

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON TAXATION  
Seventy-Fifth Session  
March 26, 2009**

The Committee on Taxation was called to order by Chair Kathy McClain at 1:43 p.m. on Thursday, March 26, 2009, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/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 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:**

Assemblyman Pete Goicoechea, Assembly District No. 35  
Assemblyman John Ocegüera, Clark County Assembly District No. 16

Minutes ID: 719

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Assemblywoman Debbie Smith, Washoe County Assembly  
District No. 30

**STAFF MEMBERS PRESENT:**

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

**OTHERS PRESENT:**

Brody Leiser, Deputy Executive Director, Department of Taxation  
Dino DiCianno, Executive Director, Department of Taxation  
Ferrel Hansen, CEO, Rural Nevada Development Corporation, Ely, Nevada,  
representing City of Ely  
Russell M. Rowe, Kummer Kaempfer Bonner Renshaw & Ferrario,  
Attorneys at Law, Las Vegas, Nevada, representing  
Nevada Development Authority  
Jeremy Aguero, Principal Analyst, Applied Analysis, Las Vegas, Nevada  
Lisa Foster, Reno, Nevada, representing City of Boulder City  
Frank Adams, Executive Director, Nevada Sheriffs' and Chiefs'  
Association, Mesquite, Nevada  
Lisa Gianoli, Owner, LG Strategies, Ltd., Reno, Nevada, representing  
Washoe County  
Constance Brooks, Senior Management Analyst, Office of the County  
Manager, Clark County, Las Vegas, Nevada  
Kathlyn Bartosz, Statewide Coordinator, Enforcing Underage Drinking  
Laws Program, Carson City, Nevada  
Josh Martinez, Police Officer, Office of Intergovernmental Services,  
Las Vegas Metropolitan Police Department, Las Vegas, Nevada

**Chair McClain:**

[Roll was called.] I had to rearrange things today, so we will open the hearing  
on Mr. Goicoechea's bill, Assembly Bill 329.

**Assembly Bill 329:** Provides funding for recreational facilities in certain smaller  
counties. (BDR 32-745)

**Assemblyman Pete Goicoechea, Assembly District No. 35:**

This bill was brought forward based on a request from White Pine County. It is  
a fairly simple bill. On November 5, 2002, White Pine County had an advisory  
question on the ballot to allow for the imposition of a \$0.0025 sales tax to fund

the maintenance of a swimming pool. During the 72nd Session, a bill was passed that allowed them to impose the \$0.0025 sales tax that had been approved in that ballot question. Since then, White Pine County has gone through severe economic hardship. They have been under the stewardship of the Department of Taxation. They clearly did not have the money to build the swimming pool.

In this bill, the county is asking to expand the use of that \$0.0025 sales tax, which is still accruing in the fund because the only use it can be applied toward is the maintenance of a swimming pool. They are now asking to be allowed to use that money for the operation of their recreation center.

I am not going to kid you. They do not have a recreation center, but they did apply for a Reynolds Grant that was contingent on having the funding to run the recreation center. If they have the ability to shift this fund over, they will qualify for a grant to build the center in White Pine County. That is the long and short of this bill.

**Chair McClain:**

How do the residents of White Pine County feel about diverting the use of this tax?

**Assemblyman Goicoechea:**

There is not a lot of feeling one way or the other. The real issue with the people in White Pine County is the fact that the money is accruing and cannot be used for anything. If there was a way you could change this to where it was going back to the General Fund, they would probably prefer that. However, the ballot question said it would be used for a swimming pool.

**Chair McClain:**

You said they applied for a grant to build the building?

**Assemblyman Goicoechea:**

They have the Reynolds Grant in place for building the recreation center, but that grant application had to show where the funding was coming from to maintain and operate it. That grant shows there is a bill pending before the Nevada State Legislature that would allow them to use that fund.

**Assemblywoman Koivisto:**

The folks in White Pine County approved a ballot question for a \$0.0025 sales tax to build a swimming pool, but they did not build the pool. They saved the money, though, and now they want to use the money for something else?

**Assemblyman Goicoechea:**

That \$0.0025 sales tax was for the operation and maintenance of the swimming pool. They had a nice big brick swimming pool in downtown Ely. However, it cracked and was subsequently razed, because they did not have the money to rebuild it. This \$0.0025 sales tax for the maintenance and operation of the swimming pool has been accruing since 2003.

**Assemblyman Gustavson:**

You say the ballot question for the \$0.0025 sales tax was passed by the voters in White Pine County for the maintenance of the swimming pool, but not for the building of a swimming pool. They did have an existing pool there that cracked beyond repair, is that correct?

**Assemblyman Goicoechea:**

Yes, they did have one at one point, but the pool cracked and they razed the building. They had a public pool in the community for probably 50 years. They were going to build another pool because there was such demand from the community. They were going to fund that through the grant process and with county funds, and they had to have a mechanism in place for funding the operation and maintenance of that pool. The voters approved the \$0.0025 sales tax to fund the operation and maintenance of the pool.

The county was unsuccessful in getting that grant. If they had gotten the grant money, they probably would not have been able to come up with the matching funds, given their economic situation at the time.

**Assemblyman Gustavson:**

Have the citizens been polled as to what they want done with this money? My other question is, how much money is in this fund?

**Assemblyman Goicoechea:**

I was hoping someone would be here from Ely so they could tell you how much is in the fund. I would assume it is around \$600,000 at this time, but I do not have an accurate number. A \$0.0025 sales tax does not generate a lot of revenue in White Pine County.

As far as polling the community, again, it is a mixed bag. I know there has been no formal poll conducted.

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

The \$0.0025 swimming pool tax in White Pine County was first imposed on October 1, 2003 and was discontinued on October 1, 2006. Since its

imposition in 2003, it has generated \$1,020,247.69, and there is still just over \$100 a month coming in from audit collections and late payments. This information was obtained from the Department of Taxation.

**Assemblyman Goicoechea:**

I was not aware it had been discontinued. Was that done through the Department of Taxation? They are the ones who have been managing the county.

**Michael Nakamoto:**

The information I have is that it is no longer imposed, although I cannot specifically speak to why that is. I do not know whether the Department of Taxation can answer that or not.

**Assemblyman Goicoechea:**

It is news to me that it has been discontinued. I was under the impression, since the bill was requested, that it was ongoing. I am surprised at the numbers.

**Chair McClain:**

That is interesting. Do we have somebody from the Department of Taxation who could shed some light on this?

**Brody Leiser, Deputy Executive Director, Department of Taxation:**

I believe the fact that there was no swimming pool was the reason for the decision not to continue collecting that tax. However, I would be more than willing to follow up with the Department to get you an exact answer and get that information back to your staff.

**Chair McClain:**

I think we need to know that. If they are not collecting it now, this is rather pointless. Could you work with Michael and let us know what the status is? [Mr. Leiser indicated he would certainly do that.] If the tax is not being collected now, we need to know why it is not and whether it should be.

