

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

**Seventy-Sixth Session
May 24, 2011**

The Committee on Taxation was called to order by Vice Chair Harvey J. Munford at 9:11 a.m. on Tuesday, May 24, 2011, in Room 3143 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/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn K. Kirkpatrick, Chair
Assemblyman Harvey J. Munford, Vice Chair
Assemblyman Elliot T. Anderson
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblyman John Ellison
Assemblyman Ed A. Goedhart
Assemblyman Pete Livermore
Assemblywoman Dina Neal
Assemblywoman Peggy Pierce
Assemblyman Lynn D. Stewart
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

Assemblywoman Lucy Flores (Excused)

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Michael Nakamoto, Deputy Fiscal Analyst
Mary Garcia, Committee Secretary
Olivia Lloyd, Committee Assistant
Linda Blevins, Committee Manager

OTHERS PRESENT:

Douglas C. Gillespie, Clark County Sheriff, Elected Head of Las Vegas Metropolitan Police Department
Ted Olivas, representing the City of Las Vegas
Michael Cathcart, representing the City of Henderson
Dan Musgrove, representing the City of North Las Vegas
Leonard Cardinale, President, North Las Vegas Police Supervisors Association
Al Noyola, Acting City Finance Director and Administrative Services Director, City of North Las Vegas
Christopher G. Nielsen, Interim Executive Director, Department of Taxation
Carole Vilardo, representing Nevada Taxpayers Association
John Kenney, private citizen, Carson City, Nevada
Robert A. Fulkerson, Director, Progressive Leadership Alliance of Nevada
Christie McGill, Private Citizen, Lyon County, Nevada
Theo McCormick, Private Citizen, Lyon County, Nevada
Launce Rake, Private Citizen, Las Vegas, Nevada
Brian Fadie, representing Progress Now Nevada
Emmelle Israel, American Federation of State, County and Municipal Employees, Local 4041
Mark Nichols, Executive Director, National Association of Social Workers, Nevada Chapter
Laura Martin, Private Citizen, Las Vegas, Nevada
Michael Ginsburg, Private Citizen, Henderson, Nevada
Howard Watts III, Private Citizen, Las Vegas, Nevada
Ikaika Regidor, Private Citizen, Las Vegas, Nevada
Ben Clark, Private Citizen, Carson City, Nevada
Stacey Shinn, Private Citizen, Reno, Nevada
Jon Sasser, representing the Legal Aid Center of Southern Nevada and Washoe Legal Services:
Charles William Kennedy, Private Citizen, Reno, Nevada
Theresa Navarro, Private Citizen, Reno, Nevada
John Hadder, Director, Great Basin Resource Watch
Jonathan Trujillo, Private Citizen, Reno, Nevada

Vishnu Subramaniam, representing Nevada State Employees
Frank Papaiani, Representing Retirees
James T. Richardson, Representing Nevada Faculty Alliance
Ben Atteberry, Private Citizen, Carson City, Nevada

[Vice Chair Munford has assumed the chair.]

Vice Chair Munford:

[Roll was taken.] The first bill we are going to hear is Assembly Bill 572.

Assembly Bill 572: Revises the use by police departments of certain sales and use tax proceeds in Clark County. (BDR S-1300)

Assemblywoman Marilyn Kirkpatrick, Clark County Assembly District 1:

Today I come before you with A.B. 572. I would like to give you little bit of history. In 2005 there was an advisory question put on the ballot to allow 0.25 percent sales tax for more cops in Clark County. That passed overwhelmingly. It came to the Legislative session, where we decided what the policy was to ensure that this amount went into a More Cops Fund. In 2005, I was a freshman and I sat on the Assembly Committee on Growth and Infrastructure. We had a lot of discussion on the intent, which was to spend the money to hire more officers. I had lived in North Las Vegas, as I still do today, and I specifically had questions because we had done initiatives before to get more officers, and I wanted to ensure that we did not fall into the same scenario and not get our dollars. On the record, the Legislature included a preamble in the bill. Chris Giunchigliani who was the Vice Chair at the time, talked about having them more as beat cops to have officers in our neighborhoods and build communities.

Since then, we had trouble getting information from some entities. In 2007 Senator Parks and I worked to change the reporting form. We have been asking for a lot of information for a long time to ensure that the More Cops dollars were spent. The Las Vegas Metropolitan Police Department (LVMPD) has been great and posted information on its website. It is very clear on what money is collected, where it goes, and how many officers were hired for the long-term. We did not get that same information from the City of North Las Vegas.

In 2009, North Las Vegas did an audit. There were concerns of the constituents within North Las Vegas. Their audit came back, and one of the questions from the audit was what determines a base year. At that time, an Attorney General's opinion was sought. I have provided you all with a copy of the Attorney General's opinion ([Exhibit C](#)). The Attorney General believes that the base year was 2005. As a Legislator and also as a citizen, I believe that

was the intent as well. We were to have more officers within our neighborhoods. What we did not plan for was a mechanism so that if the revenue numbers did not come in, the spending did not have to keep going up. In 2005, if you had \$100, the current law would require you to spend \$110 in 2006, it would go up to \$120 in 2007, and it would continue to go up thereafter. At one point you would be able to stay level on your dollar amounts. So say in 2009, if you had \$120 in your account, you could still spend \$120 in More Cops and be within the law. However, it does not allow you to deviate from the original 2005 numbers that were in place. During this economic crisis, we realized that with employees making concessions, the law would not allow entities to change their general fund dollars and lay folks off. This bill will set a mechanism in place for when there is a decrease in revenue, such as a 2 percent decrease in property tax and a 2 percent decrease in Consolidated Tax Distribution (CTX).

We all know in this Committee that CTX is money that comes from the county and is disbursed to the local governments. It is consistent: if one city has a 2 percent decrease, most of the cities will see the same 2 percent decrease. Clark County has seen property tax plummet by much more than 2 percent. This bill would allow a local government to do a resolution, a public finding with the residents, so that people know what they are doing. However, if they do not do the resolution and they do not make the finding of the 2 percent decreases, the county treasurer would be able to withhold their money. There has to be a mechanism to hold local government responsible for ensuring that they meet the criteria of the 2 percent.

I do need to clarify within this piece whether or not local governments have to spend their money for the year they did not do a resolution, but also did not get to spend the other money. If a city does not file a resolution, it could leave the money with the county treasurer, come back the next year, do a resolution, and have all that money to spend. I do not think that is fiscally responsible. I think if you do not make the finding of the resolution and the county treasurer holds your money, that money should go to local entities that are taking the time to spend their dollars right. That is my personal direction that I would like to go. I think it is important.

Also within this bill, Senator Parks had asked to put some additional stuff in, but he has not gotten back to me. We want this information to go to the Department of Taxation because the Department of Taxation gets a copy of the cities' budgets. I know in this Committee you have heard that we need to see what the cities are doing with their dollars. It is not necessarily as transparent as we would like it to be. Basically this is the crux of the bill. If you would like me to go through it section by section, I would be happy to do that, but I think

I do have empathy that we need to put an ability in for when the economy is tough; but ultimately the voters voted to have more officers within their neighborhoods, so I think that we owe them that ability.

Vice Chair Munford:

Are there any questions?

Assemblyman Stewart:

In your opinion, can you go over the reporting of the entities that were covered by this, Metro, Henderson, Boulder City, Mesquite, and North Las Vegas? From what you have determined, were the reports transparent, accurate, and complete? Can you run through that quickly city by city?

Assemblywoman Kirkpatrick:

I can tell you that the LVMPD did a great job as far as being transparent. A good legislator, in my opinion, is someone who follows legislation for the long term. So as a legislator, after five years, I started asking the question, "Why do we not have more officers?" So, Metro did a good job. Boulder has been good. Mesquite has a situation that I am not sure how it happened, but I am sure they can clarify it. I have not checked Henderson. I can tell you in North Las Vegas I got a call from a constituent who can literally see the substation from his home. His house was being broken into, and it took four hours for an officer to respond. He can see the substation. There is frustration because he believes he has been paying for more cops, so where are they?

At that time—since then we have had a change in leadership within the police department—I had asked for that information. "Where are the staffing levels?" "What can I tell my constituents?" "How many officers are actually driving in our neighborhoods?" Taxpayers keep paying 0.25 percent for more officers, and I was stonewalled getting that information and not allowed to have it. I asked for it as a citizen, and I was told by the previous city manager that I did not need to have that information. I asked for it as a legislator, and I still did not get that information.

We changed the law to redo the form. After that, there had still been concerns on what the dollars were doing. I met with some of the stakeholders of the city council as well as the police department when their audit came out originally. I believe five officers had been transferred from the regular general fund to the More Cops program. The city council agreed to at least put it in the budget to start paying those dollars back. However, at the same time, they still asked the Attorney General's Office for an opinion. The opinion came back and said that you could not supplant your officers. If you started with 10 officers in 2005, you had to keep hiring general fund officers as normal, but you also had to hire

from the More Cops revenues. I am hoping the city does another audit based on the Attorney General's opinion because I believe that is why they asked for it.

For the most part, people have used the program correctly. I would hate for someone to not want to support the additional 0.25 percent to keep the legislation in place. At least for those of us that live in Clark County, Metro has hired 560 officers and I believe that our constituents benefit whether they are in North Las Vegas or Henderson, and I think they did what they promised the voters. I never want to take anything away from the entities that did things right. I agree to disagree with North Las Vegas on how they handled it, but I also recognize that we have to give them a mechanism if the revenues go down.

Assemblyman Stewart:

From your research, Metro has complied, Boulder City has complied, and Mesquite has complied as well as they could. North Las Vegas is the one that has not been as forthright as they could have been, is that correct?

Assemblywoman Kirkpatrick:

Correct. But there is a new chief in town, and he has been very open to giving us additional information. It is really a sore spot for North Las Vegas residents who have been paying for a long time and have no new officers in their neighborhoods.

