

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

**Seventy-Fifth Session  
February 10, 2009**

The Committee on Taxation was called to order by Chair Kathy McClain at 1:44 p.m. on Tuesday, February 10, 2009, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/75th2009/committees/](http://www.leg.state.nv.us/75th2009/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](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Kathy McClain, Chair  
Assemblywoman Marilyn K. Kirkpatrick, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Bernie Anderson  
Assemblyman Morse Arberry Jr.  
Assemblyman Ed A. Goedhart  
Assemblyman Tom Grady  
Assemblyman Don Gustavson  
Assemblywoman Ellen Koivisto  
Assemblywoman Sheila Leslie  
Assemblyman Richard McArthur  
Assemblyman Harry Mortenson  
Assemblywoman Peggy Pierce

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Barbara E. Buckley, Clark County Assembly District No. 8  
Assemblyman John Ocegüera, Clark County Assembly District No. 16

Minutes ID: 166

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**STAFF MEMBERS PRESENT:**

Michael Nakamoto, Deputy Fiscal Analyst  
Mary Garcia, Committee Secretary  
Sally Stoner, Committee Assistant

**OTHERS PRESENT:**

David Perlman, Administrator, Commission on Postsecondary Education,  
Las Vegas, Nevada  
Dino DiCianno, Executive Director, Department of Taxation

**Chair McClain:**

[Roll was called.] Today we have Speaker Buckley, who is going to give us a presentation on Nevada 2020, which was a several-months-long project with some very interesting results.

**Assemblywoman Barbara E. Buckley, Clark County Assembly District No. 8:**

[Introduced herself and distributed two handouts ([Exhibit C](#) and [Exhibit D](#)).] I am pleased to be with you today to present this document ([Exhibit C](#)), which was prepared several months ago and presented across the state. I had the privilege of delivering this presentation in town halls in Las Vegas, Reno, Fallon, Elko, and Carson City. I presented it to the North Las Vegas Chamber of Commerce, the Associated General Contractors of America (AGC), Council for a Better Nevada (CBN), and Nevada Parent Teacher Association (Nevada PTA) groups. I gave one or two presentations a week for three or four months.

I also enlisted a number of Democrats, Republicans, and Independents from all walks of life to give similar presentations around the state. Some of those discussion leaders then came forward and briefed Senate and Assembly Democratic and Republican leadership. Senator Hardy, Senator Horsford, Assemblyman Stewart, and I heard from business leaders throughout the state during these various discussions. Today, I want to give you a flavor of what was presented and what we heard.

The genesis for this came after one of our special sessions when we talked about how we always go through a "boom-and-bust" cycle in Nevada every ten years. I decided to take this show on the road and hear what Nevadans were thinking. Here is what most folks heard in our presentations.

The presentation starts with where we are now in the state. Unfortunately, I had to update this slide [slide 2 of [Exhibit C](#)] and others monthly because the statistics kept getting worse. In 2008, Nevada had the highest rate of home foreclosures in the United States. More than 77,000 properties were in foreclosure—an increase of 126 percent over 2007 and 530 percent higher than in 2006. Forty-five percent of all current real estate transactions are foreclosures. The devaluation of neighboring homes will cost Nevadans more than \$6.5 billion. Ninety-eight percent of Nevada homes are losing value.

At the same time, our unemployment rate continues to climb. For my first Nevada 2020 presentation, that figure was 7.2 percent. Now we are at 9.1 percent, and most economists predict we will hit double digits very soon. By contrast, the national average is 7.2 percent. We have 128,000 Nevadans out of work. First-time unemployment claims are at an all-time high, exceeding 36,000—the highest monthly total on record. Unemployment rates for 2009 are predicted to reach 11.4 percent, and some estimate it will go slightly higher.

As a result, our State General Fund revenue is in free fall. This slide [slide 3 of [Exhibit C](#)] has not really changed because things have only gotten worse since we started with this. Cash-strapped tourists are staying home. Nevadans themselves, facing job losses or job hour cuts, have stopped buying homes and new cars and have stopped dining out. Our tax revenues are falling at a precarious rate.

Fiscal Year (FY) 2008–2009 General Fund revenues have been \$1.745 billion less than the Economic Forum's forecast. We have had two special sessions to slash the budget. In December, the Economic Forum projected FY2010–2011 revenue will fall another 21 percent.

