

**MINUTES OF THE  
SENATE COMMITTEE ON REVENUE**

**Seventy-sixth Session  
April 12, 2011**

The Senate Committee on Revenue was called to order by Chair Sheila Leslie at 1:10 p.m. on Tuesday, April 12, 2011, in Room 2134 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:**

Senator Barbara K. Cegavske, Clark County Senatorial District No. 8

**STAFF MEMBERS PRESENT:**

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

**OTHERS PRESENT:**

Ray Bacon, Executive Director, Nevada Manufacturers Association  
Michael Dayton, NAIOP, Southern Nevada Chapter  
Jacob Snow, Regional Transportation Commission of Southern Nevada  
Andy Belanger, Southern Nevada Water Authority; Las Vegas Valley Water District  
Philip Speight, Deputy General Manager, Las Vegas Valley Water District  
Javier Trujillo, City of Henderson  
Gary Milliken, Association of General Contractors, Las Vegas Chapter; Building Jobs Coalition

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Helen Foley, Pardee Homes of Nevada  
Greg Ferraro, Nevada Resort Association  
Patrick Sanderson, Laborers International Union Local 872/AFL-CIO  
Randy Robison, Virgin Valley Water District  
Debra W. Struhsacker, Executive Director, Nevada Mineral Resources Alliance  
Laura K. Granier, Nevada Mineral Resources Alliance  
Richard Bedell, President and CEO, Renaissance Gold Inc.  
Susan Fisher, Nevada Mineral Exploration Coalition  
David R. Shaddrick, President, Nevada Mineral Exploration Coalition  
Jacob Margolis, Exploration Manager, Redstar Gold USA Inc.  
Kathryn L. Burke, Washoe County Recorder  
Tim Crowley, President, Nevada Mining Association  
Colleen Cripps, Acting Administrator, Division of Environmental Protection  
Jeffrey Payson, Clark County Assessor's Office  
Dotty Merrill, Ed.D, Executive Director, Nevada Association of School Boards  
William "Jeff" Johnson, Humboldt County Assessor

CHAIR LESLIE:

I will open the hearing on Senate Bill (S.B.) 383.

**SENATE BILL 383**: Revises provisions relating to economic development. (BDR 32-19)

SENATOR BARBARA K. CEGAVSKE (Clark County Senatorial District No. 8):

I will be presenting S.B. 383. It is an economic development bill designed to stimulate business and jobs for the hardest hit communities in the State. Nevada has the highest unemployment rate in the Country, and in this environment we must do everything we can to get people back to work. One of the tools we can use is enterprise zones. Nevada is one of six states without enterprise zones. States using these zones have unemployment rates lower than Nevada. Enterprise zones allow county and city governments to use tax abatements to bring new businesses to areas in desperate need of jobs. This bill will deal with federal land, so that the State does not lose its taxable properties. The legislation will allow the creation of enterprise zones in counties with an unemployment rate higher than 8 percent in four consecutive quarters.

The intent is to give the State the tools to attract large scale employers in times of high unemployment. This legislation will not have a negative impact on revenue because it only provides incentives for companies that relocate in Nevada and hire 500 employees. This legislation will make Nevada more competitive with other

states and give local governments the tools needed to compete for jobs in the twenty-first century. I will cover my prepared testimony ([Exhibit C](#)).

CHAIR LESLIE:

How many enterprise zones would be established; what is the level of interest?

SENATOR CEGAVSKE:

Reviewing other states, we were looking for avenues where we could enhance growth by looking for businesses that would consider moving to Nevada. We are looking for ways to help economic development in Nevada.

CHAIR LESLIE:

Did the Commission on Economic Development review this information?

SENATOR CEGAVSKE:

I did not contact them.

RAY BACON (Executive Director, Nevada Manufacturers Association):

Counties where this would apply would have existing facilities that could be occupied by large companies. This could be an incentive for companies to move to Nevada. We support the bill.

MICHAEL DAYTON (NAIOP, Southern Nevada Chapter):

We want to go on record in support of S.B. 383.