**Brody Leiser:**

As Michael stated, we do currently collect a minimal amount on past due debts.

**Chair McClain:**

We want to know why it was discontinued in the first place and what we can do about it.

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

Since you have a representative here from White Pine County, I would rather have him go first. I know the reasons, but I want to make sure they are consistent with the understanding of the county.

**Ferrel Hansen, CEO, Rural Nevada Development Corporation, Ely, Nevada, representing City of Ely:**

Frankly, I am not certain I have your answers for you. I have been asked to present written testimony from White Pine County and the City of Ely ([Exhibit C](#)). I would like to present that testimony on their behalf at this time. The first is a letter from the White Pine County Board of Commissioners dated March 23, 2009. [Read from [Exhibit C](#).]

**Chair McClain:**

Now we know part of the story. There is construction money available, but you have to prove you can support its ongoing operation. What happened to their tax?

**Dino DiCianno:**

That was a \$0.0025 sales tax issue that went to the voters within that community and was approved. It was put in place to deal with operation and maintenance. It did not have anything to do with the construction of the swimming pool. That fund kept growing with no construction of the pool.

When the county came under severe financial emergency, we made a recommendation to the Nevada Tax Commission to remove it. There was no need to charge the taxpayers of that community an additional 0.25 percent for operation and maintenance of something that did not exist. That is why it was removed. That fund still exists; the money is still there.

**Chair McClain:**

But the tax itself is gone?

**Dino DiCianno:**

That is correct. It is no longer being charged.

**Assemblyman Goicoechea:**

I need some clarification. Was that tax then, in fact, imposed? I do not know if the sales tax dropped in White Pine County. I wonder if maybe the Department of Taxation imposed that \$0.0025 on something else. I believe we do have an additional tax in White Pine County.

**Dino DiCianno:**

There is continuing sales tax revenue going to the community, but it does not include the additional percentage that was intended for operation and maintenance of the swimming pool. White Pine County has maintained the fund, but they have not been able to access that fund, although it has money in it.

**Chair McClain:**

Our dilemma is that, if the tax is gone, I think there are some legal problems here that we are not seeing. Maybe we want to put this on the side burner until we can get some clarification.

**Dino DiCianno:**

If the voters within the community wish to put that tax back on the ballot and vote on it, they can do so. But right now, it does not exist.

**Assemblyman Goicoechea:**

I would suggest that, if the tax is gone, the county would probably want to withdraw this bill. Let me confer with White Pine County and the City of Ely on that. I do not think they even knew in the community that the tax was no longer available. I surely did not.

**Chair McClain:**

We will just lay it aside for awhile and let you work on it.

**Assemblyman Goicoechea:**

I would appreciate that because I believe, if the tax has been removed, it would probably require a ballot question. I guess Taxation took it away, and maybe they could give it back. I do not know how they took it away.

**Chair McClain:**

I think that is part of the question. We can work on it.

**Assemblyman Gustavson:**

I do not want to dig a deeper hole, but what authority does the Department of Taxation have to withdraw something that was voted on by the people and the Legislature?

**Dino DiCianno:**

Under severe financial emergency, the Department of Taxation takes over the finances of the county. As part of that responsibility, we have to look out not only for the finances of that community but also for the people who live there. Given the fact that this money was being collected and could not be used, it did

not make much sense to charge the people in that community a sales tax on purchases that did not go to anything.

The fund is there, and it needs to be accessed. I am not saying that money is not for them to use, but there are mechanisms for them to be able to utilize the funds. It just did not make much sense under our purview, and that is why we made the recommendation to the Nevada Tax Commission to have that percentage removed.

**Assemblyman Anderson:**

Was the tax set initially by the Legislature or by the people of White Pine County? Who set it up initially?

**Dino DiCianno:**

The authority for the entity to be able to charge the additional 0.25 percent was granted by this Legislature. That was enabling legislation. It required a vote of the people in order to enact the 0.25 percent.

**Assemblyman Anderson:**

So we in the Legislature passed the enabling legislation, and then a vote of the people actually set up the tax within White Pine County or within the City of Ely, so a new swimming pool would be financed.

**Dino DiCianno:**

The whole intent of the collection of the 0.25 percent sales tax for operation and maintenance was specifically for a swimming pool that was to be constructed. That swimming pool has never been constructed. So, that money was being collected and put into a fund, but it had no use.

**Assemblyman Anderson:**

Recognizing, even at the time the enabling legislation was passed, that the dollars would have to be collected for the ultimate use of the construction of a swimming pool sometime in the future, was that not its intent and purpose if they so chose? We knew they were not going to be able to do that at the time because they hardly had enough money to fix the front porch of the courthouse.

**Dino DiCianno:**

That is correct, but it is my understanding that it was indicated to us, in dealing with them under the severe financial emergency, there was no intent to construct the swimming pool, given their economic situation. They could not find a bid that was sufficient to be able to construct the swimming pool.



**Assemblyman Goicoechea:**

The ballot question occurred first, and then the legislative action. It had been voter-approved before I brought the bill in 2003.

**Assemblywoman Pierce:**

I understand the part about it not making sense, but I am still not really clear about how the Tax Commission could just do away with something the people voted on. That is still not clear to me.

**Chair McClain:**

I think it had a lot to do with the circumstances under the severe financial hardship provisions. We will look at that and see what can be done. Then we will go back to White Pine County and see what they want to do.

**Assemblyman Goicoechea:**

I will have a response back from White Pine County and the City of Ely before your next meeting.

**Dino DiCianno:**

I would like to clarify my testimony on A.B. 329. Assemblyman Gustavson hit the nail on the head with his question. I misspoke earlier as far as the removal of the 0.25 percent. It is held in abeyance; it has not been removed. The community can reinstate it if they wish, and we will collect it accordingly. A 1 percent lodging tax is already being collected and being put in a fund with respect to that project.

The reason the sales tax was put in abeyance was that they were not moving forward with the construction of the swimming pool. The sales tax was intended to cover the cost of operation and maintenance.

**Chair McClain:**

And you say they have another tax they are collecting to build a swimming pool?

**Dino DiCianno:**

Part of the funding for the other recreational facilities within the community comes from the lodging tax. The sales tax was specific to the swimming pool.

**Chair McClain:**

How would they go about reinstating that sales tax if they wanted to?

**Dino DiCianno:**

I believe the County Board of Commissioners could, by ordinance, direct the reinstatement of the 0.25 percent. If they were still under a severe financial emergency, we would assist them in putting that back in place.

**Chair McClain:**

Did you talk to Mr. Goicoechea about that?

**Dino DiCianno:**

I have not had the opportunity, but I will contact him.

**Chair McClain:**

Okay, thank you. We are not going to act on this bill today, so we will let you get that worked out. We will close the hearing on A.B. 329 and open the hearing on Assembly Bill 317.