The National Conference of State Legislatures' (NCSL) report that came out last week shows Nevada's budget gap to be number one in the country at 37.6 percent. Arizona was second. I have the report, in case someone wants to see it. Every night you can read in the California newspapers about their budget woes. They really have nothing compared to Nevada.

The next couple of slides go through where Nevada is in the state rankings. The Tax Foundation concluded that, except for Alaska, Nevada enjoys the lowest state and local tax burden in the nation. Our state ranks lowest in government employees per 100,000 residents. We rank 47th in the number of state employees. For state and local employees, we rank 50th. In kindergarten through 12th grade (K-12), Nevada ranks 48th.

Despite our low business taxes, we continue to get dinged in national reports. According to the latest Forbes.com report, Nevada ranks as the 19th best state for business, in part because our rankings in quality of life—schools, health care, and crime—bring us down. CNBC, Inc. ranked Nevada 45th in America's top places for business, in part because we ranked next to last in education.

Where do we get our revenue? It is incredible how many people who heard this presentation were amazed by this information. As you know, 61 percent of our revenue comes from gaming and sales taxes. If anyone wants to know why Nevada is hit so hard, this slide [slide 6 of [Exhibit C](#)] will tell them.

Where do we spend our money? Ninety-three percent goes to three places: education, health and human services, and public safety. Probably one of the best comments I received while I was giving this presentation statewide was from a student from the University of Nevada, Reno (UNR). He said, "Gee, I was going to get up and ask why education was going to be a target of cuts, and then I saw these two slides. It is pretty simple math."

If we are going to avoid some of the cuts in education, it is difficult if we do not look at broad-based solutions. If we simply figure this numerically, it is hard to exempt education, health care, and public safety, when they are 93 percent of the budget, unless we look at different solutions. The *Nevada Constitution* requires us to fund these three areas. They are not optional services.

This [slide 9 of [Exhibit C](#)] charts the cut levels in the Governor's Budget that was presented to the Legislature, in order to present a balanced budget. I am sure you are familiar with these.

The next few charts show where Nevada stands compared with other states. We are 47th in the nation in funding K-12 education per pupil. The national average is \$9,500, while Nevada is at \$6,900. Nevada's teacher-to-pupil ratio is 46th among the states. Our proficiency ranking is 45th in reading and 44th in Math. Our drop-out rate is the highest in the nation.

In the proposed budget, we see the amount of basic support per pupil reduced by 5.1 percent. My calculations show that would take us from 47th in the nation to 50th. Of course, we do not know what other states are doing now. There are proposed salary cuts of 6 percent and increases in health care premiums for teachers, reduced funding for adult education, special education, and other programs, and elimination of the one-fifth retirement credit incentive to get teachers to teach in at-risk schools and in science and math.

Nevada ranks 49th in the nation for state and local per capita spending on higher education. We rank 41st in 18- to 24-year-olds enrolled and 45th in residents with a bachelor's degree. Proposed budget cuts include an average 36 percent cut for higher education. Figures for individual institutions are shown on this slide [slide 11 of ([Exhibit C](#))].

Nevada's 2006 crime rate ranked 4th highest in the nation. Also on that slide [slide 12 of ([Exhibit C](#))] are the male and female prison population increases. The Budget proposes the closure of the Nevada State Prison and the Tonopah Conservation Camp, along with construction of another new prison from the state's capital improvement program funds.

Public safety received a lot of comments when we were out on the road. Folks were really shocked at our coverage rates. Under the proposed budget, we will have 43 fewer full-time equivalents (FTEs) in the Department of Public Safety, with the majority of the cuts being in Parole and Probation.

Currently, supervisors of category E felons and gross misdemeanants average 500 cases each. Under the new budget, the average would increase to almost 700 cases. The recommended level is 100 cases. In addition, we have had a mileage cap imposed on our officers during the budget crisis. The most recent cap was about 700 miles a month. The first month it was implemented, 25 percent of the cars were pulled off the road after the first two weeks. The ratios are really wrong because when Parole and Probation officers are not out driving and observing their charges, they are not really supervising them.

As for medical assistance, Nevada ranks 50th in the nation in the percentage of the population enrolled in Medicaid. People are eligible, but they are simply not enrolling, mostly because we are not telling people about the existence of these programs. We are also 50th in the nation in children covered by Medicaid. In 2007, we ranked 3rd in children without health insurance and 11th for adults.