CHAIR LESLIE:

I will close the hearing on S.B. 383 and open the hearing on Senate Bill 432.

**SENATE BILL 432**: Revises provisions governing governmental financing. (BDR 32-538)

JACOB SNOW (Regional Transportation Commission of Southern Nevada):

We are in support of S.B. 432. The Regional Transportation Commission of Southern Nevada (RTC) is responsible for funding roadway projects in five municipalities and Clark County. These projects are built by the private sector, and we make every effort to get the projects out for bid quickly. In order to issue bonds, the RTC has to ask Clark County to issue the bonds on our behalf. These are revenue bond issuances, so the funding sources are designated by the Legislature for transportation projects. Since revenue streams are dedicated to transportation, we do not lose any advantage on bond ratings by issuing them

ourselves. Going through Clark County slows down the bond issuance process. This bill would allow us to issue the bonds ourselves by allowing us to get the projects out for bid and create more jobs. We have a sister agency at the RTC, the Regional Flood Control District. We have the same board, but that District can issue its own revenue bonds and we cannot. This bill would allow the RTC to issue the same type of revenue bonds dedicated for projects the money ought to be spent on as indicated by the Legislature.

CHAIR LESLIE:

Could you clarify the role of the County Board of Commissioners, and do you have to get their approval each time?

MR. SNOW:

According to State statute, we have to go through the Clark County Commission to issue revenue bonds.

CHAIR LESLIE:

Does this bill eliminate that step?

MR. SNOW:

This bill would allow us to go to our board for permission to sell revenue bonds. By going through the Clark County Commission, it adds 60 to 90 days to the process. This bill would eliminate that process.

SENATOR HARDY:

Can you assure us that you have a revenue stream to match the revenue bonds?

MR. SNOW:

That is correct. We are only allowed to issue revenue bonds for projects for which we have a revenue stream, which is a 9 cents per gallon gasoline tax and 0.5-cent sales tax.

SENATOR HARDY:

Is that the same revenue source the County Commission would use if it were doing the revenue bonds?

MR. SNOW:

Yes.

ANDY BELANGER (Southern Nevada Water Authority; Las Vegas Valley Water District):

We are in support of S.B. 432. The 1997 Session passed A.B. No. 291 of the 69th Session, which authorized an infrastructure sales tax for every county in the State. It required the County Commission to authorize the imposition of the tax, and in Clark County the County Commission sent an advisory question to the ballot in 1998 to ask whether this tax should be imposed. The reason we needed this tax was because Clark County was building an infrastructure project that included a water treatment facility, new intake at Lake Mead and regional laterals that crossed the valley. The question was would voters prefer this infrastructure be paid for through rates and connection charges or with a 0.25-cent sales tax, allowing tourists to pay into the system.

The uniqueness of the sales tax in Clark County is the State imposed a cap on the amount and the duration the tax can be imposed. Senate Bill 432 removes the statewide cap and retains a local ten-year recurring sunset on the tax. The County Commission has to approve it every ten years in order to impose the sales tax. Senate Bill 432, section 8 does not authorize a tax increase; it removes the statewide cap and requires the County Commission to vote on the continuance of the tax. Section 11 of the bill focuses on 40-year financing for water projects that have a long life span, and section 10 of the bill allows 15 years before capital appreciation bonds start being repaid. The bill is critical for the completion of the third intake and allowing water infrastructure for southern Nevada to be completed in a way that does not cause water rates and connection charges to increase. This proposal was included in the Building Jobs Coalition strategies presented to the Select Committee on Economic and Employment and has the potential of adding approximately 3,000 jobs.

