

**MINUTES OF THE  
SENATE COMMITTEE ON REVENUE**

**Seventy-sixth Session  
June 4, 2011**

The Senate Committee on Revenue was called to order by Chair Sheila Leslie at 7:42 a.m. on Saturday, June 4, 2011, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Sheila Leslie, Chair  
Senator Steven A. Horsford, Vice Chair  
Senator Michael A. Schneider  
Senator Moises (Mo) Denis  
Senator Mike McGinness  
Senator Joseph (Joe) P. Hardy  
Senator Elizabeth Halseth

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Marilyn Kirkpatrick, Assembly District No. 1  
Assemblyman Lynn D. Stewart, Assembly District No. 22

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Mike Wiley, Committee Secretary

**OTHERS PRESENT:**

Chuck Callaway, Director, Office of Intergovernmental Services, Las Vegas  
Metropolitan Police Department  
Douglas C. Gillespie, Sheriff, Las Vegas Metropolitan Police Department  
Dan Musgrove, City of North Las Vegas

Senate Committee on Revenue  
June 4, 2011  
Page 2

I will open the hearing on Assembly Bill (A.B.) 572.

[ASSEMBLY BILL 572 \(1st Reprint\)](#): Revises the use by police departments of certain sales and use tax proceeds in Clark County. (BDR S-1300)

ASSEMBLYWOMAN MARILYN KIRKPATRICK (Assembly District No. 1):

The City of North Las Vegas in 2010 asked for an Attorney General's (AG) opinion for the base year on the Clark County Sales and Use Act of 2005, also known as the More Cops sales tax initiative, because part of the legislation was to keep adding police officers and not supplant the dollars. The AG stated at no time could there be a deviation from the 2005 base. In 2009, because the down economy impacted local governments, the City did not hire any additional police officers. There were questions about whether the More Cops dollars exceeded the original plan from 2005. There is a copy ([Exhibit C](#)) of the AG's opinion on the Nevada Electronic Legislative Information System. The bill allows the base to be reset to the 2009 level; that becomes the new base. The Las Vegas Metropolitan Police Department hired over 500 police officers and Henderson hired over 50 police officers, so most kept within what they had promised the voters.

There are consequences for cities that supplant or do not spend their dollars correctly. If you combined the rate, 2 percent property tax and 2 percent of Consolidated Tax (CTX) Distribution, and with property values going down, cities are required to provide a resolution stating plans on how the situation will be rectified. Public hearings will have to be held; however, if this is not done, the More Cops dollars can be held by the county treasurer and other agencies will have to make up the balance on the coverage. For example, if North Las Vegas does not have the capability and did not spend the money correctly, other entities would have to pick up the services regardless of the situation. There is a process for this situation. Without this bill, every entity in Clark County is in violation based on the AG's opinion.

CHAIR LESLIE:

Are you resetting fiscal year 2009-2010 as the base year?

ASSEMBLYWOMAN KIRKPATRICK:  
Correct.

Senate Committee on Revenue  
June 4, 2011  
Page 3

CHUCK CALLAWAY (Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department):

We support A.B. 572 because it will allow us to provide quality service to the community and not be in a situation where we would be supplanting funds.

DOUGLAS C. GILLESPIE (Sheriff, Las Vegas Metropolitan Police Department):

I have worked with all of the law enforcement entities involved and Assemblywoman Kirkpatrick for the revisions of A.B. 572. The bill reflects consensus of our agency heads and finance people. We would appreciate your support for this bill to move forward.

DAN MUSGROVE (City of North Las Vegas):

The City of North Las Vegas has had discussions on the More Cops money. We completed an internal audit to make sure we were following the law. We discovered some areas where budget accounts needed to be rectified to be in compliance. We had a potential problem going forward, and we appreciate this Legislature allowing for what has happened in the economy.

SENATOR HORSFORD:

The bill refers to a public body projecting a decrease in its receipt of revenue on the fiscal year of CTX in section 1, subsection 3, paragraph (b), lines 30-34. Is this based on the revenue source and the allocation of the CTX and property tax, and who makes the determination?

MR. MUSGROVE:

The Department of Taxation provides the cities their numbers on revenue projections going into the next fiscal year. If it is determined there is a decrease on the combined revenues of 2 percent, then the City of North Las Vegas would make a finding with a resolution through a public hearing to inform the public the police budget will have to be reduced.

SENATOR HORSFORD:

Is it the Department of Taxation that determines whether or not it is more than 2 percent from the base fiscal year?

MR. MUSGROVE:

That is my understanding.

ASSEMBLYWOMAN KIRKPATRICK:

In the past, all we have asked from local governments is copies of what they are doing for More Cops and if that form has been changed to show their current budgets, so the Department of Taxation can determine if they are within their defaults.

SENATOR HORSFORD:

The cities submit those forms to the Department of Taxation showing the decrease in revenue. Will the Department of Taxation be able to reconcile the CTX or property tax if revenues were down 2 percent, based on the forms submitted?

