We seek this ability to optionally impose a rate because we recognize a potential for savings from joint operations in the past. We have an excellent track record of successfully sharing juvenile services with Lyon County; WNRYS in Silver Springs is a prime example of how this alliance enjoys a reserve tax rate in support of operations. In the absence of an ability to impose a tax override in support of increased juvenile detention operating costs, we will continue to struggle to meet the needs for juvenile services that our community requires. I urge your support of S.B. 146 to allow counties the ability to tax ourselves to deal with the problem.

CHAIR MCGINNESS:

Did you get any feedback from citizens after you passed the resolution?

MR. PEARCE:

I had minimal response.



BRAD T. GOETSCH, (Manager, Churchill County):

The solution we have been using no longer works. We have borrowed space from other counties, which are growing and using more and more of their own space. We have held youths in unsecured facilities overnight and sometimes put them in cars and transported them hundreds of miles to these other facilities, no matter what the weather. We have also not held or detained youths and released them because we had no place to put them for detention. As populations grow, the problem grows as well. We are seeking your help to build a successful regional program by building on the successful program that is WNRYS. We have a successful track record making WNRYS work between Lyon and Churchill Counties; in fact, Lyon and Churchill have a history of working together in a number of areas.

Lyon County's growth was a little over 5,000 homes last year—that being the only source under the abatement and cap of additional income. While Lyon County is growing at the rate of 5,000 to 6,000 homes, Churchill County grew by about 400 homes. If we do a tax increase, we are relying on about 300 to 400 homes to generate that rate. No money is involved. If we wait until the election year and succeed, we would have a two- to three-year additional delay answering and addressing this issue we bring to you today.

SENATOR SCHNEIDER:

In 2003 when the state needed more revenue, the Senators on this Committee who represent rural areas kept voting for billions of dollars in taxes. We kept reloading and sending bills down to the Assembly, and your Assemblymen refused to support any tax increases. Is this going to be the same thing? When the big counties needed money, they were not there to help those counties.

MS. WALKER:

The difference here is we are not asking the Legislature to implement any taxes. We ask you to give us the ability. This measure is enabling only; the actual implementation of the tax is at the county level, not at the state level.

SENATOR SCHNEIDER:

Are you asking the state to step in and help with the juvenile detention center?

MS. WALKER:

There are two bills. Senate Bill 146 allows the county commissioner to impose up to an 8-cent tax. We do not want the Legislature to impose that for us. We have always had that authority.

SENATOR COFFIN:

Is the Governor going to sign this bill?

MS. WALKER:

I do not know at this point. We are not asking the Legislature to enact the bill. We are asking for enactment at a local level.

SENATOR COFFIN:

It would help us set ground rules as we work our way through this problem to know if he will sign this bill.

DE VERE R. KARLSON (Chief Juvenile Probation Officer, Churchill County):

I have submitted documentation for the record ([Exhibit G](#) and [Exhibit H](#), original is on file in the Research Library).

JOHN MCCORMICK (Rural Courts Coordinator, Nevada Supreme Court):

The Judicial Council of the State of Nevada expresses support for S.B. 146 because this measure provides for rural counties to operate needed juvenile detention facilities to meet increasing caseloads, reduce burdensome travel distances for transporting youths to existing facilities and provide more equal access to justice for residents in Nevada's rural communities. The need for such detention facilities in rural areas was highlighted by a report in 2003 from the Judicial Council's Commission on Rural Courts.

CAROLE A. VILARDO, (Nevada Taxpayers Association):

I speak in opposition to the way this bill is written. I am glad to see the amendment. I do not deny the issues raised are serious. A more serious underlying issue is not addressed by this bill: the unintended consequence of the cap. The concern with the bill is on a sales tax option that takes us down the road to all those options, like the 19 different options we have in sales tax. This is probably not only needed for public safety, but by all entities. If it is to be processed, I suggest you look at a rate that can be imposed at a local level to address a local need.

I see this bill being passed, and next session, two or three more coming in for specific reasons. That puts us on the path to all these local options. No one wants a situation like that described with these two counties to go unaddressed and not capture the systemic issue created by A.B. No. 489 of the 73rd Session. The issue should be addressed relative to public safety, allowing local governments to do what they need to do.

In the future, you could have a 13-cent rate because you have 5 cents and 8 cents now. You could be imposing this 13 cents. If you were to expand the bill, the safeguards are that it is annually set. You could set stricter requirements relative to notification and the type vote taken. To process this bill is a disservice leading to the same situation as the sales tax where we are all over the board with local options.