PHILIP SPEIGHT (Deputy General Manager, Las Vegas Valley Water District):

We expect Lake Mead to gain 20 feet of elevation over the next five to six months as water is released from Lake Powell. The construction of the third intake continues to be the highest priority. Ninety percent of the water coming into the valley comes from Lake Mead and the Colorado River. Approximately 2 million people are dependent upon the water, and the third intake will allow the Las Vegas Valley Water District and the Southern Nevada Water Authority (SNWA) to take water from a depth 150 feet deeper than current intakes allow. The SNWA intends to acquire a \$410 million bond issue early next year. Sixty percent of the bond will be used for the construction and completion of the third intake. Senate Bill 432 allows the SNWA to use 40-year financing for facilities older than 50 years. The SNWA economic conditions continue to

deteriorate and our bond rating has been lowered from an AA- to A+. Our revenues continue to decrease, from a high of \$188 million to \$6.2 million in connection charges, down 98 percent. Sales tax is our most stable revenue source and having it stabilized will strengthen our bond rating.

JAVIER TRUJILLO (City of Henderson):

We are in support of S.B. 432. We believe in getting the third intake completed. The bill would give Clark County parity with the rest of the State.

GARY MILLIKEN (Association of General Contractors, Las Vegas Chapter; Building Jobs Coalition):

We are in support of S.B. 432.

HELEN FOLEY (Pardee Homes of Nevada):

I have supplied letters from the Coalition for a Sustainable Future ([Exhibit D](#)) and the Latin Chamber of Commerce of Nevada ([Exhibit E](#)) supporting this legislation. For any type of growth in southern Nevada, it is important we have a reliability of water and funding. Clark County is the only county with a State-imposed cap on sales tax. We like that this bill has a local sunset, so every ten years the agency would have to go before the County Commission and prove the money is necessary. The County Commission has to vote on continuing the process.

GREG FERRARO (Nevada Resort Association):

We are member of the Coalition for a Sustainable Future and we support S.B. 432. We were active in the successful effort to pass A.B. No. 291 of the 69th Session, and this bill is a continuation of the effort that began 14 years ago.

PATRICK SANDERSON (Laborers International Union Local 872/AFL-CIO):

We are in support of S.B. 432.

RANDY ROBISON (Virgin Valley Water District of Nevada):

Over the years, we have derived significant benefit from the revenue generating mechanism that is in this bill. It really has helped a small community keep up its infrastructure needs. We are in support of this bill.

CHAIR LESLIE:

I will close the hearing on S.B. 432 and open the hearing on S.B. 492.

**SENATE BILL 492**: Revises provisions regarding the payment of certain fees for mining claims. (BDR 46-734)

DEBRA W. STRUHSACKER (Executive Director, Nevada Mineral Resources Alliance):  
I have prepared testimony ([Exhibit F](#)).

SENATOR DENIS:

My question is on venture capitalists putting money into exploration. Are they coming from outside the State, or are they Nevada companies?

MS. STRUHSACKER:

Money is raised in capital markets like Toronto and Vancouver. They are not just investors in Nevada.

SENATOR DENIS:

We have other areas where we are discussing projects by venture capitalists, and I wanted to get that insight as we move forward.

SENATOR HORSFORD:

I need someone to define what a small explorations project or a small mining operation means.

MS. STRUHSACKER:

The *Nevada Revised Statutes* (NRS) 519A governing reclamation create a definition of small exploration and small mining projects as projects that disturb less than 5 acres.

SENATOR HORSFORD:

In section 1, subsection 3, lines 29 through 30, the bill states "within a small exploration project, small mining operation, exploration project or mining operation." What is the difference? Why is it not descriptive of small versus a regular exploration or mining operation?

MS. STRUHSACKER:

The fee structure is based on the permitting obligation with the Division of Environmental Protection (DEP). Projects that disturb fewer than 5 acres do not require a permit from DEP; those projects would qualify for the \$2.50 per acre claim fee. Exploration projects disturbing more than 5 acres do require a permit from DEP, and they would pay the \$5.50 per acre fee.

SENATOR HORSFORD:

I understand section 1, subsection 2, and paragraph (a) which applies to the \$2.50 claim fee for projects less than 5 acres. In subsection 3, what does that apply to?

LAURA K. GRANIER (Nevada Mineral Resources Alliance):

Subsection 3 is a reporting mechanism, so that an affidavit will be filed at the time of the recording of the claim annually to the county recorder, indicating what area the claims fell within: a small exploration project, small mining operation, exploration project or mining operation as the terms are defined in the bill.