Assemblywoman Neal:

I have a question on section 1, subsection 3, paragraph (b). You added in the fiscal year (FY) 2009-2010. Are we now using this as a baseline? Also, the way this reads, basically we are going to supplement because of the decrease in the revenue. That has already taken place: it is not a future thing that the section is going to deal with.

Assemblywoman Kirkpatrick:

There are two points to your question. On page 5, line 1, it clearly says that this does not replace or supplant funding which existed in 2005. However, in this portion of the bill, my intent is that entities always have to be going forward; they cannot be going backwards. In looking at different scenarios in Clark County, FY 2009-2010 seemed to be the year that officers were making concessions. We are not supplanting because their general fund is going down at the same time the More Cops fund is going down. What supplanting in 2005 meant—and I believe that this may have been the situation in North Las Vegas—is that they had the \$100, but by 2008 they only had \$60 in their general fund and everything was coming out of the More Cops fund. That, in my opinion, is

supplanting. Section 1, subsection 3, paragraph (b), as of 2009, does not help North Las Vegas as far as I am concerned. They are still going to have to talk to the voters because in 2009 Metro, Henderson, Mesquite, Boulder City, as well as North Las Vegas, all saw a decrease in their revenues.

Assemblywoman Neal:

So we are going to make a decision about this without seeing the numbers on where their current expenditures have been? I want to see numbers, where they are at, what was spent, and how these decreases in FY 2009-2010 affected them.

Assemblywoman Kirkpatrick:

That information is available on the website. In fact, any report that we get is always posted on the legislative website so that you can go in and see it. There is a page there that lists all the reports. We could get that information, and we could also ask for it from the local governments. That is based on the Attorney General's opinion, which is important because it says you can never go backwards. If we do not do this legislation, everybody would be in violation and no officers could ever be laid-off. Then you have to choose within your entity, if you are never laying-off officers, who else are you laying-off. That is based on the Attorney General's opinion. I am happy to get you copies of the reports that were done last year and show you where they did see a decrease or they stayed flat within their budgets. They are not supplanting until they take the original 2005 base and keep lowering the level while the More Cops dollars are being spent. I have an audit of the North Las Vegas to show you specifically how that was done as well.

Assemblyman Anderson:

I do not think I have a problem with this concept, but I was curious, do you think with CTX, are those revenue collections are starting to increase a little bit? I did not really go into depth about what the Economic Forum forecasts, but we did get some additional revenue being forecast. I am wondering if that revenue came from CTX. I know property taxes probably are not recovering anytime soon. But for CTX, under this bill, would a local government not be able to use this if CTX continues to creep up?

Assemblywoman Kirkpatrick:

I can tell you this, CTX may be up in March and be way off in July. You have to use the average of the whole year, which is currently what we are doing. Of course we would love the CTX to go up, and that is the intent. If the CTX goes into their general fund, they could increase their spending or at least stay level. However, there is no certainty. You know that and I know that. But I can tell you that I do not foresee property tax going up any time soon. I also do not see

CTX going up overall for each entity within the next year or so. Regardless, they are not in compliance based on the Attorney General's opinion if they made concessions with their officers this year.

Assemblyman Anderson:

I am looking at this more closely and it does say combined revenue, so it would not matter, because property taxes are not going to recover, even if CTX does, so as long as it says combined revenue, they would be able to use the mechanism, correct?

Assemblywoman Kirkpatrick:

That is not my understanding. My understanding is that they have to have the 2 percent decrease from the CTX and the 2 percent decrease from the property tax. However, if that is the intent, it needs to be clearer. What I am saying is currently, if we do not put something in law, the cities are in violation of their own law. We have to have a mechanism. This cannot just be picking two numbers out of the hat and deciding that you are not in compliance. I believe this provision is the trigger that is consistent with the way local government finances work.

Vice Chair Munford:

Are there any more questions? I see none.

Assemblywoman Kirkpatrick:

Thank you. I would like to call up Sheriff Gillespie. I have worked with him for over a year trying to find ways to make More Cops more transparent, and I believe he can shed some light on this.

Vice Chair Munford:

Welcome Sheriff Gillespie.

Douglas C. Gillespie, Clark County Sheriff, Elected Head of Las Vegas Metropolitan Police Department:

We are all aware of the Attorney General's opinion that came forward. When the opinion was rendered, a meeting was held amongst the entities in Clark County that receive revenue from the More Cops sales tax, because of the ruling that if your budget to run your organization was reduced from one fiscal year to the next, you were in violation. Seeing that we were all in violation, we knew that there needed to be a modification or at least a discussion on modifying the current language.

The respective entities listed in the statute got together, looked at a variety of options, and came to a consensus to develop what it is that you have before

you today. Then we met with Assemblywoman Kirkpatrick and the language was crafted. I actually saw the final language yesterday. We had a review of it, and I have had a subsequent meeting with Assemblywoman Kirkpatrick this morning. I believe we agree there needs to be some clarification in regards to some of the language based on legal feedback that we have gotten. For example, at the LVMPD, the body that oversees us is the fiscal affairs committee. They do not directly receive property tax or CTX. Therefore we think we need to clarify what is the triggering mechanism and what entities are used to trigger that mechanism for the LVMPD. That is the type of modification that we think needs to be made to existing language.

The intent provided in the bill before you today is what was agreed upon. When the voters approved the tax increase and it first came before the Legislature, then Sheriff Young sat in my chair. A lot of focus was on us at the LVMPD and what we were going to do with the money and how the money was going to be managed. And that we would not supplant. I can tell you today we have not supplanted. We have been very cautious with the money, and we have been able to hire 560 additional police officers at the LVMPD. The More Cops sales tax fund is a stand-alone fund that we present as a budget to our fiscal affairs committee each year as we do our normal budget. Back in 2005, there was no discussion in regard to the downturn in the economy. In fact everything was very good back then as we all remember. That is why there was not this discussion as to what to do when the revenues are reduced.

We have been faced with that at Metro, because in FY 2009-2010 our budget was \$549 million, but our recently approved budget in FY 2011-2012 is \$501 million. There is a significant reduction. We have reduced positions to match that revenue downturn, which meant we eliminated vacant positions within the organization. When we eliminated general fund police officer positions, we also eliminated vacant More Cops funds at the same percentage. We were very aware of how the current language was written, and we wanted to stay as best we could within the intent of it. I am here to tell you that in 2005, we did not realize this would be the challenge that it is because of the economy. We have recognized it; we have brought the stakeholders together and come to a consensus. We have worked with the Assemblywoman, and I believe this bill represents that consensus of all law enforcement in southern Nevada. With that I would be more than happy to answer any questions that you might have.

Vice Chair Munford:

Your new facility located on Martin Luther King Jr. Boulevard is right down the street from my house. I drive by it everyday. It is a nice looking facility. How was that funded?

Douglas Gillespie:

That is funded through our general fund for the LVMPD. That is initially a leased property.

Vice Chair Munford:

When is it scheduled to open?

Douglas Gillespie:

We will start moving in incrementally in July 2011. We will all be moved in by the latter part of October 2011.

Assemblyman Ellison:

In 2004 when the public voted and since it was implemented in 2005, how much money has been received from this tax? Apparently you are taking the money that is going into the More Cops fund and handling it directly, is that correct?

Douglas Gillespie:

The money is distributed based on population, I believe. Each entity is given a portion of it. We at the LVMPD have a stand-alone fund that is our More Cops fund that the money comes into. We actually started receiving money in the fall of 2005, because it was enabled by the Legislature in 2005; it was subsequently enabled by the Clark County Commission. The tax started to be collected. We at LVMPD began incrementally hiring in January of 2007. It was projected that we would be able to hire 600 officers from the initial 0.25 percent, but that was also based on tax revenue projections that are not being met today.

Assemblyman Ellison:

And your normal operation is still paid from the general fund through the county, is that correct?

Douglas Gillespie:

Actually, we are a little unique because of the LVMPD. We are city- and county-funded. The way we are set up statutorily, there is a committee that oversees the fiscal affairs of the LVMPD, and they approve our budget. That committee is made up of two Las Vegas councilmen, two county commissioners, and one citizen at large. There is a formula that is used in regard to how much the city and the county pay in funding LVMPD.

Assemblyman Ellison:

Thank you for that information.

Assemblywoman Kirkpatrick:

To follow-up with that response and the way it was presented to the voters as well as this Legislative body in 2005, the sponsors went specifically into numbers. I have that pamphlet they handed out on what they believed could be achieved. We asked many questions, such as how much would it be for an officer, or how much would it be for a car? They literally narrowed it down to how three officers could share one car for three different shifts and how many officers they believed they could hire, and for the most part, with the exception of a few cases, I think they have exceeded those levels. There was a very strong campaign in Clark County and a very strong expectation on the part of the voters. There was a very strong discussion on what we expected them to do. That is why, if you go back to the original bill, within the statute, there is actually a preamble as to what we had expected. However, and this has taught me a lot, when you put something in legislation, you have to think of everything, including the unintended consequences and what happens going forward. I agree with the Attorney General's opinion; I think it is the right decision as a legislator who sat on that Committee; however, I did not think about the unintended consequences. Good legislation has to be vetted fully.

Assemblyman Ellison:

Has the Clark County Commission read this document from the Attorney General?

Douglas Gillespie:

Yes, sir. They are aware of the Attorney General's opinion.

Assemblyman Ellison:

Have they given any report back yet, or are they going to be here to testify?

Douglas Gillespie:

I am not aware of them being here to testify. Basically Clark County as well as the City of Las Vegas have asked me to be the person to work towards having this legislation modified to accommodate the downturn in the economy. One aspect that was discussed when we embarked on this project to take it to the public was that we would use these police officers effectively, and we would be able to reduce crime in the valley. I can tell you, in LVMPD's jurisdiction, if you compare the numbers in 2005 to the conclusion of 2010, traffic fatalities are down 56 percent, homicides are down 24 percent, robberies are down 16 percent, burglaries are down 9 percent, and auto theft is down 64 percent. I think we have done a very good job with those additional resources that we were afforded through the additional sales tax. I think that is why it is very important for this language to be modified for us to continue to move forward and use those resources.