In the budget cut proposals, there is a 5 percent proposed cut in Medicaid reimbursement. Two rural hospitals indicate they may close as a result of that cut. There is a proposal to cap Nevada Check Up at 25,000 recipients, although we may be at 28,000–30,000 recipients by the time the budget actually is approved. When people lose their jobs, they lose their health insurance coverage and our rates go up.

There is a proposal to cut the budget for personal care attendants. These are the folks who go to the residences of the severely disabled and elderly to help them bathe or even get out of bed in the morning. This cut would affect more than 3,700 recipients.

As far as mental health is concerned, we are second in the nation for adults reporting poor mental health. We are second in the number of suicides per 100,000 population, except for seniors, where we are first in the nation. Look at the suicide rate in Nevada [slide 15 of ([Exhibit C](#))]. The national average for suicides among seniors is 14.7 per 100,000 population. It is 35.7 in Nevada. That is a staggering number.

Nevada ranks 40th in per capita spending on mental health. Of course, the proposed cuts for mental health services would have 9 of the 19 remaining outpatient mental health facilities in rural Nevada communities close. The facilities in Dayton and Fernley were already closed as a result of the last budget cut in 2008. We would see facilities in Silver Springs, Hawthorne, Caliente, South Tahoe, Battle Mountain, Moapa, Lovelock, Tonopah, and Wendover close, with 453 patients currently served affected by the overall cuts.

As for family services, in 2005, Nevada ranked eighth in the nation in child fatalities per 100,000 children. We did a little better in 2006, ranking 14th. Some of the proposed budget cuts in this area, though, would result in 32 positions being kept vacant in Clark County's Department of Family Services, which would increase caseloads.

We pay an enhanced foster care rate to keep brothers and sisters together when they are in foster care. You do not want to lose your parents, your home, your school, and also lose your brothers and sisters. That additional allowance is proposed to be eliminated.

The Summit View Juvenile Correctional Facility would be reduced by 50 percent, and the Caliente Youth Center and Nevada Youth Training Center would also face housing reductions.

After I run through all the statistics, I then turn to a more upbeat message, which is: "We can do better." That is why I am here. That is why you are here. We need to adopt methods of eliminating our boom-and-bust cycle and to find long-term, bipartisan solutions to the problems facing the state. This is about what kind of state we want to be and what direction we want to head.

I then talk about what we need to examine. First, I talk a lot about spending priorities. It seems in good times we spend a little bit of money on a lot of things, getting good at nothing. Then in bad times, we destroy everything we just built. When I ask people how many of them think that makes sense, no one raises his hand because it does not make sense.

We also need to talk about revenue to ensure we have fairness, stability, transparency, and revenue to meet the agreed-upon spending priorities. We need to look at creating a "rainy day fund" that truly makes sense and that gives us more of a cushion so our peaks are not so high and our valleys so low. It is amazing—I asked conservatives, liberals, teachers, and those who are desperate for more services if they would rather have a sustained march toward improvement, or if they would rather we spend everything we have just to see it taken away when times are bad. It is pretty clear everybody is on the same page. The way we are doing things now is not working.

I then explore each issue in greater depth, soliciting people's opinions about where we need to go in these three areas. Take spending priorities—planning where we want to be in two years, five years, or even ten years. If you do not have a plan, you probably should not be disappointed when you do not arrive at where you wanted to go.

We have had a good deal of discussion internally about how the Legislature, since it does not create the initial budget, has more of an ability to do long-term planning: How do we get from 47th to 15th in education? How do we improve our rankings in health, education, and public safety? How do we plan? Leadership is discussing proposals we are going to present, especially to the Assembly Committee on Ways and Means, regarding a thoughtful way to fund the services we need and to plan what those services are.

I think it is really important—and the feedback I received reinforced this—that we did not get in last place in some of these rankings in a day, and we are not going to get out of last place in a day. A measured approach is required to improve from where we are today. Everybody I spoke to said we have to do better, but with that has to come accountability, whether we tie it to proficiency rates or drop-out rates in education; to immunization rates, child death rates, or suicide rates in health and human services; or to recidivism rates or the effectiveness of halfway houses in parole and probation.