CHAIR MCGINNESS:

If you process, you want to have a short list. Is that what you are saying?

MS. VILARDO:

No. The reality is situations occur at a local level and need to be addressed. For the reasons this bill is before you, it cannot be addressed until the next Legislative Session. It is a policy decision to take it outside the abatement, but it should be addressed as a broad policy issue, not piecemeal as in this bill.

SENATOR COFFIN:

How could we not have foreseen this consequence?

MS. VILARDO:

During the time frame from when you decided what A.B. No. 489 of the 73rd Session would look like, to when it passed, no spreadsheets were run. More readily identifiable areas were cleaned up, but other unintended consequences have surfaced such as what constitutes a change of use. You tried to address a major issue in tax increment financing by writing A.B. No. 489 of the 73rd Session for revenue distribution sharing in taxing districts. Tax increment districts are not revenue districts. An artificial distribution has been created that periodically has to be looked at because the biggest concern is covering the debt service of those agencies. Where tax increment financing might be a viable option for some of the road items and other major issues, you question its use because of a dependence on an artificial distribution for something new which then impacts what everybody else is

getting. You would not have known those things until you started to look at some of these issues.

SENATOR COFFIN:

Should we put all these problems together and concentrate on fixing as many unintended consequences as possible and processing them at the same time?

CHAIR MCGINNESS:

That is a possibility, Senator; with the good work of the staff, we will get the answer.

We will close the hearing on S.B. 146 and open the hearing on S.B. 153.

**SENATE BILL 153**: Revises provisions governing distribution of tax revenue to library districts. (BDR 32-360)

MARY HENDERSON (City of North Las Vegas):

We are here to present our bill S.B. 153 that proposes to redistribute tax revenues shared by local governments in Clark County from the consolidated tax distribution formula—what we commonly refer to as Consolidated Tax Distribution (C-Tax)—to the North Las Vegas Library. The equity of the C-Tax formula as it applies to North Las Vegas, the country's second fastest growing city, has been a major concern for our mayor, City Council, and city administration since the Legislature created the C-Tax formula in 1997 with S.B. No. 254 of the 69th Session. The city has a fiduciary responsibility to its over 200,000 citizens to ensure these revenues are distributed among local governments in southern Nevada in a fair and equitable manner. Since 2003 and prior, the equity issue has been particularly troublesome. This is not the city's first attempt to remedy equity matters concerning C-Tax. Last session, the city brought forward A.B. No. 144 of the 73rd Session to provide a base adjustment to the City of North Las Vegas out of the C-Tax.

Our bill did not make it out of the Assembly for a hearing in your Committee last session. We are not the only local government in the state to bring this issue before the Legislature; the cities of Henderson and Elko appeared before the Legislature in 2001 and 2005 with similar issues and had relief granted. I will provide our proposed amendment upon completion of our presentation. This amendment does not change the substance of S.B. 153; it affects the process in which redistribution occurs if the bill is processed.

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GREGORY E. ROSE, (City Manager, City of North Las Vegas):

I have submitted a booklet of my presentation for the record ([Exhibit I](#), original is on file in the Research Library).

With a population of a little over 200,000, we have only two libraries. North Las Vegas is the only jurisdiction that does not receive any distribution from C-Tax. There was no funding source available to construct or renovate with the exception of property tax.

North Las Vegas has the highest tax rate in the Las Vegas Valley. A higher tax rate means a higher cost of doing business in North Las Vegas. On a per capita basis, North Las Vegas has the fewest libraries. It is a service we are unable to offer to citizens who need those services. Those citizens, especially the disadvantaged, are more negatively impacted than others. The fact is, North Las Vegas does not receive any distribution from C-Tax.

SENATOR CARE:

The creation of a North Las Vegas Library District was in 1993. Was there any discussion about getting funds from the C-Tax?

MR. ROSE:

There was no discussion of C-Tax because it had not been created.

SENATOR COFFIN:

Your predecessor was ordered to not get into C-Taxes.

CHAIR MCGINNESS:

Let me refer to staff. Do you have a definitive answer?

TINA CALILUNG (Deputy Fiscal Analyst):

Legislation that created the North Las Vegas Library District specifically prohibited the Library District from C-Tax.

SENATOR COFFIN:

Do you have a line item for the library?