Assemblyman Stewart:

Sheriff, you said the oversight committee was made up of two city councilmen, two county commissioners, and a private citizen. Does that same committee oversee both the general fund and the More Cops fund?

Douglas Gillespie:

Yes, sir.

Assemblyman Stewart:

Who appoints the private citizen?

Douglas Gillespie:

The members on the fiscal affairs committee. They have names submitted to them that could be recommended by other county commissioners, the at-large population, or the city.

Assemblyman Stewart:

For the other cities, is it the city council that is the oversight committee, or is there a special committee?

Douglas Gillespie:

My understanding is they do just like we do. Their More Cops fund is looked at the same way their budget is. There is city oversight within the other municipalities.

Assemblyman Stewart:

Would it be possible to get a graph of how much money each entity received from the fund and how many officers were hired?

Assemblywoman Kirkpatrick:

I can get that for you. I will say that some will caution you that they have hired the officers; however, they have not made it for the long-term. What they will tell you is that initially they hired 109 officers, but some went through the academy but did not make it through the one-year probationary period. For a resident, I want to know how many actually made it to my streets. If you have to hire two to get me one, that is part of doing business. I am happy to get that for you, and I also have the original documents from 2005 on what the expectation was for residents.

Assemblyman Livermore:

I am reading from the Attorney General's opinion regarding taxes being diverted to other uses. Does that also include the courts, confinement, or civilian employees and things of that nature?

Assemblywoman Kirkpatrick:

Those services were not included and were not part of the discussion. Local government came back after 2007 and wanted to change that. However, the vote of the people was that we would have more police officers. What was included was their vehicles, equipment, et cetera, which were figured into their formula of how many officers they could provide. I realize that more officers require more civil employees; however, that was not part of the original plan that the voters voted on. It was not much of a discussion during the initial process.

Assemblyman Livermore:

In your opinion, has the general fund money kept up with the cop money? With the crime rates being down, that means a lot of arrests have been made and offenders put through the process. Has the general fund kept up with that?

Assemblywoman Kirkpatrick:

I do represent Las Vegas citizens as well as North Las Vegas and Clark County citizens. Metro has done a fabulous job. In North Las Vegas, I call it how I see it. We have a 70 percent vacancy rate in North Las Vegas. We currently just started putting our dollars in a separate account—which was originally required—so it is very hard to determine if the city kept up with what it was supposed to because the information was not available. When a constituent has to wait four hours while his house is being broken into, we do not understand that the staffing actually goes to a different part of the city. We do not understand why we have two officers per vehicle. That is not what we talked about.

In 2005 and again in 2007, we had the conversations that we were guaranteed one officer in one car to be shared three times with three different shifts during the day. It is very hard for my constituents, and I do not want to penalize the folks who did it right. When crime is down across the street in the City of Las Vegas, that benefits my constituents in North Las Vegas. I believe that North Las Vegas is making strides, and that crime is down. Mesquite and Boulder City both have reductions in crime. You cannot blame an unfortunate circumstance on what everyone else has been able to do. I think it was a big decision for Clark County voters to make, with over 70 percent approval in each Assembly District and each Senate District. I can tell you that if they were polled today on whether or not they could have this additional piece, the voters would approve it. I think it has done good, but unfortunately there is always somebody who has to do it differently. I would never want to take away from the 600 officers here, the 20 officers in Mesquite, or the 30 officers in Henderson. Those officers have made an impact.

Vice Chair Munford:

In my district in West Las Vegas, we have three law enforcement agencies. We have the new facility, a substation, and we also have the FBI building. With all that law enforcement, we should not have any crime at all in my area. My constituents always make comments to me about that.

Douglas Gillespie:

I think you have some real good coverage then. If you took an aerial photo of that area 15 years ago and what you see today it is very different. I will say, as your Sheriff, this More Cops tax has been very beneficial to us in our ability to not only reduce crime but also to enhance those community policing and outreach programs and our ability to engage the community at a variety of levels. We are a much more efficient and effective police organization today than we were in 2005.

Vice Chair Munford:

Some of my constituents also say when you are hiring these new cops, they are mostly the rookie cops. Would it be a better policy to put more mature cops and not rookie cops in areas identified with some history of crime problems? I have noticed sometimes in my district there are a lot of young rookie cops. Sometimes they are not mature enough, knowledgeable enough, and schooled enough in public relations to deal with some of my residents. I have some constituents who are a little hostile towards cops because of incidents in the past. Do you usually use more mature cops?

Sheriff Gillespie:

We have a wide range of seniority at each one of our area commands. The more tenured officers tend to work day shift with weekend days off just because they have the ability contractually to bid for shift and assignment preference. We look at that and take it into account, and we do our best. In looking at the number of people we have been able to hire over the last few years, based on the More Cops sales tax, the workforce tenure is reduced. The amount of time spent in training has grown over the years as well. I think we have done a very good job and continue to do a very good job in providing the officers with basic skills. I will not argue with you that experience is a great thing in my profession. We do encourage people to work at a variety of assignments at all area commands.

Vice Chair Munford:

Any other questions? [There were none.] Does anyone else want to speak in support of this bill?

Ted Olivas, representing the City of Las Vegas:

We are in support of this bill. The City of Las Vegas and Clark County jointly fund the LVMPD. When this legislation was originally passed, we could not have contemplated the economy that we are in right now. The language said that we had to fund the LVMPD at an amount equal to or greater than the previous year. Clearly, with revenues down, we cannot do that. This new language provides a process for the situation that we are in. We are supportive of this language.

Vice Chair Munford:

Any questions? [There were none.] Is there anyone else in support?

Michael Cathcart, representing the City of Henderson:

I would like to clarify a couple of things. We are in support of the bill. The City of Henderson has set up a special revenue fund for the More Cops dollars. It is completely separate from our general fund. It is managed separately. We are in compliance with the state reporting, and we are currently not hiring civilian employees in our special revenue fund. All of our civilian employees are in our general fund. We have not supplanted any general fund dollars with our special revenue fund.

Assemblyman Stewart:

How many officers have been hired under this program?

Michael Cathcart:

We have hired 72 officers.

Vice Chair Munford:

Any other questions? [There were none.]

Dan Musgrove, representing the City of North Las Vegas:

We are in support of the bill. We appreciate the work the Chairman has done in working with the City of North Las Vegas. We had some challenges; we are working through them. We are trying to be as transparent as we can. We have self-policed ourselves with the audits that we did. We were the ones who asked the Attorney General for the opinion and are willing to abide by it. We appreciate the work the Chairman has done to create language to allow us to address these very challenging fiscal times. Again, we are in support of the bill and appreciate the efforts of the Committee.

Assemblywoman Neal:

Do you have any updates on your current sales tax numbers?

Dan Musgrove:

I would have to refer that question to our finance director who is in Las Vegas.

Vice Chair Munford:

Any other questions? [There were none.]

Leonard Cardinale, President, North Las Vegas Police Supervisors Association:

I would like to give you a little bit of a background from our perspective in North Las Vegas. [Read from prepared testimony ([Exhibit D](#)).]

I have a copy of an audit ([Exhibit E](#)) done by Kafoury, Armstrong & Co. It was not given directly to me, but I printed it off of the Internet. This audit was addressed to the Honorable Mayor and Members of the City Council. One of the findings was: "During our testing, we noted certain existing police department employees were transferred to new positions paid for out of Fund 288; however, their existing positions (paid for out of Fund 100 and Fund 287) were not immediately filled and, in some instances, have never been filled."

[Continued to read from prepared testimony ([Exhibit D](#)).]

Assemblywoman Neal:

I need some clarification. First, you stated that Funds 288, 100, and 287 were never properly funded to serve the police; that there was shifting of money between the three funds; and each one of them were never at 100 percent. The second thing is the ad valorem tax. You stated you were not able to truly identify how that money was used for a period of three years or longer. The third point that I have a question on is that you said they did not hire any new officers in ten years, but I thought in 2007 they had an academy in North Las Vegas and they hired new officers then.

Leonard Cardinale:

I will start with the third question. I said they had not hired any new officers from the general fund in over ten years. That information came from the City. Part of the problem is that it has been very slow moving and difficult to get accurate information. On numerous occasions we have asked for information. We got a net assets report recently, but it only went to June 30, 2010. Since then, we do not have any accurate information. I asked for financial information to bring us up-to-date on all funds, and I was emailed a copy of the financial statements up to December of 2010. When I requested more up-to-date information, I was told that it changes day-to-day; the numbers are always changing. I said, "Can you just pick a date, like today, knowing that it will change tomorrow"? Let me clarify the tax initiatives. The reason I went into

that area is, as far as the More Cops program, the money streams in regardless of how it is used. The reason I brought the two tax override funds into the testimony is because some of the officers that were moved were already hired, but were moved into the More Cops fund and were removed from tax override funds. They were also moved from general fund.

Assemblywoman Neal:

What does that mean in real terms? If they are being moved yet they were already hired, does that mean the wrong fund was used to support their salary? Is that correct?

Leonard Cardinale:

I would say that our interpretation of More Cops was that it would hire new officers and supply them with new equipment and vehicles and enhance the number of police in the department. It was not necessarily created to take officers that already existed and move them into the fund. The reason why that is not a good practice is because the officers who have been around for awhile, have merit increases, cost of living allowances, and they are more expensive. They cost more as the years go by. So if you take an officer that is existing and move his position into the fund, it will actually drain the money quicker than hiring a newer officer. It kind of upsets the balance for the intent of the fund, which was to hire more cops.