Some of the proposals I talked about on the road regarding revenue involved aggressively enforcing our existing tax laws. You will hear testimony on Thursday from Secretary of State Miller and Assemblyman Ocegüera on the creation of a business portal. It is amazing how many people go to the Office of the Secretary of State to incorporate but never find their way to the Department of Taxation. It is not fair to those Nevada businesses that are paying their taxes to have some not paying. It is amazing how much our collections will go up if we are more aggressive about making sure everybody is paying what they

should be paying. We also received some other suggestions on ways to improve enforcement of our existing laws.

When it comes to abatements and exemptions, it is only prudent, when times are tough, to look at the money we are giving away to make sure it still makes sense today. I am very pleased that the Vice Chair of this Committee has taken on this topic in the last year. I believe you are going to see some amazing statistics and presentations on how we can do things smarter and better.

How do we make sure we are getting proper return on investment from every abatement, exemption, and incentive we have? How do we make sure there is equity and transparency? How do we make sure we are not cutting off our nose to spite our face?

If the number one thing businesses look for in coming to a community is the quality of its educational system, does it make sense to abate money away from schools when our education funding is already at the bottom? You are going to see all these ideas come up for your consideration. I believe the time of abating money that goes to schools is over. We need to beef up our education system to produce the quality of graduates businesses need, and also so our children and grandchildren can have the same benefits of a quality education that we had.

We must maximize federal funds. Nevada ranks 50th in total per capita federal spending and 49th on the return for our federal tax dollar. Some of this is our fault. When I am not serving in the Legislature, I am the director of a nonprofit, so I apply for grants. I can guarantee you there is a 100 percent chance I will not get a grant I did not apply for. The same is true for the federal government. If we are not applying for grants, if we do not have the state match available, this is the ranking we will get. This is another area we need to improve on.

We have a Washington, D.C., office right now. For many years, it has been on the list of possible closures because some could not see what we were getting from it. An idea I have posited—and I would certainly welcome yours—is that maybe the Washington office could actually write grants instead of just telling us about the grants we already know are out there. That is part of what we need to do now. We have to think smarter, we have to think strategically, and we have to maximize every federal dollar there is because we need it.

Innovative public/private partnerships—are there new things we can do? We all know Nevada's riches are in our natural resources: solar, geothermal, and wind. The Bureau of Land Management (BLM) controls 67 percent of the land in Nevada. If Nevada partnered with renewable energy development and got the



BLM to release land directly to Nevada to create pilot programs for renewable energy, we could accomplish a few goals. First, we could get some land out of the hands of the BLM, which is always a good goal. Second, we could see royalty revenue coming directly to the state. Third, we could jump-start renewable energy efforts so that, again, we would be exploiting our ability to be the number one renewable energy state in the nation.

One other measure I am sponsoring out of the Nevada 2020 program is a resolution urging Congress to enact legislation deeding more BLM land to the state. This was a concept I found a lot of excitement for in the community as I gave this presentation.

We need a revamped stabilization fund. As the Chairman of Ways and Means can tell you, in good times, if we have money, we appropriate it to the rainy day fund (Fund to Stabilize the Operation of the State Government). Otherwise, we do not. It is apparent that our current system is not doing the job. I am sponsoring a bill that would basically require the Governor and the Legislature to create a forced-savings account. One cent of every new dollar would go into a budget stabilization fund, along with funds at the back end of the cycle. I am also sponsoring a separate measure where 100 percent of any money remaining in the Distributive School Account at the end of the biennium would be placed in an education rainy day fund.

If this crisis has told us anything, it is that we need to do a better job of doing away with the boom-and-bust cycles. While we do not have a lot of money to put in a rainy day fund right now because of our current economic disaster, never will there be a time when legislators will appreciate the need for us to have a better rainy day fund. So the session for us to consider these measures is the current one.

The basic underpinnings of the overhaul—spending priorities; budget stabilization; revenue to meet the needs we adopt as a Legislature; looking at all the revenue we have; making sure we are getting what we have through uncollected taxes, abatements, and exemptions—are all ideas I presented on the road. I had everybody from all walks of life at these meetings. The first thing that impressed me from these meetings was that every single one of them was well-attended and, in every single one, maybe because our economic circumstances are so dire, people were glad to talk about what is going on right now. They are concerned about the direction our state is going. They are concerned about the choices we have.