**Assembly Bill 317:** Provides for the disbursement of a portion of the proceeds of the state tax imposed on certain businesses to regional organizations for economic development. (BDR 32-616)

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

Back in 1983, the State of Nevada saw the need to diversify and improve business in Nevada, and we developed a funding mechanism to support regional organizations for economic development (ROED). Over the years, the funding has fluctuated, with recent appropriations being made from the General Fund directly to the Nevada Development Authority (NDA) and the Economic Development Authority of Western Nevada (EDAWN). These agencies were awarded \$10 million in 2005 and \$5 million in 2007. Due to the staggering budget deficits we are facing this year, it is clear there is no way to continue to fund these organizations or others like them with General Fund dollars.

At a time when local businesses are shutting their doors, shopping centers are going dark, and major employers are laying off workers, our economic development agencies are more important than ever. I am here to propose that, instead of providing the ROEDs with General Fund monies, we create a long-term, self-sustaining funding mechanism. Assembly Bill 317 would require the Department of Taxation to disburse to a ROED, for ten fiscal years, 50 percent of the state Modified Business Tax (MBT) paid by businesses who have relocated to or expanded their business in this state. The total amount of the disbursement made to each ROED shall not exceed \$1 million for one fiscal year.

Simply put, the organizations are impacted positively or negatively based upon their own performance and their ability to diversify our economy. This funding mechanism incentivizes ROEDs to recruit, attract, and expand business. It also has the potential to stabilize their funding, which would allow for long-term planning and marketing campaigns.

Additionally, the funding mechanism is revenue neutral with respect to the General Fund, since the revenue is generated from businesses that did not exist in Nevada and would not exist but for the involvement of the ROEDs. As we face difficult times, I applaud the state's ROEDs for being forward-thinking and innovative in finding solutions to their funding shortfalls. I hope that, with the passage of this bill, they will be able to successfully recruit and retain many new businesses that will improve the quality of life for our residents for years to come.

**Chair McClain:**

Do we have any questions for Mr. Ocegüera? [There were none.]

**Russell M. Rowe, Kummer Kaempfer Bonner Renshaw & Ferrario, Attorneys at Law, Las Vegas, Nevada, representing Nevada Development Authority:**

I am also speaking on behalf of EDAWN, and with the amendment that is before you ([Exhibit D](#)), all of the ROEDs. The Majority Floor Leader did a fantastic job of explaining this. So, in a minute, I am going to turn this over to Jeremy Aguero. Jeremy can walk you through where the development authorities, specifically NDA and EDAWN, have been over the last ten years—what they have received, what they have been able to bring in, and what their impact has been on our economy. He can give you a feel for what they have been doing and then walk you through how this program would work.

The structure Governor Bryan set up in 1983, when he established the Commission on Economic Development, which we have today, was a state organization that really sets policy. The actual recruitment of the companies, though, is done by private nonprofit organizations that exist today—the regional development authorities.

First of all, that was done regionally. Obviously, the types of businesses that need to be attracted and can be attracted to southern Nevada may be different from those in Washoe County or Elko or other parts of the state. It is important to have input on a regional level.

Second, the idea was to get private funding infused into the economic development process, with community leaders and business leaders on those boards helping direct economic development. Those membership-based

organizations raise private funds from the community to help support economic development as well. That is the structure we have lived with, but the point is that it is the regional development authorities that go out and recruit the companies.

What we faced over the years was a ceiling in funding, so to speak, with the model we had in place. Then this Legislature, over the last few sessions, infused those regional development authorities with direct appropriations. However, as the Majority Floor Leader said, we cannot continue this way. We have to find a better, more sustainable way to conduct our economic development in the long-term.

This method, as proposed by the Majority Floor Leader, allows us to do that but do it without the state just giving us money regardless of whether we actually bring companies in. We can only raise these funds if we recruit companies that come in and produce jobs that pay the MBT.

**Jeremy Aguero, Principal Analyst, Applied Analysis, Las Vegas, Nevada:**

Our firm was retained by the NDA and EDAWN to analyze the historical condition—how effective economic development would be—and then to model what this proposed alternative would look like. The presentation I prepared for you today ([Exhibit E](#)) summarizes the salient findings of our research. It is broken down into four major sections:

1. The current economic conditions in the State of Nevada.
2. The roles of the NDA and EDAWN.
3. The cost-benefit analysis—what we have gotten back for what we put in.
4. A summary of the alternative funding proposal.

I think we are all clear as to what the current economic conditions are. This is arguably the weakest economy in the State of Nevada in modern history certainly during the past two decades. The unemployment rate is at 10.1 percent, the highest since May 1983. Population in-migration—people surrendering their driver's licenses at Nevada's DMV is down to 69,537, the lowest rate since 1995. Taxable spending—consumer expenditures—is down 5.3 percent and falling quickly. It is at its lowest rate since 1982. Bank-owned homes now number 16,500, which is the highest level ever recorded in Nevada.

The first chart on page 3 demonstrates our unemployment rate, currently at 10.1 percent—nearly twice what it was just a year ago and two full percentage points higher than the national rate. Our job creation curve is very clear. The second chart shows how many new jobs were created in Nevada each year between 2000 and 2008. At the peak, we generated 73,100 new jobs in

2004. At its trough, we lost 58,800 jobs during 2008. That number is above 60,000 today.

The private sector fares far worse than the overall job economy, as it lost jobs in 2007 and was down more than 61,000 in 2008. If we look at those jobs that are particularly focused on by NDA and EDAWN—nongaming and nonconstruction private sector jobs—you can see they fared significantly better in 2007, increasing by 10,500 jobs. They fell in the next year, 2008, by 25,100 jobs overall. It is notable that nonconstruction, nongaming, nongovernment jobs represent about 60 percent of our workforce, but they represent only about 33 percent of the jobs lost.

This is another way of saying that, to some degree, the economic diversity we have attained during the past ten years has had some benefit in cushioning the blow of what we are seeing today. The role of the economic development agencies is relatively clear. I have put both the NDA's mission and EDAWN's mission in the presentation. I think we all know exactly what their intent is.

Nevada is more diversified today than at any point during the past 20 years. Hotel gaming employment is down to 16.2 percent of total employment, the lowest on record, at least since 1990 when we began consistent reporting. Accommodations, as a share of our gross state product, is down to 11.7 percent, the lowest on record since 1997. Accommodations, as a share of our total wages and salaries, is down to 14.8 percent, the lowest rate on record since 1998. Gaming taxes, as a percentage of General Fund revenues, is down to 25.8 percent, which is the lowest since the tax shift in 1981.

The chart at the top of page 7 illustrates how our economy has diversified during the last decade or more. At their peak, hotels and casinos represented 23 percent of our workforce. Today they represent about 16 percent of our workforce overall.

The chart beneath it looks at the growth in different job sectors within our economy. Trade, transportation, government, business and professional services, and education and health services have grown in terms of adding new jobs faster than other sectors. Hotels, casinos, and gaming have fallen more than any other sector.

Those business sectors targeted by the NDA and EDAWN, which are highlighted in blue on the charts on page 8, have grown by 28.5 percent. Those sectors not targeted have grown by 14.7 percent. The nongovernment sectors not targeted by the NDA and EDAWN have grown at only 8.5 percent. These figures may be the result of being at the right place at the right time or of

effective marketing or any combination of the two, but they show where our growth has been.