The way we read the Attorney General's decision is that the intent was not to take existing officers and relieve pressure on the general fund as Gregory Rose had stated, but that the intent was to add to what you already had. That was an issue. The ad valorem override, which has been around since 1986, was to hire a sergeant, a few officers, and a dispatcher. That fund grew and turned into millions of dollars. While we are trying to get financials from the City, we would like to know what is in the public safety tax fund and how is it used. What is in the safe streets 2000 fund and how is it used. They are talking about laying off supervisors and police.

The *Nevada Revised Statutes* gives us the right to ask for financial information, so when we sit down in concession talks, we have accurate information. We can tell our membership the city is asking for this, and this is why. While we are trying to get accurate information, we find that in the 18-cent tax, since 1986, that no one is able to accurately tell us what that money was spent on up until last year. "Because it streamed into the general fund" is the explanation we got. Now it streams into the 287 Fund, which is a public safety tax fund and should be more accountable. I hope that clarifies things.

Assemblywoman Neal:

Because the city inappropriately funded certain officers in the wrong funds and did not use the money efficiently, when your organization comes to the table, or is faced with additional cuts, you do not have a clear landscape of what money is there and how it was used, basically. Is Mr. Musgrove here?

Mr. Musgrove, how much money was in Fund 287, and what did it fund?

Leonard Cardinale:

The 287 is a tax override fund called the public safety tax.

Dan Musgrove:

I would like to ask our Acting Finance Director Al Noyola to answer those questions.

**Al Noyola, Acting City Finance Director and Administrative Services Director,
City of North Las Vegas:**

What I would like to do is state, as Mr. Musgrove has already mentioned, the City of North Las Vegas is in support of this amendment. We feel it is the right thing to do, and it also brings clarity to the City regarding how to manage the funds associated with More Cops going forward. Since the inception in 2005, I will inform the Committee that there was a separate fund established, it is called Fund 288, into which the revenues generated by the More Cops was deposited, as well as where the expenditures were captured. So we have had that money separated since the inception. The question was asked earlier on how much revenue the tax generated in this year. For FY 2012, we are estimated that the revenues coming in will be about \$7.8 million; however, the expenditures in this particular fund are approaching \$9.1 million. Today Fund 288 has 68 officers that are funded out of that revenue stream.

Assemblywoman Neal:

In 287, the override fund, how many officers did that fund and what was the pay?

Al Noyola:

I do not have the actual number of officers that are currently in that fund. I will tell you that Fund 287 is made up of public tax overrides that are specifically for law enforcement activities. Today, that fund supports police officers, corrections officers, and civilian staff. Approximately 90 percent of the expenditures that currently occur in Fund 287 go towards funding of salaries and benefits for the individuals that are currently funded out of that fund.

Assemblywoman Neal:

It was mentioned that there were existing hired officers transferred into the More Cops fund, and because of their merit pay and benefits, it drained the fund faster. Can you address that issue?

Al Noyola:

There was a transfer that was made by the City in the 2008-2009 time frame. There were officers that were moved from the general fund as well as from Fund 287. Those officers were transferred into Fund 288, which is the More Cops. The total between the two funds was 32 officers that were moved. I will, however, state for the record that all the officers that were actually transferred were officers that were hired after the More Cops initiative had passed, and these officers had qualified to be part of, or to be hired under, the More Cops initiative as well.

Assemblywoman Neal:

Do you have the exact number for the cost of the 32 officers?

Al Noyola:

In yearly terms for those officers?

Assemblywoman Neal:

Yearly or in total, how long were the officers in that fund, and what is the aggregate cost for them?

Al Noyola:

I believe they have been in that fund for at least three years.

Assemblywoman Neal:

So what is the total cost for 32 employees for three years?

Al Noyola:

We costed that out several months ago and I do not recall the exact figure. I think it approached \$10 million of the total costs of the salaries and benefits for those particular positions.

Assemblyman Ellison:

Does your police department have a hiring freeze right now?

Al Noyola:

There is a hiring freeze citywide in which we are not filling any positions. If there are critically necessary positions, those positions must go to the city council for approval prior to hiring. There are one or two exceptions that have

occurred, or perhaps there was an exception because the utilities fund is a separate enterprise fund and could bring on additional positions to be able to handle the new water reclamation facility that the city is bringing on line. Any hiring that occurs has to go to the city council for approval.

Assemblyman Ellison:

Does that include public safety?

Al Noyola:

That is correct.

Assemblyman Ellison:

You stated you had an existing fund of \$7.9 million, with expenditures of \$9.1 million. Is that correct?

Al Noyola:

That is correct. For fiscal year 2012, we are projecting estimated revenues of \$7.8 million, and expenditures are estimated to be \$9.1 million.

Assemblyman Ellison:

So the rest of that money will come out of a general fund?

Al Noyola:

No, that is all associated with the More Cops funding. Currently we have ending fund balances that carry forward from one year to the next. That is a special revenue fund. In essence, because we are spending more than we are actually bringing in, we are eating into the ending fund balance. We are actually expecting, at the given rate, that the More Cops fund will go into a deficit in FY 2014.

Assemblyman Stewart:

The oversight committee in North Las Vegas that is mentioned in the bill is the city council; is that correct?

Al Noyola:

That is correct.

Assemblyman Stewart:

Once again, the total number of officers that were hired under the More Cops and are currently employed is how many?

Al Noyola:

That total number of officers that were initially hired in the More Cops fund is over 90. Today there are 68 officers in the More Cops fund. By backing out the 32 officers that were transferred, then you could see how many officers were originally hired under the More Cops initiative.

Assemblyman Stewart:

So it is 68 minus 32?

Al Noyola:

That is correct.

Vice Chair Munford:

Are there any more questions from the Committee? [There were none.] Is there anyone who would like to speak in support of this bill? Is there anyone in opposition to this bill? Anyone neutral?

Christopher G. Nielsen, Interim Executive Director, Department of Taxation:

We are neutral on this bill. We have been requested to submit a fiscal note, if any. At this point we anticipate that there will be a fiscal impact on the Department. More specifically, in regard to section 2 that transfers certain duties currently with LCB and moves them to the Department of Taxation, we have a very small section within the Department that reviews, at a high level, the budgets of every local government in the state. There are well over 200 local governments that we review. If these duties are transferred to the Department, and to have any meaning in regard to the investigation and review of these reports, we believe we will need a significant amount of overtime and/or an additional staff member. We will be submitting the fiscal note as soon as we can.

Vice Chair Munford:

Any questions? [There were none.] Anyone else neutral on this bill? That will close the hearing on A.B. 572. We will take a five-minute recess. [Also provided for the record but not mentioned were the Las Vegas More Cops revenues and expenditures ([Exhibit F](#)), North Las Vegas More Cops revenues and expenditures ([Exhibit G](#)), and the Henderson More Cops revenues and expenditures ([Exhibit H](#)).]

[Meeting recessed at 10:28 a.m. and reconvened at 10:41 a.m.]

[Chair Kirkpatrick has reassumed the Chair.]

Chair Kirkpatrick:

I told the Committee we would continue the conversation and get some public input on the Nevada Margin Tax. We will be taking some testimony on this now. This is an informational meeting on Senate Bill 491, specifically to include discussion of an amendment to the sunset bill that Senator Horsford presented.

Carole Vilardo, representing Nevada Taxpayers Association:

We have not taken a position on this tax proposal. I will tell you that there are a number of policy issues within the proposal that we are concerned with. By way of a little explanation of where the concerns are in the policy, what you have to do in the Margin Tax is determine what the Nevada margin is. You wind up using the numbers from the Internal Revenue Service. That becomes the basis. Because only one state has a Margin Tax, and this is patterned after it, I will use states that have imposed an income tax as an example. When states imposed an income tax, a statewide income tax, they did basically what is in the proposal for creating the Margin Tax. If you are a state-based business then your revenue is totally attributable to the state. However, if you are a business that is in more than one state, you have to use what is called an apportionment formula, which is also identified in this proposal, to distinguish the revenue from the state where the tax is being levied from the revenue generated in the other states. Once that is done, those states with an income tax normally took a percentage of whatever the federal income tax was going to be. They would work it backwards, which made it very simple to begin with.

Once a state had that income tax in place for a few years, they either kept it that way or they would do what is called decoupling. They would change from the federal tax basis. The state might change what you could add back, they might change what you could carry forward: there are numerous provisions. They might change the apportionment formula, which is generally when you start out based on one-third for sales, one-third for property, and one-third for payroll. However, this proposal starts off decoupling and makes it much more complicated for businesses including small businesses. The areas where there has been decoupling have caused major problems in Texas. The cost of goods sold is one of the three things you can use to come to the net margins. It is either the cost of goods sold, the cost of payroll, or 70 percent of what you determine to be the Nevada margin. This proposal does not use the federal definition for the cost of goods sold. The federal definition of cost of goods sold, which all of our businesses in the state that file federal income tax use, is based on the regulation of *United States Code*, Title 26, Section 263A. This is totally different. This proposal requires businesses to keep a separate accounting for cost of goods sold. That makes it more difficult for both compliance and administration of the tax.

The other area where this is decoupled from federal rules is that it does not use the same procedure for extensions. A very simple thing to do would be to use the federal extension. The proposal creates another mechanism that requires an application to file for an extension, and the time frames are also different. The way it works with the IRS is that if you have to file for an extension, you pay 90 percent of the estimated tax due with your extension. You wind up having to completely file all of your necessary documentation by September 15. That is for corporations, Subchapter S, et cetera. This does not do that. After 30 days, you have to do a separate application. The easiest thing to do would be to use the federal extension and pay the 90 percent if you have anything due.

The other area where there is decoupling—and I cannot figure out why—is that for purposes of accounting, if you change your accounting procedure for federal purpose—it could be going from cash to accrual, accrual to cash, or to modified accrual—what you do is inform the IRS that you are changing your accounting method. They either allow it or they disallow it. In this proposal, you are not allowed to change your accounting method for four years. If this is enacted, if you change your accounting method with the feds in the second year, you would not be allowed to change it for state purposes for an additional two years, which means you are keeping a second set of books and increasing the problems with trying to simplify for purposes of compliance and administration.