SENATOR HORSFORD:

Section 1, subsection 3, paragraph (a) is a project less than 5 acres. Explain paragraph (b).

MS. STRUHSACKER:

A small mining operation is defined in statute as an operation that requires a reclamation permit, NRS 519A.200. Exploration projects that disturb more than 5 acres require a similar permit, NRS 519A.180.

SENATOR HORSFORD:

Section 1, subsection 2, paragraph (a) applies to projects under 5 acres and section 1, subsection 2, paragraph (b) applies to what size of project?

MS. STRUHSACKER:

It applies to an exploration permit for a project that disturbs more than 5 acres.

SENATOR HORSFORD:

Section 1, subsection 2, paragraph (c) is the \$195 fee?

MS. STRUHSACKER:

Yes, for a mining operation.

SENATOR HORSFORD:

Is there a basis for the 5 acres, and who determines it?

MS. STRUHSACKER:

The determination of the 5 acres is to make the DEP's regulatory program for reclamation consistent with a threshold that the Bureau of Land Management (BLM) uses. The BLM requires a plan of operations for exploration on public lands



that disturb 5 or more acres. Under that, BLM allows people to operate under a notice.

CHAIR LESLIE:

I asked staff to calculate how much revenue has been collected since the Twenty-sixth Special Session, and it totals about \$4.4 million. Are people planning to pay or drop their claims?

MS. STRUHSACKER:

In the exploration community, there is hope there will be relief on the amount of the fees. If the fee remains, many companies will have to drop claims because they cannot afford to maintain a large claim block.

CHAIR LESLIE:

Is there a pending lawsuit?

MS. GRANIER:

There is a lawsuit pending in Elko County challenging the constitutionality of the claims fee. I have prepared testimony ([Exhibit G](#)).

CHAIR LESLIE:

As I understand your testimony, the fact is you pay more in fees when you are in production whereas the registration fee would be in line with the Nevada Constitution.

MS. GRANIER:

I believe so; a fee should be tied to a service provided. Nonproducing claims lower supplemental fees of \$2.50 or \$5.50 look more like fees than the \$70 or the \$195. The higher fee is tied to production which creates a greater ability to pay; in addition, the producers proposed the fee in lieu of modifying the deduction.

SENATOR HORSFORD:

In your overview, you touched on the deduction issue, and I would like to drill down a little further. You stated it is in the authority of the Legislature to define the type of deductions that are or are not allowable.

MS. GRANIER:

It is constitutionally mandated under Article 10, section 5 that states "the legislature shall provide by law for a tax upon the net proceeds of all minerals ... ." It is constitutionally mandated to define what net proceeds means.

A historical review of the statutes reveals that many decades ago, the deductions were more closely linked to actual costs of extracting the minerals at the mine sites.

SENATOR HORSFORD:

We do not need to change the Constitution in order to require mining industry to pay more if we identify the deductions that are allowable?

MS. GRANIER:

There is no need to change the Constitution. The deductions could be reviewed today with adjustments made as needed by defining the net.

SENATOR HORSFORD:

We should be looking at the categories of deductions, not the overall percentages.

MS. GRANIER:

Ken Brunk of Midway Gold Corporation would welcome that discussion and would participate as well as the other members with expertise in the industry who could help with defining a reasonable deduction to extract the mineral.

CHAIR LESLIE:

I will work with staff on the deductions.

RICHARD BEDELL (President and CEO, Renaissance Gold Inc.):

Our company was started in 2002. We did geoscience work on finding places to explore for gold and silver. In 2003, we formed AuEx Ventures, Inc. and took it public in 2005. This is a high-risk business, and statistics show you have to have 1,000 projects to have 1 become successful. The fee has two major effects: dollars removed from exploration cause decreased production and reduced investment ranking in the global competition. Nevada was ranked in the top three for many years and is currently ranked ten. There is about \$250 million invested annually in Nevada exploration. We will be spending \$2 million on exploration and we will pay \$785,000 on claim fees. Without the fee, we would be paying \$342,000. In Argentina and Spain, we do not pay anything close to what we pay for claims in Nevada.