People also had ideas. As a result, during one of the special sessions, I put a link on the Nevada Legislature website and asked people for their ideas. As I

went around the state, I also asked for ideas on the nv2020.com website, which has the presentation on it. I received a lot of suggestions, and some of them are really good. I will urge this Committee to look at some of them. I would also urge you, as you meet constituents or anybody, to ask them for their ideas. It is amazing what you get.

The third thing I learned was that there is an increased sense of shared misery—that we are all in this together. People said, "Hey, do not think you can save every program or that you can cut every program." There is a great sense of pragmatism that the solutions are going to have to be comprehensive; that we are going to have to arrive at them together; and that, by working together, we will be able to come up with better ideas than we will by working alone.

This document ([Exhibit D](#)) contains some of the suggestions that were made. One I would bring to your attention came from someone who noticed our insurance premium collections are at an all-time low. Statistically, the Insurance Premium Tax, which is the third-largest revenue source for the state, is recession proof. It is not known why that revenue is low, so the Insurance Division is conducting an audit to ascertain the reason.

This Committee should have them come to a future hearing to see what the results are. Is it the result of a law that was recently passed? Is a company inappropriately taking the home office credit exemption? We do not know, but there is something wrong. Those are the kinds of ideas we need from folks so we make sure we are doing everything we can in this budget crisis.

That is an overview of what I have been talking about at public meetings throughout the state. The feedback I got, even from some well-informed people, was they had no idea things were so bad for the state. They had no idea where our revenue came from and no idea what we spent it on. Getting that information out to them was invaluable. Even the groups that were going to start off with the issue of waste were amazed when they saw the cut list. I would be happy to answer any questions.

**Chair McClain:**

I heard you mention once that the silver lining to this crisis is that people are actually coming together, and it is about time that happened in this state. I do not see any comments; I think you overwhelmed them.

**Assemblyman Aizley:**

You mentioned a business portal. Will that combine the Department of Taxation and the Office of the Secretary of State and save people from going to two places?

**Assemblywoman Buckley:**

You will find out on Thursday. I do not want to steal Secretary of State Miller's thunder.

**Chair McClain:**

I would encourage everybody to go to the [nv2020.com](http://nv2020.com) website and look up some of these suggestions. Have other Committee members been getting emails from people who have ideas about taxes? I think we need to be collecting those. I do not know if the same people have been emailing everybody or if we are getting individual suggestions.

**Assemblywoman Buckley:**

We certainly could email them to someone on the Legislative Counsel Bureau (LCB) staff who could load them on the website. We are removing people's names and personal information and posting the suggestions on the website. It is good to put them in one place.

**Chair McClain:**

We do have one bill on the agenda today. Assembly Bill 72 eliminates the Alcoholic Beverage Awareness Program Account.

**Assembly Bill 72: Eliminates the Alcoholic Beverage Awareness Program Account. (BDR 32-420)**

**David Perlman, Administrator, Commission on Postsecondary Education, Las Vegas, Nevada:**

[Distributed prepared testimony and an email from Lynne Knack, Administrative Services Officer IV, Department of Taxation ([Exhibit E](#)).] I would like to briefly summarize my written statement. Changes made by the 2005 Legislature to Chapter 369 of *Nevada Revised Statutes* (NRS) mandated that I approve alcohol awareness training programs for the state and that I process refunds of tuition for individuals who attend such training.

The purpose of A.B. 72 is to remove one provision, and that is for the reimbursement. I believe there are sound reasons for that. First and foremost, no refunds have ever been made to date because no money has been made available to me. Funding for the reimbursement of tuition is supposed to come from fines levied against establishments that handle alcohol and that are found to employ people who have not had the training. To date, there have been no fines levied.

Second, as many as 1,000 applications a month are coming across my desk. With my experience in processing reimbursements for students from closed schools, each one takes about ten minutes. If funding ever does become available, the task will be overwhelming.

Third, I spend a lot of hours answering phone calls from individuals who have sent in their applications and now wonder where their money is. I try to handle it locally, but sometimes it escalates. Finally, while the fee for the training is nominal—in statute it cannot exceed \$40, and it is usually \$15 to \$25—it appears to me to be the only state-mandated fee that is reimbursable.

I certainly appreciate and understand the altruistic basis for this provision, but it appears likely there will never be enough money to handle the claims for this. It is not fair to let people believe they are going to get a refund when it is not going to happen. Assembly Bill 72 removes this refund provision, and I ask for your support in its passage.