Those are three issues we think are very important. Unfortunately, I think the tax proposal may have been crafted with an eye toward potential revenue, rather than trying to put something in that would be relatively easy to administer and comply with.

When I started matching this proposal with the Texas law, I found that while nonprofits should be exempt, the only nonprofit that is exempt is a 501(c)(3) [Section of the *United States Code*]. Every other nonprofit, and there are a total of 33 nonprofits designations, is not exempt. That is not part of Texas law. Texas treats the nonprofits, for the most part, as exempt entities. That is probably why there is no reference to some of the forms that would be used. Also, acknowledging that in some nonprofit situations, there is no form designated. You have now created another level of complexity to something that if you are going to put in, should at first blush be as easy as you could make it for the cost of administration by the state and for compliance by the business. This bill makes it extremely difficult for the business. One of the suggestions that was made that I hope is being worked on is that with the million dollars on Nevada net margins being the benchmark as to when the business would actually owe the tax, but you would have to report regardless.

Otherwise, how would you know who was subject to the tax? You are not going to arbitrarily go into a business and see if they were supposed to pay the tax. A suggestion that the Taxpayers Association made that I hope is going to be part of the amendment is that everybody files their Nevada margins and everybody gets a \$1 million deduction, which would achieve the same purpose and do it much simpler and be much more equitable. I have raised a number of other issues, and I am hoping some of these will be addressed.

Chair Kirkpatrick:

We have not seen the amendment yet, but my understanding is they had three options and could change based on what was in the best interest for their business. I am wondering if I understand this correctly. Based on not allowing them to change their accounting, that is not an option, correct?

Carole Vilardo:

The accounting is a separate issue. Within the three options, one is cost of goods sold, that you would pay on 70 percent. That is straightforward. The deduction for compensation is keyed to the line on the IRS form that the businesses use to the line for Medicare wages. But instead of using the lines for cost of goods sold, you have created a new definition of cost of goods sold that does not match the federal definition. That is where the complication comes in.

Chair Kirkpatrick:

We had some businesses that testified last week who believe it is in the right direction because the Modified Business Tax (MBT) is not as friendly to the employer. Senator Horsford said we had to generate as much dollars as the MBT but spread it out. Is this at least headed in the right direction to come up with something somewhat different than what we currently have in place?

Carole Vilardo:

We have never had any complaints on the MBT. The one thing about the MBT that most of the businesses have stated was the fact it is a nonintrusive tax. It has not cost the businesses anything additional to comply with, unlike this Margin Tax would do. When the MBT was put in, it was never envisioned we would have a turndown like this. You could address that by making some modifications to the MBT. There was discussion that it was not as broad as it could be. When the interim committee met, we made a suggestion as to how to capture those businesses that had escaped because of using straight Employment Security [Division] data for their numbers. That is the reason this is so easy to comply with, because you are working right off Employment Security information. There was no additional cost to a business. There was a lot of discussion about independent contractors and others that were not

captured by the MBT. We suggested in addition to complying with ESD that if the business was not covered under that provision but had to file an IRS Form 941, that the business should also file that form with the Department of Taxation. That would have expanded out to some businesses that were not captured at that point. Obviously, there are a number of things that could be done. This one, as crafted, will be an intrusive and expensive tax for businesses, even those that do not have to pay it.

Chair Kirkpatrick:

Any questions? [There were none.]

John Kenney, Private Citizen, Carson City, Nevada:

I work at Western Nevada College and am here to talk about people being laid-off. There are seven professors of English and Math at the college and they will all be let go by next year. There is no revenue. The state is asking for billions back. We do not have it. We need revenue. Privatization is going on at the University of Nevada. Privatization is getting rid of classified people like me and hiring people at minimum wage. That does not work because two or three years down the road, they are going to ask for raises. Why get rid of the state workers? I am having my pay differential taken away from me in July and my health insurance. I am by myself, so I will make it, but there are families out there. The print shops at UNR [University of Nevada, Reno] have been shut down; that is jobs lost. Truckee Meadows Community College lost its print shop. I heard yesterday that we are losing three workers from our print shop, and it will eventually be shut down. It is constant, losing people; people do not know if they will be laid off tomorrow or next month.

I also have an upside-down loan on my house that I rented out last year to make ends meet. I am doing okay, but if I get hit again, I will lose my house. If I lose my job, what do I do? It is very scary. I am upset, I am frustrated, I am mad, but I am like every other state worker. What are we supposed to do? The welfare people cannot do this. We have to find some kind of revenue somewhere. If anyone has any ideas, I will help out. Livelihoods are being tossed out the window. The morale is gone at the college and within the state. I do not mean to be so bleak, but it is the truth. The higher echelon at the college are not being touched. I do not know why. People are making anywhere from \$200,000 plus. I do not want to name names, but that is a lot of money, yet they are getting rid of us. That just does not seem right.

Chair Kirkpatrick:

Thank you. Any questions? [There were none.]

Robert A. Fulkerson, Director, Progressive Leadership Alliance of Nevada:

Thank you for having this hearing and bringing forth the discussion on the Margin Tax, which is a very sensible solution to a revenue system that every study for the past quarter century has said is broken and needs to be fixed. Small businesses say they hate the MBT, and this would replace it. This would hit the very largest, most highly profitable corporations in our state that can easily pay one percent after their first \$1 million. I spoke with a couple small business owners, one who owns a book store and one who owns a coffee shop. Both said they cannot wait to be able to pay this tax, to make enough money where they can pay this tax. That is what small businesses are saying about this. This idea of the Margin Tax stands in opposition to the "no" that we hear around here quite a bit. It is the "no" tax, "no" solutions, "no" government crowd. They have a very loud voice for being in the minority here.

We have seen the empty rhetoric and the false ideology the Tea Party has given the people of our great state. It has given us four-day-a-week schools; that is not good for our kids. It has given us a shell of a university system that is going to kill economic development and really harm young people's ability to get ahead in this world. It is going to give us a state where if you are mentally ill, sick, elderly, or otherwise vulnerable, you are on your own. If you get sick, too bad, you can go ahead and die because the government is not going to be here to help you. Already, without these cuts, kids, who had to put together their own dinner of commodity foods the night before because their parents are not around, are going to school the next day hungry because Nevada ranks 53rd in free and reduced-price lunches. Some people on this Committee voted to make that the case by opposing a bill to reduce those meals.

If morality or compassion is not a motivator here, maybe this get tough on crime idea that a lot of people like to run on will be. I call your attention to this mornings *Reno Gazette-Journal* in which Sheriff Michael Haley has the following quote about budget cuts that a lot of people in this building are supporting: "The potential impacts to your public safety are so devastating that we cannot afford to wait to take action. Enough is enough. These are not achievable kinds of cuts, these are draconian cuts that would render me and the public defenseless."

The no tax people need to own this. Governor Sandoval and the people, who are blindly following him like little automatic red button pushers without making a deal, without compromising, without discussion, are going to have to own this. When crime increases, when those mentally ill people go off on someone, that is the consequence of your ideology and rhetoric and what you are pushing on the people of Nevada. My state, our state, that I know you love, deserves a hell of a lot better than what you are giving. Forty-seven other states have

some sort of corporate profits tax; why not Nevada? We have a world class gold mining industry that everybody, except for those that are on the direct payroll, believe is fleecing our state. We have a services tax proposal that reflects the changing economy of our state. There are some very logical, doable, and easy solutions that we could have. I implore you do not pass "govwreck"; do not pass that because that is a vote to destroy the future of our state. Thank you very much.

Chair Kirkpatrick:

Does anyone have any questions?

Assemblywoman Neal:

How would you feel if neither tax came into existence?

Robert Fulkerson:

Very discouraged and demoralized. My feelings would pale in comparison to the recipients who are going to get the boot as a result of this: the people who are going to be laid off, the people who are going to be crammed into overcrowded schools, the people in the food bank lines who will go without services. My feelings are irrelevant compared to the most vulnerable and particularly the kids who have no real say in this; what are they going to go through?

Chair Kirkpatrick:

Any other questions? [There were none.]

Christie McGill, Private Citizen, Lyon County, Nevada:

My husband and I are looking at opening a brand new Internet media marketing company. We are hoping to launch in about ten days. This, for us, is not a deal breaker. I did go to a meeting last night that would be a deal breaker for us. I went to our local school district meeting and heard about the cuts. I have three children. We are very proud and excited to open up a brand new company in Lyon County, but I will not stay if our schools are going to fall apart. I will not stay if we will not have a sheriff. This is the kind of infrastructure I expect and I want as a business person. As to filling out forms and paying my share, as a business person I want to. I do not want a deteriorating school district. I am telling you that is the deal breaker for my husband and me.

Chair Kirkpatrick:

What type of business do you have?

Christie McGill:

We will be opening up an Internet media company.

Theo McCormick, private citizen, Lyon County, Nevada:

I have a couple comments about the school board and one about my business as well. From the Lyon County School Board's perspective, it is quite obvious that revenue is missing and we need some help. The results of this missing revenue right now, we are running 74 lay-off notices to our teachers, and we have less than 600 teachers. That means more than 10 percent of our teaching staff has been noticed. Included among those noticed is the Nevada School Board Association Nevada Teacher of the Year. He has received a notice that he is being requested to leave. We have received petitions from our students—very heartfelt petitions to try to retain their teacher. Last night we continued down the path of a four-day school week. As a school board member, I did not vote for the four-day school week. We are basically giving up 20 percent of our teaching days for less than one percent savings in our budget.

We have good teachers that are leaving Nevada. They are getting job offers outside our state, giving notice and leaving. We are losing administrative staff. We just lost our main grant writer. This is an unbelievable blow to us. She was offered twice the salary to work in another school in another district. This particular person had brought in over \$5 million last year in grants alone. Our class sizes will be increasing. At this point our county is so poor that we are stepping up as a social services agency. We are actually sending children home with food on Fridays so they can make it through the weekend. Things are rough in Lyon County. We would appreciate your help. I understand the rhetoric of no new taxes. I appreciate you sticking to your guns: there is a cost to that. We will absorb that cost.