ASSEMBLYWOMAN KIRKPATRICK:

No, local government is required to submit a budget and then get projected revenues on how to proceed. We have not had a mechanism to cross-reference the More Cops to that budget. This will allow us to see what the beginning budget was for the preceding fiscal year based on the forms that were corrected. The intent is that local government define, based on the projections received from the Department of Taxation, declines in property tax. This will allow the public to be aware of what is in the budget and what the city spent.

SENATOR HARDY:

Would you go over the county treasurer's role as to what money is received and what is paid out?

ASSEMBLYWOMAN KIRKPATRICK:

The dollars go to the treasurer's office and are disbursed based on the formula in place. The treasurer will be responsible for ensuring the dollar amounts are met.

SENATOR HARDY:

The sales tax goes directly to the treasurer and because of decreased revenue, the treasurer will be able to disburse the monies properly.

ASSEMBLYWOMAN KIRKPATRICK:

Correct. This will give the treasurer the responsibility because it will be taken to the county commission and put on the consent agenda.

Senate Committee on Revenue  
June 4, 2011  
Page 5

SENATOR HARDY:

If the treasurer does not comply, what is the consequence?

ASSEMBLYWOMAN KIRKPATRICK:

Legislatively, we could act within the next couple of years if so determined. The county commission is aware it is an issue and will need to be aware of what is happening.

CHAIR LESLIE:

Has the Office of the Attorney General reviewed the bill?

ASSEMBLYWOMAN KIRKPATRICK:

I do not know, but I will call today and have the Attorney General's Office contact you.

SENATOR DENIS:

The only fiscal note I see is from the Department of Taxation. Is it because of new activity on their part?

ASSEMBLYWOMAN KIRKPATRICK:

Correct.

CHAIR LESLIE:

How are we paying for that expense?

ASSEMBLYWOMAN KIRKPATRICK:

The Department of Taxation is responsible for reviewing budgets of local governments, so this is well within the purview of what it does. It will be easier for Legislators and the public to track the information.

SENATOR HARDY:

I do not think there was anything more in the More Cops initiative because I do not remember anything about administrative concerns.

CHAIR LESLIE:

The way it is set up makes sense, but we do not have any money, and this is a \$132,000 expense.

Senate Committee on Revenue  
June 4, 2011  
Page 6

ASSEMBLYWOMAN KIRKPATRICK:

Without this bill, all cities are out of compliance.

SENATOR HORSFORD:

The fiscal notes came June 3 from the Department of Taxation and I assume they are related to the amendments. Is there something within local entities and the Las Vegas Metropolitan Police Department whereby these costs can be covered?

SHERIFF GILLESPIE:

I do not think it would be appropriate to take More Cops funds to pay for administrative aspects of the use tax. The fund is to go for police officers and their associated equipment. Since my organization is the major user of the funds, we can look at a way to work with the Department of Taxation on administering this program. I would question the \$132,000 required to oversee this process—it seems too high.

ASSEMBLYWOMAN KIRKPATRICK:

Sheriff Gillespie is correct. We need to review with the Department of Taxation to determine the need and cost.

SENATOR HORSFORD:

In the explanation, the Department of Taxation claims section 2 will require the Department to accept and process quarterly and annual reports from various bodies regarding approval of expenditures. The Department would conduct the review proposed and determine the accuracy of the statement and provide the written determination of compliance. It does not warrant a full-time person. We could approve this as is and then get with the Department of Taxation for a revision of the fiscal note. If there is a cost, it can come to the Interim Finance Committee.

SENATOR HORSFORD MOVED TO DO PASS A.B. 572.

SENATOR HARDY SECONDED THE MOTION.

SENATOR DENIS:

Because the language is permissive, I want to make sure this gets done.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR LESLIE:

I will close the hearing on A.B. 572 and open the hearing on A.B. 245.

[ASSEMBLY BILL 245 \(1st Reprint\)](#): Revises provisions governing eligibility for certain tax exemptions. (BDR 32-348)

ASSEMBLYMAN LYNN D. STEWART (Assembly District No. 22):

Veterans are allowed an exemption from Governmental Services Tax for vehicle registration. This bill would allow a veteran to transfer that exemption to a spouse. This was brought about by a veteran who was disabled and unable to drive. The spouse owned the vehicle, and she was unable to get the exemption. This bill allows the veteran, through affidavit, to transfer the entitlement to the spouse. The veteran must sign the affidavit. It would be terminated if there was a divorce, if the veteran revoked the exemption or if the veteran passed away. There is no fiscal impact.

CHAIR LESLIE:

Can only one person get the exemption?

ASSEMBLYMAN STEWART:

If the spouse takes the exemption, then the veteran cannot claim it during the time the spouse has it.

CHAIR LESLIE:

I will close the hearing on A.B. 245.

SENATOR HARDY MOVED TO DO PASS A.B. 245.

SENATOR HALSETH SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Senate Committee on Revenue  
June 4, 2011  
Page 8

CHAIR LESLIE:

The meeting of the Senate Committee on Revenue is adjourned at 8:18 a.m.

RESPECTFULLY SUBMITTED:

---

Mike Wiley,  
Committee Secretary

APPROVED BY:

---

Senator Sheila Leslie, Chair

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



<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 572	C	Assemblywoman Marilyn Kirkpatrick	Attorney General's Opinion