In addition, these have been relatively high-paying jobs. Looking at the chart at the top of page 9, the orange bars represent the state average wage. The red bars represent the wages paid at companies that have been assisted by the State of Nevada. Since fiscal year (FY) 1999, companies assisted by the state have paid a substantially higher-than-average wage, essentially elevating the statewide wage overall.

In addition to that, these companies also provide employer-sponsored health care coverage plans, as shown by the pie on the right of the chart at the bottom of page 9. This is in comparison to the pie on the left, which shows the status of insured here in Nevada, with 57 percent receiving health care coverage through their employers. Those businesses that receive incentives are required to provide some type of health insurance for their employees.

This brings us to a cost-benefit analysis. What have we put in, and what have we gotten back? This table on page 10 shows the value of the incentives we have provided between FY 1999 and FY 2007. We utilized the information provided by the Legislative Counsel Bureau in their recently-published report, in which they assimilated the data and reported the value of the incentives provided as a result of economic development activity. These include Sales and Use Tax abatements, Personal Property Tax abatements, Real Property Tax abatements, and MBT abatements.

The table shows the incentives that were approved versus those that were actually used. Between FY 1999 and FY 2007, we approved abatements worth \$95.4 million. Companies actually utilized only \$46.2 million of that total.

What does it cost us a year? About \$10.6 million is what was approved. It actually ended up costing the state roughly \$5.1 million.

In addition to the incentives that were approved, we, of course, also have the General Fund appropriations that were alluded to earlier. Approved incentives accounted for about 79 percent of the total cost associated with economic development activity. The remaining 21 percent was from General Fund appropriations to those organizations. In total, between FY 1999 and FY 2007, we contributed \$58.8 million in total incentives and General Fund appropriations.

What have we received in return? Between FY 1999 and FY 2007, NDA and EDAWN report assisting 797 businesses with locating to or expanding within

Nevada. Certainly, not all of those businesses have received some type of incentive. As a matter of fact, not even most of them have received some type of incentive.

These companies are assisted in finding space to occupy, in understanding how the market will go—comparing the Nevada market to that in Arizona, California, Illinois, Texas, or Florida. Only 206 of those businesses were approved for incentives. Between FY 1999 and FY 2007, businesses which created 44,000 jobs in Nevada were assisted in one way or another. Of those, 11,000 jobs were in companies that actually received some type of incentive. That is roughly one in every ten of the total jobs created during that nine-year period.

Assisted businesses paid a combined payroll of \$1.9 billion during that period. Businesses receiving some type of incentive paid \$426 million in payroll. As I alluded to earlier, the wages paid were substantially higher than the statewide average. Those companies also made substantial capital investments within the state—which is required for incentive purposes—of roughly \$1.8 billion.

The table on page 12 provides a cost-benefit analysis—a ratio-based analysis, if you will. It looks at what the cost was of every job we created. How much did we spend for every dollar in salary that we got? What did we generate in economic output? What we see is that it essentially cost the State of Nevada, with the total of \$59 million that we expended, about \$1,332 for every job created.

If we only want to focus, for purposes of this discussion, on those companies that actually receive an incentive and not all the others that were helped, it cost us about \$5,000 a job. That is a one-time cost for a job that lasts as long as that company is a going concern. In terms of wages and salaries paid, for every dollar we spent, we got \$32 back in wage and salary payments to Nevada households. Looking only at those receiving incentives, we got back \$7 for every dollar we spent.

In terms of economic output—economic activity within the economy—we got \$73 in output from all companies assisted for every dollar we spent. For companies receiving incentives, that is \$18 for every dollar we spent. If we look solely at business investment, companies invested \$31 for every dollar we spent, or about \$2 billion worth of aggregate investment.

That is a summary of where we are today, how we have become diversified over time, and the cost-benefit analysis associated with our economic development activities during the nine years ending with FY 2007. The last

portion of my presentation provides a general overview of how this alternative proposal might be expected to work.

As was mentioned before, if this bill were to pass, counties whose populations exceed 100,000 would receive 50 percent of the MBT from companies they directly assist. We refer to this in the presentation as a 50 percent commission. In no case is any economic development agency allowed to receive more than \$1 million annually. This money would be used only for promoting the advantages of owning and operating a business in Nevada but not for expanding operations or administrative functions. In order to make sure it is auditable, the execution of an "Affidavit of Assistance" will be filed with the state.

**Russell Rowe:**

I just want to make a correction on the presentation ([Exhibit E](#)). At the top of page 13 it says "redevelopment agencies." That should read "development authorities." I just want to make sure we are not confusing two issues.

**Jeremy Aguero:**

My apologies. Regarding projected taxable sales, we have created a hypothetical industry that is relatively consistent with historical data, though slightly below historicals, given the fact we have seen somewhat of a downward trend. Eighty million dollars a year over a ten-year period generates \$5.3 billion worth of cumulative payroll.

The way the bill works is the MBT essentially gets shifted over. Cumulative MBT payments over the ten-year period are roughly \$22.5 million for those businesses that would be assisted. This assumes a 15 percent rate for deducting health care coverage for all these companies, and 35 percent of businesses will receive some type of MBT abatement.

The chart at the bottom of page 14 shows how it would essentially work out, with the state receiving the portion of the MBT that is shown in red and the economic development agency shown receiving the portion in orange. It is basically a 50/50 split until such time as the portion going to the economic development agency reaches \$1 million, and then the state receives the amount above \$1 million.

**Russell Rowe:**

We are not exactly sure when, or even if, we would reach \$1 million. These numbers are based, in part, on the performance of NDA and EDAWN over the last ten years, which, obviously, were the best in the state's history. In today's economy, how many companies we will be able to recruit and what payrolls



they will bring in is unclear. That is another reason we put in a 10-year time frame.

We just do not know if we would be able to reach that \$1 million level in 3 years or 5 years or 10 years or even ever. We figured 10 years was enough, and we put the cap in, so it does not matter. If we hit it at 5 years, we will not get anything beyond that amount.

**Jeremy Aguero:**

There are many benefits and drawbacks. These on page 15 are just a few to consider. The benefits are largely associated with this being a self-perpetuating, self-sustaining funding system. It rewards growth, which begets additional growth. It has a tendency to be somewhat revenue neutral, because as new business come in, they support future development.

The drawbacks are that it takes time for the accumulation of dollars. The ability to generate money immediately would be suspect, especially when you anticipate having that money grow over a considerable period of time. The early periods would generate substantially less.

In addition to that, the cycle also has the potential to work in reverse. That is to say that, in bad economic times, when perhaps you need more money to support these types of job growth opportunities, you have less money coming into the system with which to support it.