I would also like to speak as a professional. I went to school in Nevada, graduated, and opened a business in 1983. I am a computer consultant. I have not contributed taxes to this state for my entire career. I have not sold products, only services. I have, in the past, been against a service tax because it affected me personally. At this point, having some experience on the school board and seeing what we are up against, I am certainly willing to pay a service tax for my business. I almost feel guilty. I have made hundreds of thousands of dollars in this state and have contributed very little outside of my own personal sales tax and property tax that I pay. As a business owner, I certainly have not held up my end. I do pay \$100 per year as a business tax. I have no employees. Please consider that people like me have not paid taxes in this state.

Chair Kirkpatrick:

Any questions? [There were none.]

Launce Rake, Private Citizen, Las Vegas, Nevada:

One of the things I would like to point out is that there is a lot of economic bad news in our state. However, the downtown renaissance in Las Vegas is working very well. It is wonderful. I live near downtown, and I encourage the Committee members and members of the Legislature from the North to come down and experience it. Go to the coffee shop and some of the bistros on East Fremont Street. It is great. What I would like to point out is that it has depended on cooperation and support from the government to make this happen and to make it a high point of our life in Las Vegas.

We need public safety. We need the ability to bring in the students, the young men and women who patronize those businesses, who work in those businesses to make it work. A lot of those folks are from UNLV (University of Nevada, Las Vegas) and CSN (College of Southern Nevada). It has become a real nexus of activity. Again, government revenue has been critically important to keeping that going. I spoke with the small business owners in that area, and they are happy to support government spending; it is efficient and important.

That is why I support this tax proposal. It will give small businesses flexibility in how they pay the tax, but more importantly, it puts the onus on those businesses that are making the most money. It will relieve some of the pressure on small businesses that right now are carrying a bit too much weight with the payroll tax. Some of the previous speakers have spoken eloquently on what is happening. When we are in a situation where we are taking away 20 percent of the education of the young people of Lyon County, I think it is quite obvious that we are in a state of distress. It bothers me greatly, and it bothers my neighbors that there are businesses that largely do not step up to the plate and contribute to a solution to these problems. Simply chanting "no" may please a small number of antigovernment extremists, but it does not solve our problems. I am hoping this Committee will help us move past that. Thank you.

Chair Kirkpatrick:

Any questions? [There were none.]

Brian Fadie, representing Progress Now Nevada:

I wanted to show our support for this proposal, particularly the exemption on the first \$1 million generated by a business. This will ensure that small businesses and start-up businesses will not be affected by this tax. The revenue generated can be reinvested in our education and essential community services that make Nevada a place we want to live. We urge the Committee's support.

Chair Kirkpatrick:

Are there any questions? [There were none.]

Emmelle Israel, American Federation of State, County and Municipal Employees, Local 4041:

I am here on behalf of our membership, the state workers of Nevada. I would like to let you know that our members support this tax proposal and support raising revenue. Our members are on the front line of serving the public of Nevada. We have welfare workers who are suffering with 900-person caseloads; we have the custodians at the community colleges who are working on skeleton crews. All of these cuts have already happened, and the state workers have already sacrificed to help the state budget. Now, all we are asking for is that you look at real solutions that will work in the long-term, such as raising revenue.

Chair Kirkpatrick:

Thank you. Are there any questions? [There were none.] Is there anyone else in southern Nevada that would like to testify?

Mark Nichols, Executive Director, National Association of Social Workers, Nevada Chapter:

We need a balanced solution to our crisis problem. The Governor has talked about shared sacrifice. To me shared sacrifice does not mean that the individuals who need the most help are the ones who have to sacrifice. To me shared sacrifice means that the wealthy, the businesses, particularly the out-of-state businesses, need to be participants and good citizens of this state. They need to share in the burden. We need a balanced approach and solution to our crisis. We need a long-term solution; we cannot be coming back every two or three sessions to put another band-aid on this budget crisis that we go through with the various cycles. We strongly urge the Committee to look at this option and other options available.

Chair Kirkpatrick:

Thank you. Is there anyone else in southern Nevada that would like to testify?

Laura Martin, Private Citizen, Las Vegas, Nevada:

I am speaking today in support of this proposal. I think we do a lot in Nevada to support businesses, and I think businesses want to do their part to support the communities in Nevada. I think this is the type of proposal to do that, and I hope the Committee does its part and supports this tax.

Chair Kirkpatrick:

Any questions? [There were none.]

Michael Ginsburg, Private Citizen, Henderson, Nevada:

I want to thank you for bringing this proposal forward. I want to say that if we do not do something to finally try to stabilize our revenue structure, I worry about what message that sends. Do we care more about foreign-owned mining companies that we do about our own children? Do we care more about upsetting out-of-state companies that do little more than set up shell corporations here in Nevada in an attempt to avoid paying taxes? Do we care more about subsidizing Wal-Mart's low, low prices in other states than we care about our own elderly citizens? The "no new taxes" mantra, as far as I am concerned, is an absolute abdication of responsibility and a dereliction of duty.

Chair Kirkpatrick:

Thank you. Any questions? [There were none.]

Howard Watts III, Private Citizen, Las Vegas, Nevada:

I was in Carson City last week as one of the campers that spent a couple days on the lawn of the Legislature. I want to remind the members of the Committee and the Legislature as a whole that even though we are no longer there, we are keeping an eye on the session. We want to make sure that the solution that comes out of this legislative session is not the Governor's recommended budget which will deal fatal blows to many services. It is going to end educational opportunities for an entire generation of Nevadans. We want to see a compromise. We want to see a change from the status quo. This tax package is part of that change. Everybody acknowledges that the tax system is broken, yet now we hear from so many people who do not want to do anything to address it or anything to broaden it. They want us to shoulder the burden with increased tuition, a lack of access to services, and the community programs that help make all of Nevada prosper. I urge you to pass this measure among others so that we can all share a portion of the responsibility to make Nevada a great state to live in.

Chair Kirkpatrick:

Any questions? [There were none.]

Ikaika Regidor, Private Citizen, Las Vegas, Nevada:

I recently graduated with my Masters Degree from UNLV, which is a feat in itself. My family came here for my graduation. I was bombarded with questions about what I was going to do now. What is there for me in Nevada? I had a hard time answering questions around the reputation that Nevada has in Hawaii and in Washington. My family knew about our state's revenue crisis and about what seems to be an economic demise. With that, I am urging you, for the sake of not only our state, but for my reputation with my family to pass this

measure and let our state flourish and let us be a shining beacon for the West Coast.

Chair Kirkpatrick:

Thank you.

Ben Clark, Private Citizen, Carson City, Nevada:

My parents came here from Oregon when they laid off hundreds of teachers, near the turn of the last century, in the early 1990s. They came here because they could get jobs as educators. My dad is looking at getting his job cut. I keep hearing about sharing the burden. It is really not sharing the burden if we are making the public sector pay for the private sector's lack of taxes. I am only 19, but I feel like I am already being forced to consider whether I can raise a family here, with education, and to be honest, if we keep down this road, the answer is no. I do not know where I am going to go, but I cannot stay here. There is not much left for education, and we are looking at cutting more. I think it is time to stop saying share the burden and start actually sharing the burden. I am tired of hearing that. It is not sharing the burden anymore. Do not tell me to share the burden when I do not see taxes on big corporations. It is wrong. It is morally wrong, and I do not understand where this is coming from and why people do not believe that people are going to start leaving the state soon. Most of my friends from high school have already left. I am one of the few still here.

Chair Kirkpatrick:

Any questions? [There were none.]

Stacey Shinn, Private Citizen, Reno, Nevada:

I am here in support of the Margin Tax and all other revenues for that matter. All three entities in which I am associated with support revenues as well. The most important thing I want to stress to you today is that as a psychosocial rehabilitation worker, my job is slated for elimination as well as 100 percent of others like me out there in this state. We are looking at a 35 percent reduction for psychotherapy. My mental health clinic has already had to declare bankruptcy. I am not concerned about my job, but I am concerned about my clients and what will happen to them when we no longer exist and these cuts actually take place. I know what happens when my clients do not get services, they go to the emergency room—and trust me, doctors cost a lot more money than I do—as well as go to jails, prisons, and inpatient hospitalizations. Those all cost so much more than outpatient mental health facilities do. Please consider revenue increases.

Assemblywoman Benitez-Thompson:

As a psychosocial worker in the mental health area [Ms. Shinn], you have your patients and your clients that you work with and you are case-planning all the time. That case plan involves how do you keep clients safe and stable and, reciprocally, how does the community stay safe and stable because there is someone to help manage these mentally ill persons in the community. Under Governor Sandoval's budget, those services face dramatic cuts and a lot of folks like you would be laid off. So let us say you will be closing your case plan on your caseload. What is plan B for those folks, while you are case-planning?

Stacey Shinn:

If we have to close these cases with our clients, they have no other option. Most of my clients are Medicaid recipients, so as I said, without their psych therapist, they will go to jail, emergency rooms, or inpatient hospitalization.

Assemblywoman Benitez-Thompson:

I think it can be really easy for people sometimes to hear the term mental illness and a certain type of picture may come into someone's mind. I am wondering if you [Ms. Shinn] can tell me a little bit more without disclosing or violating confidentiality about your client caseloads. What type of diagnosis do your clients have?

Stacey Shinn:

I have cases all across the board. Typically, I work with adults that are very close to having to go to inpatient care. This is the last resort to keep them in the community. My clients have such a range of mental health diagnoses; there is schizophrenia, severe depression, bipolar disorder, autism, and Aspergers. We are a last resort to keep their finances in line so that we do not have to send them to more expensive places. I fear that without these services, they will not be able to live in a home in the community anymore.