MR. ROSE:

The structure for our library is its own entity. It is not a line item on the City's budget. It has its own board as well as its own budget. We have tried to be

efficient by not creating another bureaucracy to run the two libraries we have today. There is some oversight by our City Council in that they must approve the budget approved by the Library Board.

SENATOR COFFIN:

Why have you not built more libraries?

MR. ROSE:

We do not have the funding. The second library constructed was based upon land dedicated by a developer and funding that we identified in the library district budget. A third library that is proposed is being funded completely through our general fund. We are giving a loan to the Library District for construction. That means we are unable to hire more police officers or firefighters. It impacts other critical services we should provide to the citizens. Libraries are a critical service as well. Take a look at the disadvantaged youth who use the library for computer use, homework and much else other than simply checking out books.

SENATOR COFFIN:

These problems exist in every city. Have you been given the opportunity to join the Clark County Library District? They have a dedicated property tax.

MR. ROSE:

That issue was addressed; the discussion had more to do with accountability. The City Council believed they were more accountable to citizens by having control over another critical service.

CHAIR MCGINNESS:

Mr. Guindon, can you help us clarify the issue on the C-Tax, when the library was built etc.?

RUSSELL J. GUINDON (Senior Deputy Fiscal Analyst):

When the Library District was created, they were specifically excluded from participating in distributions from Supplemental City-County Relief Tax (SCCRT) revenues. In 1997, we created the C-Tax; since they were prohibited from participating in the SCCRT money, they were thus prohibited from the C-Tax. Prior to that, all six revenues were separately handled until legislation put them into one pool for distribution under statutory formulas.

PHIL STOECKINGER (Director, Finance Director Services, City of North Las Vegas):  
When you look at the makeup of consolidated tax, it is comprised of six sources. Prior to that formation, the county only shared in three of those six sources. How much does the general fund subsidize the library? The Library District spends, as a portion of their budget, roughly 20 percent of the dollars on functions we run. As a city, we subsidize our Library District. When you look at the composition of C-Tax as it relates to Boulder City, Henderson's Library District or Las Vegas, it comprises a substantial portion—between 30 percent and 40 percent—of the revenues. When you take off that slice we do not have, it inhibits our ability to build libraries.

CHAIR MCGINNESS:

Are you asking to create a special district that is able to receive the C-Tax?

MS. HENDERSON:

There is a special district already there. We are asking for the ability to go into the C-Tax pool and have a base adjustment of \$1.25 million, which translates to about \$2 million a year.

DINO DICIANNO (Executive Director, Department of Taxation):

The Committee needs to be aware that the proposal contained within the bill to allow the North Las Vegas Library District to share in the C-Tax does not exist. They are asking to be considered a special district to share in the makeup to the SCCRT. We calculate a level of property tax to calculate the amount of revenue that would be generated through the C-Tax formula. In order for the North Las Vegas Library District to share in that pot of money, it has to have its proportionate share to share within that pot. That means the City of Las Vegas, Henderson and one other entity mentioned within the fiscal note, have to transfer what they are already getting to support the North Las Vegas Library.

The county received a single pot of money. By allowing the North Las Vegas Library District to share in that SCCRT, some funds would have to be reallocated to the North Las Vegas Library District. That would occur under this bill; I am not aware of the amendment.

CHAIR MCGINNESS:

You said you had a bill in 2005. Was it the same bill?

MS. HENDERSON:

No. It was A.B. No. 144 of the 73rd Session, which would have done a base adjustment to the City of North Las Vegas, not to the Library District. The dollar amount on that was \$10 million. From our analysis, as we grow as a city, that dollar amount from an equity perspective grows over time. This time, we took a piece of the issue. This is not the total issue for the City of North Las Vegas.

CHAIR MCGINNESS:

If we passed this, would North Las Vegas still have issues with the C-Tax?

MS. HENDERSON:

We would. This would not fix the larger picture.

CHAIR MCGINNESS:

Was it the 2003 Session when Henderson had an issue with C-Tax?

MS. HENDERSON:

Henderson brought a bill forward. I do not know how it got processed in 1999, but it came back in 2001 with a base adjustment of \$4 million. Last session, the City of Elko and the City of Wendover had some issues; there might have been one other jurisdiction involved.

CHAIR MCGINNESS:

I received an e-mail ([Exhibit J](#)) from a gentleman in Pahrump who has concerns about C-Tax in Nye County. Every session we try to fix this: we might step back, look at the formula as a whole and see if it is effective and fair.