**Russell Rowe:**

I have just a couple points to add to that. One is long-term planning. Right now, with the way we fund the development authorities, say you in the Legislature make a policy decision that you want to focus on renewable energy. You want to make the state a leader in that area, bringing in companies in all facets, from the actual generation of energy to the manufacturing of the equipment, et cetera. Our development agencies are not really funded on a model that allows them to plan for the long-term along with you.

The way it is done now, you give the agencies some funding for two years and, oh, by the way, that money has to be spent by June 30 of next fiscal year or we have to give it back. We cannot even bank it while we plan a strategy to go after these industries so that, after ten years, we can be at a certain point. We do not even know whether we will have money in two years because of budget issues. That is one very positive benefit to this plan.

Another point is the cost savings of this plan compared to the way you have been funding us. If you continued from the funding of last year and what is in

the current Governor's Budget of \$5 million, that would actually come to more than the cost to the state under this plan.

Third, the money can only be used, as specified in the bill, for recruitment and marketing. We cannot use it for administrative costs. Those would be borne by the private funds raised through membership dues, luncheons, and networking events.

**Assemblyman Oceguera:**

Could I just point out two more things? There is a lot of talk about incentives and abatements this session. I am sure Assemblywoman Kirkpatrick will appreciate the language in line 6 of section 1 ([Exhibit D](#)) where the deductions, exemptions, and abatements are taken out prior to us taking that 50 percent.

Also, I just have a correction. The presentation showed this applying to regional organizations with populations of 100,000 or more. The mock-up amendment, in paragraph a of subsection 6 of section 1 on page 2 ([Exhibit D](#)) changes that to any organization recognized by the Commission on Economic Development. With that change, we are trying to include some of the rural areas to see if we can incentivize them as well.

**Chair McClain:**

How many economic development organizations are there under the Commission?

**Russell Rowe:**

I believe there are 13 or 14. I think it is 13, because I believe we lost one over the last few years.

**Assemblywoman Kirkpatrick:**

This is very similar to the way Virginia does their plan. They have a kind of public-private partnership. Businesses in Virginia go out and bring new businesses in. Amazingly, they are a lot more aggressive than our state agencies have the capability of being. It is really an incentive for them.

I see a difference in this. Where is the mechanism for the accountability and transparency as this goes forward? In Virginia, their economic development agency has the final say on the abatements. They get to come in and make sure they pencil out what is best for the state. However, I do not see anything in here that allows us, as the Legislature or the Commission on Economic Development, to see how many . . . Where is the reporting mechanism, back and forth, at the end?

**Russell Rowe:**

Are you asking for what type of return, or just to be sure a certain number of jobs are created?

**Assemblywoman Kirkpatrick:**

In other states, they work hand in hand, and the business community goes out and brings all these folks in. I do not really see where the role of economic development is on the state level. What they would actually be doing is not spelled out. I understand the funding parts, but would the Commission on Economic Development stay with the role it has today? Does it continue to do all the things it does, and then this is just the funding part?

**Russell Rowe:**

The development authorities pursue economic development in coordination with the state offices. The state Commission on Economic Development sets a broader policy agenda and strategic plan for the state, which is followed by the development authorities in addition to their own individual goals for their regions. There is cooperation there. There have been cooperative marketing efforts in the past, although I do not believe there are any going on currently.

There is a tremendous amount of coordination. It probably is not spelled out clearly in the statute, but I know it exists. That probably is not sufficient for what you are going after, though.

As far as you, the Legislature, being able to see exactly what type of return you have, that is difficult to show you. In fact, I tried to get Jeremy to include in his presentation some numbers showing what taxes have been paid by the companies brought in by NDA and EDAWN, but he would not put them in because the numbers are based on economic models. He is an economist, and he wants something harder and more specific—something he can point to and quantify.

Based on our economic models, it is about a 5-to-1 ratio. For every \$1 we put in, about \$5 in taxes come back to the state and local governments. We could do better in attaining that figure through reporting and keeping an eye on what we are doing and on the companies we bring in, so you, the Legislature, can see exactly what you are getting in return. Does that answer your question?

**Assemblywoman Kirkpatrick:**

That does help. I see that the Department of Taxation has the ability to ask you for information on the MBT. However, as the Legislature, we do not necessarily have that ability. A lot of the information is confidential or proprietary. Would it be figured in somewhere within a broad exemption? How would we know

what was being given away as MBT? I know Mr. DiCianno is limited in what he can tell me when I ask. I am curious.

**Assemblyman Oceguera:**

I would just turn your attention to subsection 4 of section 1 on page 2 of the mock-up. I think the documentation the Department of Taxation can require is fairly broad. This is not narrow in scope. Subsection 5 of section 1 references *Nevada Revised Statutes* (NRS) 218.855, which covers the audit function. I do not have that in front of me right now, but I assume it is fairly broad in nature regarding what can be asked for.

**Chair McClain:**

I think what Mrs. Kirkpatrick wants is her own, personal report at the beginning of every session on what has worked, how much money we gave away, and what would we not have had to give away.

**Assemblywoman Kirkpatrick:**

For the next 25 years.

**Assemblywoman Pierce:**

I want to say that economic development is a good education system. Having said that, why did you choose, on line 19, page 2, of the mock-up, to use the word "may" instead of "shall?"

**Russell Rowe:**

I do not know. We, as the development authorities, do not have a problem with it being "shall," but that is in the bailiwick of the Department of Taxation.

**Chair McClain:**

I think that is just standard language.

**Assemblyman Oceguera:**

If you put "shall," then everything that is under subsection 4 of section 1 absolutely has to be done every time. That might be onerous. We just want them to have the ability to do it when they need to do it.

**Assemblywoman Kirkpatrick:**

The other part of that is if you put "shall" in, it limits them on what they can actually ask. This wording actually makes it broader so they are not limited to what they can actually go out and ask for. With the word "may," they can ask for the minimum of this, but if you put "shall," that is all they can ask for.

**Chair McClain:**

Does anybody have any more questions? [There was no response.] Do we have anybody else who wants to speak in support of A.B. 317? Do we have anybody in opposition? Is anybody neutral? [There was no response.] We will close the hearing on A.B. 317 and open the hearing on Assembly Bill 432.

**Assembly Bill 432:** Revises provisions governing alcoholic beverage awareness programs. (BDR 32-526)

**Assemblywoman Debbie Smith, Washoe County Assembly District No. 30:**

[Distributed proposed amendment and prepared testimony from her intern, Christopher Beucherie ([Exhibit F](#)).] In the interim, I heard from several constituents, both businesses and employees, who expressed concerns about the Alcoholic Beverage Awareness program, which we passed in 2005. It was our Majority Floor Leader's bill. The program currently requires employees of certain establishments that sell alcohol to successfully complete an Alcoholic Beverage Awareness program. The training component resides with the Commission on Postsecondary Education—you heard another bill regarding that issue—and the Department of Taxation was given the authority to impose administrative fines for noncompliance.

The current law establishes an account in the General Fund for fines and gives the Commission on Postsecondary Education the authority to reimburse the cost to employees who take the class and apply for a refund, if funds from fines are available. I started getting phone calls from people who had put in requests for refunds and had never heard anything back. That started my investigation.