Assemblywoman Benitez-Thompson:

So, for example, with your schizophrenic patients, as a service provider, you are working with them in case-planning and meds management, making sure they are taking meds to keep them safe and stable. If you, as a case manager, are not in that person's life, what will happen to that mentally ill person whose services are being taken away. Does that mean there is no one to ensure they are taking their medication and not engaging in self-harming behaviors or behaviors that harm other people? There is not going to be a check and balance on our mentally ill people, and they will just be out in the community, correct?

Stacey Shinn:

Correct. I have seen this happen with all of my schizophrenic patients actually. If we are not there to ensure they are coming into our nurse and getting their medication, they have all had incidents with law enforcement resulting in jail time. I have had one in prison for a long period of time resulting from not taking medication. When we are in their lives, we can ensure that they do so.

Assemblywoman Benitez-Thompson:

I am a social worker as well. I work for a private hospice company with a caseload of seniors, although I do have some younger cancer patients who come to our hospice service when they are within the last six months of their lives. They have been diagnosed by a doctor as terminal. I struggle now to find Medicaid beds in our skilled nursing homes because the nursing homes make more money per bed off of Medicare. Many nursing homes are even remodeling rooms that could once accommodate two patients to single patient Medicare rooms, which means the number of Medicaid beds are going down.

There is also a proposal within Governor Sandoval's budget to cut the reimbursement rate, not only for skilled nursing home beds, but specifically for hospice skilled nursing home beds. I try to think of myself as an astute person, and I honestly do not know what I am going to do with my impoverished, dying seniors when I cannot find a Medicaid bed for them. I call all the nursing homes I know; they say they lose too much money on Medicaid clients. I was struggling with a patient right before I came into session where I called about five different nursing homes, and unless I could promise them that the person was going to pass within two weeks, they would not take him. They would not take anyone who was going to live for more than two weeks to ensure they could bill for that bed the next month. I just feel that people do not understand the conundrum that folks like us on the front line will be put into. There is no magic wand. I do not have a magic resource to take care of my dying seniors that are not going to be okay.

Stacey Shinn:

I agree with you. I am experiencing those same problems because we are already receiving denials for the care that we give from Medicaid. These are people with chronic severe mental illness. We have to turn away clients. There are wait lists at other mental health facilities. I know small mental health facilities like ours have to close. I help coordinate the medical aspects of a lot of my client's lives. We are trying to find doctors that will take Medicaid, and I am running into problems trying to get my clients medical services. I am very concerned.

Assemblywoman Neal:

This is a theoretical question, but it could be real. Some of the positions have been that it is okay to take these cuts because the economy is going to improve. Because the economy is going to improve in 2013 or 2014, you are going to see a difference, and that it is okay for these cuts to actually occur. Although you will be hurt now, you will see some money come in. In real life, living, working, and having to take care of your clients, how does that theoretical position translate to you? What does that mean?

Stacey Shinn:

I am okay with my position being eliminated. I am not okay with my clients losing their services. We are talking about bare-bones services as it is. I have a max of two hours a day to work with a client, and that is sometimes not enough to ensure they are getting their healthy food, or getting to the doctor, or getting any other services they need. Two years ago we lost 100 percent of reimbursement for case management. That means we cannot bill for anything without a client present. We are already operating on such a bare-bones budget that I am not okay with more cuts for my severe, chronically mentally ill clients. Removing my position is taking away from these clients.

Assemblywoman Neal:

I really do feel like we are put in a position where someone is telling us to hope for a better future where the economy revives itself and ignore the reality that is facing us and make a decision against reality. I am one that deals with things as they are. Not for the future mystical point of if, but now. When people were elected, when you voted for people for this session, what I keep hearing from all the testimony is that they elected people who were going to make a decision not to make the earlier mistakes and to actually stand up for the real things that are going on and not have us go back to the same situation and have the same discussion on the same issues. That is what needs to continue to be the discussion for the public. It takes courage to stand up and face reality and to deal with it and not shift the argument into some economic forecast that may not be a reality for today, tomorrow, next week, this summer, or this fall. That is what needs to be continued to push through the students and everyone else who has come to this table because we are being put into a situation hoping things will be great one day. That is not real. We are not living that day today. We were not living that day last year either.

Jon Sasser, representing the Legal Aid Center of Southern Nevada and Washoe Legal Services:

As you may recall, I testified in front of this Committee about a week ago in regards to the Transaction Tax. The substance of my testimony was to point out the types of human services cuts that were scheduled to be added back if a

combination of the Transaction Tax, the Margin Tax, and the sunset on the current taxes were to go forward. I talked about those add-backs and the value of them. I was just upstairs a little while ago, and the money committees have not yet met; they have been postponed to the call of the chair. Apparently, the committees were going to consider a work session document that would have discussed what would happen if we do not pass the Transaction Tax and the Margin Tax, but removed the sunsets on the other taxes. Which of the add-backs on the original list might have to go back to the cut list? As I understood the proposal, of the \$600 million in K to 12 that was going to be added back, about \$80 million would not be added back without the additional revenue sources. For higher education with the \$100 million that was being added back, about \$10 million would not be added back. For health and human services, of the \$130 million add-backs that had been considered, almost \$50 million would not be added back.

Health and human services would take the largest hit if we do not have all three pieces of this three-legged stool pass. Of the things on the health and human services that would not be added back is property tax relief for seniors. A portion of the shift of the cost of nursing home care from the state onto the counties, which the counties have made clear they cannot afford, jeopardizes the ability of them to take care of those seniors in nursing homes who are not covered by Medicaid at the higher income levels. Also, some services in the juvenile justice system would be cut. Finally the biggest portion is in mental health. There are a number of things that would have been added back, primarily in the area of housing and services for people after they leave an institution. The mentally ill end up going right back into treatment or into our county jails. Unfortunately, I was around when we had the recession in the early 1990s where we decimated our mental health system, and the state was accused of balancing its budget on the backs of the mentally ill. I fear that we are heading in that direction again. I ask that we do not do that and support the Margin Tax for the full series of add-backs that were previously considered.

Chair Kirkpatrick:

Any questions? [There were none.]

Charles William Kennedy, Private Citizen, Reno, Nevada:

I back this proposal, not so much for myself, but for higher education. Without higher education in this state, we will not have jobs in the future. We will not have people who want to move here, so we will have a smaller tax base, and we will also be looking at ourselves in a mirror that we had seen as far back as 1883. This tax is not a miracle cure; it is not a magic wand; it is not a magic bullet. It is a step to a better economy in the future, and it is the economy that runs everything. My accountants and I have a strong disagreement. They are

absolutely correct, but I have to go and disagree with them. That is it is money that rules the company, it is the taxes from the company that rule the state, it is the workings of each individual state that runs the nation, and it is this nation that is number one in the world at trying to foster peace, hope, and prosperity around the world where there has been no peace, hope, and prosperity. I have been to other countries and have seen what our people have done and I have seen what I was able to accomplish in those countries. People are alive now because of such things as this tax. It is a trickle-down effect, and it will help many. Without higher education, none of this will occur. I have seen it from the psychological aspect, and I have seen people right now in the streets who should be getting medication but cannot because there is no money available. It will get worse.

Chair Kirkpatrick:

Any questions? [There were none.]

Theresa Navarro, Private Citizen, Reno, Nevada:

I am an activist in this community and have been for over 30 years. I am here to speak on behalf of a lot of people that I have helped. In the last five months, I have helped six families keep their homes that were in foreclosure. I have helped five families with bankruptcy. I work on a daily basis with different families that have called for me to help them receive services. I have helped many families, middle class families, that have lost their jobs and have never applied for food stamps in their life. I have helped them through the process. I go to the Welfare Division and help them with all the forms.

One of my biggest challenges was about three months ago when I got a call from a family whose daughter was diagnosed with bipolar schizophrenia. I went to a mental health office and started working with them. It was very interesting trying to help this girl get on some kind of medication because she was in a very bad situation. We finally got her an appointment after almost two months so she could get temporary medication until she got permanent medication from a physician. At our first appointment for temporary medication, we waited for about an hour to see a doctor. On our second visit, we found that her doctor had lost the position because of the cuts and was no longer there. We had to wait for another doctor, which took about three hours before she got any medication. This is just one family. When I was there, being an activist, I talked to everyone else in the waiting room. I was asking people why they were there. Most of them were brand new and did not understand the system. They were willing to pay taxes. Everyone I talked to about this in our community is willing to pay the taxes. I work with many nonprofit and 501(c)(3) [federal tax-exempt, charitable] organizations; they are

willing to pay taxes also. This is a very important issue, and we need to pass this bill.

Chair Kirkpatrick:

Any questions? [There were none.]

John Hadder, Director, Great Basin Resource Watch:

We spend a lot of time monitoring the mining industry and yes, the Barricks and Newmonts of the world are doing quite well with their tax structure. This definitely needs to be changed to ensure we take advantage of the revenue they are raking in. I think this Margin Tax is a good approach.

I would like to speak personally for a moment. When I am not a director, I am teaching part-time at Truckee Meadows Community College. I see a cross section of a lot of students come through those classes that I teach in chemistry and mathematics, and it is quite clear that some of them are concerned about what is going to happen to higher education in the state and what their futures are going to be. I realize it is a difficult situation we are in, but we do have to think about the future and think about what kind of state we want to have. It is partly for the moment now, which Assemblywoman Neal referred to, but we also need to look to the future and think about how to bring in revenues. I see instructors come into our state and teach part-time initially, the same as me. Some of these are good instructors, and we are going to lose them. It is that simple. I think we have to think about that future as well as what we need to do right now. I support this bill. I encourage this Committee to really think seriously about how we can move forward towards a tax structure which will make sense for the future.

Chair Kirkpatrick:

Any questions? [There were none.]