**Chair McClain:**

Basically, what this does is put all the money into the Fund for the Compensation of Victims of Crime, right?

**David Perlman:**

The only money that would ever go toward this program would be if an establishment was to hire someone without the Techniques of Alcohol Management (TAM) card or the Alcohol Awareness Training and then get caught. Half of that money goes into the fund for me to use for tuition reimbursement, and the other half goes into the Fund for the Compensation of Victims of Crime.

**Chair McClain:**

So you are taking out your half?

**David Perlman:**

I really have no jurisdiction or authority in the collection or levying of the fines. I am just waiting for Taxation to say there is money there.

**Assemblyman Anderson:**

I believe the importance of creating this law was to try to ensure people serving alcohol were aware of the requirement that they had to be 21 years of age and other enforcement questions. We wanted to make sure they were trained. Are you of the opinion that no establishment in Nevada has been found in violation of the rule of having everybody trained?

**David Perlman:**

No, I am not the one who does the enforcement. I just approve the schools and effect refunds. In my discussions with Clark County, which used to be about the only county that did this, it was a revenue for them. It was similar to the seat belt law or the front license plate law. If someone got caught for speeding, there were two more violations that could occur.

In Clark County they did not have alcohol awareness enforcement. To my knowledge there is no one doing it now. I spoke to one individual from the Department of Taxation in Clark County who said he is the one who is supposed to be doing this, but normally they do not fine up front. They allow the establishment 30 days to make corrections. It would be prudent for an establishment to do that, and it would not be fined.

**Chair McClain:**

Was that okay, Mr. Anderson?

**Assemblyman Anderson:**

That answered my question, but it is not okay.

**Assemblywoman Leslie:**

Who is supposed to do the enforcement; is it local people?

**David Perlman:**

It started out that way a long time ago. Then, in 2005, legislation removed it from the municipalities and required it to be a state program.

**Assemblywoman Leslie:**

Now the state is required to do that, and is that the Department of Taxation? [Mr. Perlman agreed.] So they are either not doing it or not doing it very well, or everybody is magically in compliance, and you do not know which. You just know there is no money, and that is why you are here. [Again, Mr. Perlman agreed.] Could we get someone from the Department of Taxation to explain what is going on? I am not willing to give up until I know why we are not collecting any fines.

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

To address your question directly, basically what occurs, and the way the legislation was written, is that we are supposed to get information from local enforcement authorities. To date, we have received none.

**Assemblywoman Leslie:**

Who is a local enforcement authority? Do you mean the police?

**Dino DiCianno:**

The Las Vegas Metropolitan Police Department, yes.

**Assemblywoman Leslie:**

So, in your view, the police are supposed to be doing this on a local level. You are not supposed to be doing it. I am trying to understand this.

**Dino DiCianno:**

I understand. What I am trying to explain is that we first have to be notified as to who is violating that provision.

**Assemblywoman Leslie:**

You are not out looking for the violators; that is the job of the police. [Mr. DiCianno agreed.] The problem appears to be that maybe nobody...are the police here? [They were not.] We need to do more investigation on this. I suspect nobody is doing it, and that is why you [indicating Mr. DiCianno] are not assessing any fines, and you [indicating Mr. Perlman] are not getting any fines. I guess the policy question is whether we want this to be enforced.

**Chair McClain:**

Our Majority Leader is here. It was his bill originally. If he could fill us in on its intent, maybe we could go from there.

**Assemblyman John Oceguera, Clark County Assembly District No. 16:**

I actually just came because I saw you were talking about a bill of mine, and nobody has talked to me about this change. I was concerned and thought I ought to find out what you were doing to my bill. I missed part of the testimony.

**Chair McClain:**

We are to the point where we have decided it is a fund supported by fines nobody wants to collect because nobody is enforcing it.

**Dino DiCianno:**

I want to clear up something for the record. The Department of Taxation is not sponsoring this bill. [Chair McClain acknowledged that.]

**Assemblyman Grady:**

This really bothers me because I know, reading in our local paper, it is being enforced, but that is where it is stopping. Why do we pass laws if everyone is going to ignore them? I think something needs to be brought forward to enforce a law that was adopted by this body.

**Assemblyman Ocegüera:**

I would say exactly the same thing. You cannot serve alcohol without this card, so obviously there is some enforcement. Somebody is checking to see that people have it before they can be employed.