In addition to the refund structure, 50 percent of the fines are to be deposited in the Fund for the Compensation of Victims of Crime. When I looked into the existing program, I discovered employees were taking the classes and getting their cards. Many were submitting refund requests for the cost of the training program to the Commission on Postsecondary Education, but they were not receiving refunds. In fact, they were not receiving a reply. Second and third requests for refunds were being submitted and were creating a backlog of requests.

Upon inquiry, I found out no money had ever been collected by the Department of Taxation. Therefore, no refund money was available, and no money had been deposited in the Fund for the Compensation of Victims of Crime.

I really wanted a bigger overhaul of this program, but I could not quite get it together. One of the things I ultimately decided was that, in this time of economic stress, I did not want to do anything to further stress any businesses

or make them worry about their obligations. I decided to just leave the training component the way it was.

What A.B. 432 will do is change the penalty from an administrative fine to a civil infraction. This is clearly outlined in subsection 2 of section 1, which also includes a process for appeal. Then it changes the flow of money as follows:

- The Fund for the Compensation of Victims of Crime will go from 50 percent to 25 percent.
- With the amendment I presented, 25 percent will go to domestic violence funding.
- Then, 50 percent of any fine imposed will go to the county treasury where the establishment resides, and that money must be used for law enforcement purposes.

My thinking in this regard was that I did not like reducing the amount going to the Fund for the Compensation of Victims of Crime right now, but, quite frankly, they have received nothing. I thought if we could do something to get this law enforced, 25 percent of something would be better than 50 percent of nothing. I think there is a very direct correlation between alcohol abuse and domestic violence, and we all know their funds are dwindling with marriage license fees going down. To me, this is a great nexus, and we are serving victims with either fund.

More importantly, pushing revenue down to the local treasury to be used for law enforcement helps them with their needs and with their ability to actually enforce this law. They need to be going into these establishments and asking to see the cards each server, security guard, et cetera, should be holding. I am assuming it is not happening very often if we literally have collected zero funds in three years.

I have presented that amendment to you. I think it is imperative that this law be enforced and that our local governments have the tools they need to enforce it.

Also, with these changes, people taking the classes will have no expectation that a portion of their fee will be refunded, so there will be no disappointment and frustration. I think that has been a real problem. We have, in our budget hearings, spoken with the Commission on Postsecondary Education and asked that all people who have requested a refund be told there is no money available in that fund and that the information be posted on their website so that our

constituents have a clear understanding of what is going on. I think there has really been a lot of confusion there.

My final change to the bill with the amendment would be to require each of the funding recipients, including the Department of Taxation, to provide a report to the next Legislature about how this is working, how much money has been collected, and so forth—just the standard type of reporting—so we will know if we need to do any further revisions. That is pretty straightforward.

I had my intern, Christopher Beucherie, do a lot of research on this when we were trying to do a bigger overhaul. He literally looked all over the country. It really is amazing what goes on in other states. There is a lot more focus in other states on training and a big focus on enforcement and fines.

Christopher wanted to be here today—I was going to let him introduce the bill—but he had to be in class this afternoon. He is an alcohol server, so he has been through the class and has one of the cards. He asked me to read his testimony into the record. [Reads testimony ([Exhibit F](#)).]

**Chair McClain:**

Thank you, Ms. Smith. This came to our attention earlier this session with another bill, Assembly Bill 72, where the Commission on Postsecondary Education wanted to get rid of that fund because there was never any money in it. We did send letters to law enforcement agencies. If I could just have Michael give us an update on the results of those enquiries.

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

The Chair is correct. In reference to the testimony we received on A.B. 72, staff from the Fiscal Analysis Division sent letters to law enforcement agencies in Washoe and Clark Counties regarding their procedures for enforcement of the provisions within Chapter 369 of NRS that covers these programs and that particular enforcement. The initial response I received was from the City of Reno, the City of Sparks, and the City of Henderson, who all indicated they were either not aware they were supposed to be enforcing it or did not believe they needed to be enforcing it. Nonetheless, there was no enforcement.

Because we received responses from only about 40 percent of the people who had been sent a letter, we sent out a second letter after the work session on A.B. 72. That was sent on March 12 to the Las Vegas Metropolitan Police Department (Metro), the Washoe County Sheriff's Office, the City of Boulder City, the City of North Las Vegas, and the City of Mesquite asking for information, since they had not responded to the first letter. As a result of that

letter, Fiscal staff received responses from the City of North Las Vegas and the City of Boulder City, also indicating they were not enforcing the provisions of NRS regarding this. Staff has not yet heard from Washoe County, Metro, or Mesquite regarding this matter.

**Chair McClain:**

So, it looks like this is pretty timely.

**Assemblywoman Smith:**

Thank you, Madam Chair. I think it is. Today, both Washoe and Clark Counties are here to support the legislation. The way the Legal Division drafted and changed the bill will clearly put this in the right purview and will require some action and enforcement.

**Chair McClain:**

If we could just have some clarification on your amendment, when you talk about subsection 6 of section 1, you are changing it so 25 percent goes for victims of domestic violence, correct?

**Assemblywoman Smith:**

Correct. So paragraph (a) of subsection 6 will remain 25 percent to the Fund for the Compensation of Victims of Crime. Paragraph (b) will now be 25 percent for victims of domestic violence. Then what is now paragraph (b) will become paragraph (c), which will become 50 percent. I am sorry. I got that right in my testimony but forgot to change it in my amendment.

**Assemblyman Anderson:**

Having dealt with this issue initially as Mr. Ocegueda's legislation, in removing the law enforcement agency from the bill, on page 4, I think we were expecting the Department of Taxation to be responsible. [Ms. Smith agreed.] So now we are moving that responsibility, but the law enforcement agencies are going to lose the responsibility of reporting?

**Assemblywoman Smith:**

No; if you go to page 3 of the bill, line 5 states "notice of infraction may be issued by any peace officer." It clearly puts this into the hands of local law enforcement, and it also puts the money there as well. I think that is the bigger difference.

**Assemblyman Anderson:**

It says issued by a law enforcement officer authorized by the Department of Taxation to issue such a notice.



**Assemblywoman Smith:**

[Reads.] ". . . of any peace officer or any person who is authorized by the Department." It could be the Department of Taxation, or it could be a local law enforcement officer.

**Chair McClain:**

So if the Department of Taxation sends out an auditor, and he runs across something, he has the authority to issue a citation, correct? Or if a policeman walks into a bar and asks if the bartender has taken the class, but the bartender does not have a card, then he can issue a citation?

**Assemblywoman Smith:**

They should have their cards on them. As my intern indicated, all the people he works with do have their cards, but never once have they been checked.

**Assemblyman Anderson:**

So, with this new change, we are going to be putting the counties' law enforcement agencies in receipt of dollars as a result of the enforcement, where that money was not there before? I just want to make sure I am clear on this. So now they are going to have a vested interest in enforcing this law.