CHAIR LESLIE:

Is there anything you would suggest that would increase investment? Do you think this bill is middle ground?

MR. BEDELL:

I think it is middle ground. We need to get Nevada back into the top three international rankings for mineral investment.

SENATOR HORSFORD:

In the exploration business, what types of activities are performed? You would procure certain services or activities and then pay a broad-based tax?

MR. BEDELL:

We pay taxes just like everybody else. We hire many different providers.

SENATOR HORSFORD:

Do you hire Nevada-based firms?

MR. BEDELL:

Yes.

SENATOR HORSFORD:

What happens if you do not have the expertise?

MR. BEDELL:

Nevada has a wealth of technical expertise. We have a lot of talent in Nevada.

SENATOR HORSFORD:

If there were a broad-based tax on activities you procure, your industry would contribute to the State outside of a claims fee. Do support this approach?

MR. BEDELL:

Yes.

SUSAN FISHER (Nevada Mineral Exploration Coalition):

We are in support of S.B. 492. If the amendment eliminates the fiscal note, we would support the bill. This bill is job creation, bringing new business and new dollars to the State. I have a chart ([Exhibit H](#)) that shows a comparison of mining claim fees in the other Western states. The first column shows mining claim fees in Nevada, which are higher than in other Western states. The second column, based on 100 claims, shows an additional \$7,000. The final column, with the recording and per page copy fee shows how much higher Nevada is compared to other Western states. If you are looking to invest somewhere, this chart would discourage you from coming to Nevada because we are the highest in claim fees.

This is an inhibitor to investment in the State, and this bill will help bring it back in line. Are the numbers originally proposed in S.B. 492 the correct numbers, \$2.50 and \$5.50? Maybe, but we are willing to work with the Committee if changes need to be made.

DAVID R. SHADDRICK (President, Nevada Mineral Exploration Coalition):  
Our Coalition is a grassroots organization of more than 140 small businesses, all engaged in mineral exploration in Nevada. Our membership reflects the demographics of the broader exploration community because we are dominantly made up of small underfunded or unfunded companies and individuals. We have included a few larger companies and suppliers in our Coalition. All of our members are struggling to become big explorers, and we want to emulate AuEx Ventures, Inc. The exploration community represents the largest number of claim owners and claims in the State. We are the majority of the people and the companies affected by A.B. No. 6 of the 26th Special Session.

Senate Bill 492 addresses two of the unintended consequences of A.B. No. 6 of the 26th Special Session, the regressive nature of the fee and the lack of balance in its application. With balance, the bill sets and distributes the increased claim fee based on the activity of the claim holder rather than the number of claims held. Under the law, most of the fees burden is on entities with no revenues for mineral production and small exploration budgets.

The majority of start-up companies or individuals are still looking for money to have a budget. This bill assesses an escalating fee structure based on the stage of exploration that is a direct measure of the budget levels and wealth of the company. This bill has an economic development component to preserve and enhance the ongoing contributions to Nevada's economy—the economic engine that is exploration. Exploration has the ability to inject hundreds of millions of dollars in the Nevada economy. Monies we raise are research and development venture capital that comes from outside the State and stays in the State in the form of wages, goods and services. An investment-friendly public policy is critical to the economic development of Nevada. There are billions of dollars of exploration investment money, worldwide, looking for a place to invest.

SENATOR HORSFORD:

The other witnesses made the case there is constitutional question whether claims can be assessed at a low amount. What about the issue our claim fees are higher because the gold is here?

MR. SHADDRICK:

We are not the only State or jurisdiction in the world that has gold; there are a number of large gold-producing jurisdictions. We were No. 2 or No. 3 on gold production, but we are less known. Investment money goes where money can be made. If we create a restrictive investment environment, the investors will go to Chile, Argentina or Spain because they can make money.

SENATOR HORSFORD:

The Nevada Vision Stakeholder Group report talks about the fact that Nevada receives half the national average in venture capital investment. How do we tie it to economic development? Mining is an important industry, and the research and development should be done here more than anywhere else.