**Chair McClain:**

We hope.

**Assemblywoman Kirkpatrick:**

I have taken this class, and I have paid the \$25. In order to serve any type of alcohol, whether you are in the catering business or in sales in the back of the bars, you have to have this card. I am paying my money, and I know a lot of other people are. Where does the money stop? The employers have to verify that we have the card. It is like having an insurance card in the hospitality industry. I think there is a real disconnect. Maybe the people from the school are supposed to send that money somewhere; maybe we should start there.

**Chair McClain:**

We are not talking about the money people are paying for the class. These are the fines imposed on people who have violated those provisions. Why is there nobody enforcing this? If somebody is enforcing it, then obviously we are not getting the fines, and that is why Mr. Perlman wants to get out of having to process the refunds.

**Assemblywoman Kirkpatrick:**

My point is that someone is keeping a record of those people who are taking the class. They come through the bars frequently and ask to see everyone's cards—health card, TAM card, sheriff's card, and identification required to be on the property. There is a registry, and there are people coming through to enforce this. I say we should go back to the schools to find out who they are giving that information to, and then determine who would enforce this law.

**Chair McClain:**

That is an idea.

**Dino DiCianno:**

Assemblywoman Kirkpatrick is absolutely correct. As I understand it, the issue here is not that these people are not getting their cards or classes to ensure they have complied with the provisions of being able to serve alcohol. The issue for the Commission on Postsecondary Education is they are required to refund the cost to those students, and no fines have been assessed and credited to that fund for them to be able to refund that money.

That is the issue here, not that people are not being compliant. They are in compliance. There are no assessments of fines because the investigations that are being done are not finding anyone in violation in order to create that fine to deposit to the fund.

**Chair McClain:**

It is hard to believe there are no violations in Nevada.

**Assemblywoman Pierce:**

I used to work on the Las Vegas Strip, and I had a TAM card and a health card. My recollection is that one time someone came through and asked everyone for their health card and TAM card. As I recall, it was someone from the Southern Nevada Health District.

**Chair McClain:**

That would make sense.

**Assemblyman Anderson:**

The issue is the court is not reporting, or the agency is not assessing the fine so there can be money available to you to reimburse those people who make application for the refund. The fact there is no money for you is upsetting, but I find it very difficult to believe no one out there is in violation. If they are in violation, are they paying the fines that are required by law?

I would like to see how we changed Mr. Ocegüera's bill, which I recall vividly from several sessions ago because it was somewhat controversial. We had the assurance of the health departments that they would be able to enforce the requirements in the bill. They have done that in terms of all who are meeting the requirements of picking up the cards. What they have not done is the second part of the job, which is collecting the fines from those people they find in violation and making sure those fines are then turned over to the Department of Taxation so there is a fund to draw from to refund those people's money. Is that not what the issue really is—are they citing anybody, and are they collecting the fines? I do not see anybody out there who wears that hat.

**Chair McClain:**

Apparently, nobody knows. Michael, could we ask you to follow up on this with Mr. Perlman, Mr. DiCianno, and whoever is supposed to be doing this at the local level? [Michael Nakamoto indicated he would do that.] We will have Michael gather that information for us for one of our upcoming meetings.



We will close the hearing on A.B. 72. We did fix the Standing Rules of the Assembly Committee on Taxation ([Exhibit F](#)) to correct the NRS citation Mrs. Koivisto pointed out to us. Do we have anybody who would like to make public comment today? Are there any comments from the Committee? [There was no response.] With that we are adjourned [at 2:35 p.m.].

RESPECTFULLY SUBMITTED:

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Mary Garcia  
Committee Secretary

APPROVED BY:

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Assemblywoman Kathy McClain, Chair

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

**EXHIBITS**

**Committee Name:** Committee on Taxation

**Date:** February 10, 2009

**Time of Meeting:** 1:44 p.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
	C	Assemblywoman Barbara E. Buckley	PowerPoint presentation: "Overhauling Nevada's Financial Structure"
	D	Assemblywoman Barbara E. Buckley	"Select Budget Comments from the nv2020 and Legislative Websites"
AB 72	E	David Perlman	Prepared testimony and an email from M. Lynne Knack, Administrative Services Officer IV, Department of Taxation
	F	Michael Nakamoto	Amended Standing Rules of the Assembly Committee on Taxation