**Assemblywoman Smith:**

Correct. I talked extensively about that with the Legal Division when they were drafting the bill. That is the reason it was drafted the way it was on page 2 as being a civil infraction.

**Assemblyman Anderson:**

I am not aware of anywhere else where we do that.

**Assemblywoman Smith:**

I am not either. I rely on our very capable Legal staff in these matters, as you well know. We were trying to figure out a better mechanism to make this work. The other side is that we are asking them to take on one more task in a completely unrelated area of not true law enforcement. This obviously has not been working, and we really may as well not have the program if it is not being enforced.

**Assemblyman Anderson:**

I would disagree with you. I think law enforcement has the responsibility to enforce anything we tell them they are supposed to enforce. We do that on a regular basis and add to their responsibilities. We felt, when we dealt with it before, that this particular program was something to be enforced. Now, when

they have chosen not to do so, we are going to pay them to do it? That is a little surprising to me, but I guess I have a different point of view from Legal.

**Chair McClain:**

It is just a little incentive.

**Assemblyman Aizley:**

Does this also mean that a cocktail waiter or waitress would have to take these courses and carry a card with them when they serve drinks?

**Assemblywoman Smith:**

It does not change those provisions. That requirement is already in current statute. In fact, if you look at section 1 of the bill, it talks about who is required to do this. Even security guards are required to have the card.

**Assemblyman Gustavson:**

I agree with Assemblyman Anderson. We make the laws here, but we heard in an earlier bill that they are not being enforced. With the cutbacks in law enforcement in personnel and other areas, I applaud you for trying to do something to force law enforcement to do this.

However, we have so many laws out there that are not being enforced, and it seems like we make more laws all the time. My question is should we continue to make more laws if they are not going to enforce them? I would like to see many of them being enforced that are not being enforced.

**Assemblywoman Smith:**

It is not a new law. I am just trying to get it enforced.

**Assemblyman Gustavson:**

I understand that, and I agree with you. If we do start collecting the money, are the people who have been promised refunds in the past still going to be entitled to those refunds?

**Assemblywoman Smith:**

They would not now. Quite frankly, the structure was very vague because it also said they could be reimbursed a portion based on how much money was available. To me, it was very vague and a little disjointed. It seems more practical to me to just do away with that so we do not set up an expectation we cannot meet or have somebody who has to decide, when there are 1,000 applications and \$5,000, how to portion that out. There were no parameters, and I just could not figure out a way of doing a better job. I felt it

was better to lower the expectation. People pay up to \$40 now for their Alcoholic Beverage Awareness (ABA) card.

**Assemblywoman Pierce:**

I used to have to carry a Techniques of Alcohol Management (TAM) card because I served alcohol. I actually do remember someone coming through at some point. I worked in one of the hotel/casinos on the Las Vegas Strip, and I remember someone coming through saying to have our TAM cards ready because someone was going to come in and ask for them. My recollection, though, was that it was the Health Department that was enforcing it. This was a long time ago, but I do not remember it being a police officer.

**Assemblywoman Smith:**

I did not look at the history of the TAM card. I do think that was a different regulatory body and managed in a completely different way from this one.

**Lisa Foster, Reno, Nevada, representing City of Boulder City:**

The City of Boulder City is in full support of this bill. The Police Chief was really excited to see that now there would be some forms and protocols in the bill to allow for easy enforcement. I think there has been some confusion.

He had some questions about the money going right to the county and wondered if that would mean going just to Las Vegas Metro no matter where it was collected. Most importantly, he really supports the bill and is really happy about the new direction it is taking.

**Chair McClain:**

That is a good question because it is not specified. We can look at that and make sure about it. Maybe Legal does not understand that, in Clark County, we have Boulder City, Mesquite, Henderson, North Las Vegas, and Metro.

**Frank Adams, Executive Director, Nevada Sheriffs' and Chiefs' Association, Mesquite, Nevada:**

We felt comfortable with the bill in that it does help us understand what our duties and responsibilities are and how to process those things. We are normally used to doing criminal violations, but I know that many of the agencies out there do the alcohol stings, going out and trying to make sure they are not selling to underage drinkers.

This is one area that I know is probably not the highest thing on my agencies' priority list right now, but I know it is something that needs to be done. If we get the direction from you—I know you did it the last time, but it was very confusing to us—we will do the best we can.

The one issue about where the money goes, whether to the county or to the individual agency, was a concern not only for Clark County but for the other counties as well.

**Assemblyman Anderson:**

Mr. Adams, this is one area in which you get to work and I do not. Can you tell me another place, other than the filing of papers or other such services, where we break dollars down that go for the direct, required enforcement of a law—where the police agencies of a county get a dollar break?

**Frank Adams:**

No, sir. We are not very comfortable with that, either. I do not know of anything out there where we work on a bounty system. We normally work on criminal cases. Those criminal cases are citations going to the courts, and the courts collect the fees as appropriate. Then the city and county governments set our budgets.

The only area I know where any law enforcement group may collect a fee would be in the constable's office, and that is generally a civil service. You are absolutely correct. I can tell you, from law enforcement's perspective, we are not comfortable with getting paid for the job we do.

**Assemblyman Anderson:**

This is just an observation, but I do not think we compensate you adequately for the danger we place you in, but I am very concerned when we set a bright-line precedent like this. Of course, it also takes money away from a program that needs the dollars, and that is domestic violence. They are the ones who are going to come out behind here. Apparently, if it has not been enforced, they will be getting money they were not getting before.

**Frank Adams:**

I agree with that. I know there are some issues with the domestic violence funding. We are more comfortable in the criminal setting than with civil infractions. That may have been one of the reasons we were not sure how to best deal with this. We are not a bounty system; we are not bounty hunters. We enforce the laws, as you folks set them, as best we can.

**Lisa Gianoli, Owner, LG Strategies, Ltd., Reno, Nevada, representing Washoe County:**

We just want to go on record in support of Assemblywoman Smith's efforts on this bill. I know there have been some questions regarding the allocation of those revenues, which we would be concerned about. I am assuming the

money would go back to the citing entity. Maybe we would want some clarification on that as well.

**Constance Brooks, Senior Management Analyst, Office of the County Manager,  
Clark County, Las Vegas, Nevada:**

We also stand in support of A.B. 432. We would like to thank Assemblywoman Smith and the sponsors of this bill for being innovative in linking training and regulatory measures with the opportunity to better support enforcement services as well as domestic violence services. We also like the fact that, as Assemblywoman Smith mentioned, this will allow us to be more aligned with what takes place nationally.

As far as the funding and what it might be going toward within the county, we do have a couple of questions. We are looking forward to working with other entities and with Assemblywoman Smith to iron those details out.

**Chair McClain:**

Instead of making this a big, sticky issue, how about just leaving the money going where it had been, except taking out the part about the refund? Why do we not just put it all in the Fund for the Compensation of Victims of Crime? Or we could designate some of it for domestic violence—however you want to do this. Law enforcement does not want the money.