Jonathan Trujillo, Private Citizen, Reno, Nevada:

I did not come fully prepared to testify this morning, but I would like to speak on personal experience. The Assembly and Senate have been asking for new, fresh solutions and ideas. I have seen numerous students and colleagues come in with new solutions for what we should do for the State of Nevada. Each of them have been stonewalled by the "no new tax" argument. I support taxes in this state. I would prefer to build a lasting foundation in Nevada where I will be able to receive the income, insurance, and support that I will need throughout my life. Diabetes runs rampant in my family. Will I be able to sustain a healthy life for myself and my family if these budget cuts go through? There is a serious problem in this state. Reno is my home. I have lived there my entire life and will continue to live there as long as I possibly can, until there is no more.

Then I will have to leave because I have more things to consider than just myself. I have gotten into lobbying recently. I started social work thinking that I wanted to get into therapy, but I realized there is no way that I can help just individuals. There is just not enough time. I would like to go straight to the top. If these budget cuts go through, I have a lot of faith in this system and I would like to use my services and my products within the legislative body in the future.

Chair Kirkpatrick:

Are there any questions? [There were none.]

Vishnu Subramaniam, representing Nevada State Employees:

I would like to read a letter I received from one of my members who is not able to be here today because of her work schedule. Her letter states:

I work for the State of Nevada. I am a mother of a 19-month-old. When my daughter was born she was on Nevada CheckUp. As sad as this may sound, I was better off when I was on unemployment. It should not be this way. Once I started working for the state, I was taken off Nevada CheckUp, not because I did not qualify money-wise, but because I now worked for the state. I am living paycheck to paycheck, sometimes having to get payday loans to make it through. I have started working a part-time job to try to supplement my income. I pay around \$140 for my insurance plus co-payments and deductible. It is very hard to make it with the money we are making. I ask you to think: we are already making a sacrifice, with furlough days, cost of living freezes, bilingual and differential pays that we have given up, steps being frozen, and not only that, now we are going to have to pay more for our insurance benefits. I consider myself a hard worker and I want to serve everyday Nevadans. Please do not take that away from me and my daughter.

These are the types of letters and conversations that I have daily with state employees. We continually ask our public sector workers to do more with less. They work harder and we reward them by reducing their pay, asking them to take furloughs, asking them to pay for even more of their retirement, and cutting their health care. We need solutions in the state. We strongly support this proposal and all the different revenue bills that you are considering this year. It is so easy to make cuts and ask our vulnerable populations and public employees to sacrifice. Raising revenue is the only way we can fund our state adequately now and for the future. If you are listening to the corporate lobbyists, chambers of commerce, and mining companies, naturally all of these

bills do not make sense to them because they get in the way of profit. But if you ask students, nurses, teachers, workers, people who make our state run, and people who regularly serve the public, they would all overwhelmingly support all of these revenue measures.

Chair Kirkpatrick:

Thank you. Any questions? [There were none.] I know there have already been some tough cuts for state employees that are already part of the original budget.

Frank Papaiani, Representing Retirees:

I was not going to speak today, but I am becoming confused. Taxes, normally, are included in a company's expenses when they determine what price they will sell their product for. We the consumer are paying the tax. From what I have seen here today, all of the consumers are willing to pay that tax. I am confused because when we talk about taxing corporations, we really are increasing the price of products to consumers. When it is not unreasonable, the consumer agrees with the increase.

There was a Carson City supervisor who said to his fellow supervisors that if there is no money in the till, you cannot pay your debts and bills. I hope that little bit of wisdom carries through for this tax proposal, and we the retirees are willing to pay for it on a static income. Thank you for your time.

Chair Kirkpatrick:

Are there any questions? [There were none.] Is there anybody else who would like to testify?

James T. Richardson, Representing Nevada Faculty Alliance:

I testified on this proposal when it was heard on the Senate side, and I thought I would offer similar remarks here. I appreciate the chance to do this. If the Governor's budget is approved as written, another 1,500 employees will lose their jobs in the Nevada System of Higher Education. That is on top of over 700 positions that have already been lost at a time when we are having record enrollments. Every graduating class has been a record class this year, including the Western Nevada College graduating class beating yet another record. For reasons that are not clear to a lot of us, the higher education system has suffered the largest proposed cut in the Governor's budget. That is a puzzlement, frankly. We simply do not understand it. Our calculations indicate that in the Governor's budget, when this next biennium is over, we would have a 29 percent cut in General Fund spending. Tuitions have increased over 50 percent already. The Governor apparently thinks we need to try to fill the

hole with even more tuition increases. Perhaps we will have to see some of that.

We are already very short-staffed in this state. Not only in state employment, which you have heard about; we have the smallest state workforce of any state on a per capita basis. A similar point can be made in higher education. It has been pointed out by Elliott Parker, an economist at UNR, that the state of Utah has more than twice as many faculty in public institutions as we have in Nevada. The populations are within 100,000 of each other. They do not even count BYU because it is a private institution. We get lots of bang for our buck in higher education in Nevada. We have a couple of good research institutions, we have the Desert Research Institute (DRI), and we have the Nevada State College and some community colleges that are doing a fine job. But they are all understaffed. I just want to note for the record some numbers that came out of the closing documents when they closed our budget last week. If this budget is approved, by the end of the biennium we will have closed 38 colleges, schools, departments, and centers; eliminated or suspended 23 more academic programs; eliminated 46 degree programs; and cut some 2373 course sections. That is at a time when our enrollments are burgeoning.

The last point I want to make concerns Assembly Bill 449, a fine bill modeled after what they did in Utah. By the way, Utah is poaching our faculty members as I speak. In Utah they set up a knowledge fund that they have funded on average since 2006 with \$15 million a year in general fund dollars. They put \$33 million from federal stimulus funds in the knowledge fund which is supposed to help stimulate research to diversify the economy. In A.B. 449, and in the closing of the budget that has occurred, there is not one dollar in state funds in the knowledge fund. There is a mechanism where private funds can be accepted, and I am thinking of donating \$1 so the knowledge fund will have something in it. It is actually something of a joke to set up a knowledge fund like that and mimic the state of Utah when we are not putting any funding into it. We desperately need revenues and must stabilize our tax system. The Nevada Faculty Alliance has always supported a broadened business tax; we support a service tax because we have become a service economy. I urge you to do everything you can to get some revenues into this state and to stabilize our tax system.

Chair Kirkpatrick:

Does anyone have any questions?

Assemblyman Anderson:

Could you go over what our system of higher education's reputation would be nationwide if the Governor's budget goes through?

James Richardson:

It is a sad thing to try to contemplate. We currently have what are called "research-one" universities that grant a high level of doctor degrees and bring in a lot of grant funding. We have the DRI as well. We are losing faculty members. If the Governor's budget is approved, I think there is a significant chance that one or both of the universities would lose their research-one categorization. President Stephen G. Wells from DRI has testified that he has already lost 29 faculty over the last few years who have taken tens of millions of dollars in grants with them when they have gone to other jobs. I think we are in serious jeopardy regarding accreditation of our professional schools and in our overall status as research institutions at UNR and UNLV.

Assemblyman Anderson:

One of the things that I was concerned about last session is that if you beat down a university or college so much to the point where they lose accreditation or they lose respect, that has real consequences. One of the things that they were concerned about last session was that you could lose federal aid; you would not be able to use federal aid at these institutions. That includes a whole gamut of things; it includes Pell Grants, GI Bills, and anything federal. Do you think we are at risk of that happening this session?

James Richardson:

I will not speak about Pell Grants, because I think we will remain eligible; that grant is dependent on the individual student and their application and how well the federal government funds them. Where we are losing is in our ability to attract federal grants. We are losing some of our best faculty members who attract those grants and are able to get them because of their reputations. At UNR we lost one scientist who has had tens of millions of dollars in grants. He is taking several people with him to go to the University of Utah, where they are funding higher education at a decent level. That is where we are going to be hurt over the next few years. The DRI and the two universities have the ability to attract those federal research grants in the competitive arena we have to operate in.

Chair Kirkpatrick:

Thank you. Any other questions? [There were none.]

Ben Atteberry, Private Citizen, Carson City, Nevada:

I want to speak in support of anything that we do to generate revenue in this state because I do not appreciate what is being done at this point. I think "no new taxes" is just a bumper sticker. The people that I have spoken to personally are clueless. They have no idea of what they speak. For us to follow that type of thinking in my mind is completely irresponsible. They have

no idea what it takes to get things done, what it takes to educate people, or even what it takes to get their roads paved. I am just very upset that we continue catering to this group that wants to promulgate this message that is misleading. It has no backing in fact anywhere. This country experienced the highest rate of economic growth when personal income taxes were up at the 90 percent rate for the highest income level. It has been downhill ever since. You cannot tell me that cutting revenue to education and health care is going to do anything to help the people or to improve the situation. Again, I want to speak in favor of the Margin Tax and I appreciate your time.

Chair Kirkpatrick:

Thank you. Are there any questions? [There were none.] At this time, I will go meet with Ms. Leslie and get a copy of the Senate amendment. I will get one to all of you. If you identify policy concerns that would be most helpful to me. Last week I asked the Committee if they had policy concerns on the Transaction Tax to please get them to me. I have not received any additional ones. We have 12 days left.

I will get some clarification on the More Cops fix for the long-term, and maybe Mr. Munford could have a work session on Thursday. Is there anything else from the Committee? With that, we are adjourned until Thursday [at 12:08 p.m.].

RESPECTFULLY SUBMITTED:

Mary Garcia
Recording Secretary

Nancy Davis
Transcribing Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: May 24, 2011

Time of Meeting: 9:11 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 572	C	Assemblywoman Kirkpatrick	Attorney General's Opinion
A.B. 572	D	Leonard Cardinale	Written Testimony
A.B. 572	E	Leonard Cardinale	City of North Las Vegas' Audit
A.B. 572	F	Assemblywoman Kirkpatrick	Las Vegas More Cops spreadsheet
A.B. 572	G	Assemblywoman Kirkpatrick	North Las Vegas More Cops spreadsheet
A.B. 572	H	Assemblywoman Kirkpatrick	Henderson More Cops spreadsheet