MS. HENDERSON:

We have seen issues in the past ten years even in Washoe County. There are some major issues we cannot quite get our arms around in terms of the equity. One main component of making the formula change was that revenues would follow growth. Our analysis clearly points out for local governments in southern Nevada that as a percent of our general fund, we have the lowest C-Tax distribution. We keep bringing this issue forward. We would have brought it forward in 2003 had it not been for the issues with funding the state budget and tax increases. This is an ongoing issue for the City of North Las Vegas.



CHAIR MCGINNESS:

I would like your permission to pull back from S.B. 153 for a couple weeks so our staff can look at this formula and put together an informational hearing or two.

MICHAEL R. ALASTUEY (Clark County):

We read the bill as written and wound up in an opposing position. Senate Bill 153 is not a correction of a past oversight because there was no oversight. Documentation shows the request for an independent and separate library district within the governs of the City of North Las Vegas. There is overlap between the membership, City Council and Library District Board. The Library District has a fund within the City budget. The structure requested was property tax, not sales tax. Representations made by the City indicated no contemplation that sales tax would be received. It was also indicated there was no effect on any other entity contemplated at the time of the request in terms of redistribution, consideration of double taxation or ability to receive sales tax or other tax from two different sources.

Senate Bill 153 is not an adjustment for equity among similar entities because in southern Nevada there are no similar entities. The Library District operates much like a city department; there is overlap in the government's board membership. With City Council approval, the District could access City general fund appropriations which include a distribution of consolidated taxes. Senate Bill 96 gives the North Las Vegas Library District two ways to access sales tax.

**SENATE BILL 96:** Reduces the rate and revises the distribution of the basic governmental services tax. (BDR 32-32)

Senate Bill 153 called for no specific formula, but an approval process as a policy decision was unusual. If that remains in the bill, we would comment further.

I received a letter from Lisa Foster on behalf of Boulder City. If they were here today, they would have opposed the bill as written.

DUNCAN MCCOY (Director, Boulder City Library):

I am submitting a prepared statement for the record ([Exhibit K](#)) that questions whether the North Las Vegas Library District is a special district.

LIANE LEE (City of Las Vegas):  
We want to support Mike Alastuey's testimony and oppose S.B. 153.

RENNY ASHLEMAN (CITY OF HENDERSON):  
I reserve our right to comment more fully when we see the rest of the testimony and the prepared material.

CHAIR MCGINNESS:  
We will close the hearing on S.B. 153. We are opening the hearing on S.B. 74.

SENATE BILL 74: Revises provisions governing expenditure of money in infrastructure fund of certain counties. (BDR 32-255)

CHAIR MCGINNESS:  
Because Senator Townsend and Senator Coffin were absent, I asked Ms. Calilung to briefly review the bill which has no opposition but several amendments offered.

MS. CALILUNG:  
Senate Bill 74 would allow the boards of county commissioners and counties with a population less than 100,000 to use proceeds from the 0.25-percent sales tax for infrastructure authorized under NRS 377B.100 for the following additional purposes: for projects for the construction, maintenance or repairs to streets and highways that are described in subsection 2 of NRS 373.028; for the acquisition, establishment, construction, expansion, improvement or equipping of facilities relating to public safety or judicial functions. Proponents stated that the bill expands the use of the sales tax for infrastructure to allow local governments to address issues of critical importance to rural Nevada, namely roads, public safety and judicial and recreational facilities.

There was no testimony in opposition. An amendment was proposed by Mary Walker to amend subsection 1 to read as follows: "The acquisition, establishment, construction, expansion, improvement or equipping of facilities related to public safety, culture and recreation or judicial facilities."

A conceptual amendment was proposed by Chairman McGinness and supported by Mary Walker and other supporters of the bill, to amend section 1, subsection 3, paragraph (e), to read as follows: "Projects that are described in subsection 2 of NRS 373.028."

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CHAIR MCGINNESS:

There was no opposition, and everyone agreed on the amendments.

SENATOR TOWNSEND MOVED TO AMEND AND DO PASS AS  
AMENDED S.B. 74.

SENATOR AMODEI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR MCGINNESS:

I adjourn this meeting at 3:04 p.m.

RESPECTFULLY SUBMITTED:

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Julie Birnberg,  
Committee Secretary

APPROVED BY:

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Senator Mike McGinness, Chair

DATE: \_\_\_\_\_