**Assemblywoman Smith:**

If you would give us an opportunity to work it out, someone just gave me an idea of what we might do that would be more appropriate and might allay some of the concerns of the Committee. If I could have some time to work with the Legal staff in that area and get back with you, that would be helpful.

**Kathlyn Bartosz, Statewide Coordinator, Enforcing Underage Drinking Laws  
Program, Carson City, Nevada:**

[Distributed her prepared testimony; prepared testimony of Linda Lang, Director, Nevada Statewide Coalition Partnership; fact sheet: "Law Enforcement Operations;" and table: "Nevada Youth Risk Behavior Survey Data" ([Exhibit G](#)).] With me today is Linda Lang, who is the Director for the Nevada Statewide Coalition Partnership. I would like to thank Assemblywoman Smith for bringing forth this bill. [Read from prepared testimony.]

In the table in my handout, about halfway down, it is interesting to note that the only factor that increased was the percentage of those who drink alcohol that usually get their alcoholic beverages from home, with or without parental knowledge. This indicates that if we shut off retail access, young people will look elsewhere for their alcohol. Also, we are startled by the number of

teenagers who still mix alcohol and driving. In the past 30 days, 23.4 percent, or nearly one in four, had ridden in a car or other vehicle driven by someone who had been drinking alcohol. About 1 in 12 drank and drove themselves.

That shows us we still have to be really diligent in keeping accessibility to a minimum, which can be a result of good server training. In the current server training, the servers get great tips on how to scan a fake identification card (ID) and how to sort through some of the other tactics youths use when trying to obtain alcohol.

**Assemblyman Anderson:**

About your table, I sat in an American Government class where these surveys were done. Over a period of time, I often wondered how accurate they were and how many kids filled them out expecting that they were supposed to respond in a particular fashion. I have often wished I could look over their shoulders to see which ones were filling them out accurately, at least according to my observations.

I am a bit concerned because I do not see the flow over a longer time period. Do you have the information available as to the total number of students who are being surveyed? It seems to me we began earlier than 1999. If my memory serves, we probably started 10 or 15 years earlier than that. I would be interested in seeing that information, especially the percentage being surveyed and what is the norm, so I can see if you can reasonably draw the conclusions that you have about the percentage of decrease in the numbers.

**Kathlyn Bartosz:**

Prior to 1999, there was no significant change in the alcohol-related risk factors for youth. That was interesting to us. The reason I went with 1999 was that I wanted to track what was occurring once the Enforcing Underage Drinking Laws project went into effect. Interestingly enough, the tobacco data was fairly flat in terms of any change as well. In fact, it was often discouraging until we started doing the sale of tobacco to minors initiatives, which are conducted through the Office of the Attorney General and not by local law enforcement. Again, once enforcement was in place, we began to see changes in behavior.

I think we can all attest to that when we are driving between Reno and Carson City through Washoe Valley. The one thing that slows us all down is to see that car, which is a different color and has lights on top, parked underneath that bridge. Despite being aware of all the risk factors, we know that enforcement is often the one thing that really gets our attention.

**Josh Martinez, Police Officer, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department, Las Vegas, Nevada:**

In reference to the form that was sent to our agency, it may have been sent to the county, as forms from the LCB Fiscal Analysis Division go to the county Fiscal Division and do not make it to us.

The situation in Clark County is unique because we have a work card that bartenders have to have before they can go to work. Our Special Investigations Bureau goes out nightly to do checks, particularly during the weekends. If a bartender is not in possession of a work card, that is a criminal misdemeanor offense. At the same time, the Bureau checks for the TAM cards. As Assemblyman Anderson said, the law was originally created giving us the authority to do so, and that is the authority we operate under at Metro. People who are required to carry one are criminally cited with a misdemeanor now if they are not in possession of that alcohol awareness card.

**Chair McClain:**

Do they pay a fine for that? Where does that money go?

**Josh Martinez:**

On a criminal citation, that fine is outlined in the Las Vegas Justice Court or the city Municipal Court, depending on where the bartender who received the citation is working. Those fees stay with the court. As Assemblyman Anderson and Frank Adams, from the Nevada Sheriffs' and Chiefs' Association, stated, we do not tend to ever receive money for doing our jobs other than fees that are associated with fingerprints or paperwork.

**Chair McClain:**

That is a violation on the work card, but what if they do not have the TAM card?

**Josh Martinez:**

It is also a violation on the TAM card. There was a bill heard in the Senate, and we looked into it about three weeks ago. When we checked with our Special Investigations Bureau, they did state that they cite for the TAM card violations when they are not in possession of it.

**Chair McClain:**

But the court keeps all that money?

**Josh Martinez:**

That is correct, because it is a criminal citation, and the citation amounts are set with the court.

**Chair McClain:**

Can I ask you to work with Assemblywoman Smith and Legal and whoever we need to get this fixed?

**Josh Martinez:**

I would be more than happy to do so. I know our counterpart from Washoe County gave her a suggestion earlier, and I am sure Frank Adams and I could come up with some suggestions to address this issue. Our people in Special Investigations believe this is a good bill, and it is a bill that will make some clarifications to the law. With a few tweaks, I think we can get it where we want it.

**Chair McClain:**

Is that all right with you, Ms. Smith?

**Assemblywoman Smith:**

That is fine. I really do want to check into what has been happening, though, because this is not a criminal penalty. This is currently an administrative fine. Maybe there is some money somewhere that should have been going to this fund. We will check into that. We will work together and come back to you with a solution.

**Chair McClain:**

Thank you, everybody. We will close the hearing on A.B. 432. Before we adjourn, I would like to take up A.B. 317 again, which is the MBT abatement for economic development authorities. Since this is going to have to go to Ways and Means anyway, can we just amend and do pass it out of here and rerefer it to Ways and Means?

ASSEMBLYWOMAN KIRKPATRICK MOVED TO AMEND AND DO  
PASS ASSEMBLY BILL 317 AND REREFER IT TO THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.



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

**Chair McClain:**

That is probably how we are going to do our work sessions from now on: at the end of a meeting if we have time. We have four bills on the agenda for Tuesday. Until then, we are adjourned [at 3:27 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:** March 26, 2009

**Time of Meeting:** 1:43 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
<u>A.B. 329</u>	C	Ferrel Hansen	Letters of prepared testimony in support from Laurie L. Carson, Chairman, White Pine County Board of Commissioners, and Jon Hickman, Mayor, City of Ely
<u>A.B. 317</u>	D	Assemblyman Ocegüera	Proposed amendment
<u>A.B. 317</u>	E	Jeremy Aguero	PowerPoint presentation: Economic Development Trends and Funding
<u>A.B. 432</u>	F	Assemblywoman Smith	Proposed amendment, and prepared testimony of Christopher Beucherie
<u>A.B. 432</u>	G	Kathlyn Bartosz	Prepared testimony; prepared testimony of Linda Lang, Director, Nevada Statewide Coalition Partnership; fact sheet: "Law Enforcement Operations;" and table: "Nevada Youth Risk Behavior Survey Data"