JACOB MARGOLIS (Exploration Manager, Redstar Gold USA Inc.):

The issue comes to what the mining claims generate, and until a discovery is made, there is no production or income from the claims. The State needs to create an environment that encourages our business. It is the activity that will lead to the mines for paying taxes.

SENATOR HORSFORD:

We have that environment, and it has not diversified our economy in any meaningful way. We have a strategic plan that by 2030 we plan on receiving \$300 million of venture capital, which still ranks us last among the other states. We have a good business environment, a streamlined regulatory environment, the mineral is here, we have a trained workforce—we have all these attributes, but we still are not benefiting from research and development, from the technology advancements, manufacturing or processing. Much of the processing and refinement is done outside of the State. As policy makers, we are asking for more specifics than just a positive business climate.

MR. MARGOLIS:

When we talk about S.B. 492 versus A.B. No. 6 of the 26th Special Session, it does improve the environment. We are here to support the bill because of the improvement.

SENATOR HORSFORD:

If it takes us back, then we are still not getting the benefits and have not achieved anything other than to give you a reduced rate on your claim fees. We try to achieve balance in what we do.

MR. SHADDRICK:

Both mining and exploration generate peripheral industries around them. Successful exploration creates geophysical firms, geochemical firms and analytical labs. Successful mining creates metallurgical people and engineering companies.

CHAIR LESLIE:

When you review the report, it shows Nevada has never reached its potential in the mining industry by generating those additional businesses. Does the bill sunset?

MS. FISHER:

Yes, in three years.

CHAIR LESLIE:

If we are trying to make a predictable environment for the mining industry, would it be better to settle it once and for all and eliminate the sunset?

MS. FISHER:

We will work with the sponsor.

KATHRYN L. BURKE ( Washoe County Recorder):

I have prepared testimony ([Exhibit I](#)).

TIM CROWLEY (President, Nevada Mining Association):

We are neutral on this bill. We were asked during the Twenty-sixth Special Session to find a source of revenue. After reviewing mining fees and mining claims, we selected them and supported the legislation. There were discussions on the nonproducing development arm of the mining industry, which includes many members of my association. Barrick Gold Corporation and Newmont Mining Corporation are the largest gold-producing companies and hold more claims as developers than producers. This bill will would provide them with a fee decrease. We are not asking for a decrease in our fees; we are living by the commitment we made during the Twenty-sixth Special Session.

CHAIR LESLIE:

What is your reaction to the chart in [Exhibit F](#) showing 62 percent of the fees paid by nonproducing mines?

MR. CROWLEY:

I take the data as valid because there are more claims held by the nonproducing developing and investment arms of the mining industry, including claims held by large producers. I do not dispute the information. The number of claims paid to date was paid almost exclusively by the larger mining companies, Barrick and Newmont. The purchase of Fronteer Gold Inc. by Newmont Mining Corporation—Newmont will be paying the mine claim fees soon.

SENATOR HORSFORD:

When will that happen?

MR. CROWLEY:

A component of Barrick's fees paid on Friday, April 8, would not be included in your report. The claims held by Fronteer Gold will be paid by Newmont in the near future.

SENATOR HORSFORD:

What is the relationship between the producers and nonproducers?

MR. CROWLEY:

They are dependent on each other. One could not exist without the other.

CHAIR LESLIE:

Setting aside the battle about the Twenty-sixth Special Session and looking at the bill we have before us today, do you think this bill is good for the mining industry or bad for the industry?

MR. CROWLEY:

The issue is harmful to the mining industry because of the rift with two dependent components which are dependent on each other. If this Committee decides to provide relief to the development investment banking side of the industry—we are not asking for that relief.

CHAIR LESLIE:

The action, not the bill, was harmful.

MR. CROWLEY:

The notion that we represented the entire industry is flawed. Dan Reaser from Lionel Sawyer, representing the same clients presented in the first round, sent a letter to all of the Legislature:

Accordingly, while the mining exploration segment of the industry remains very concerned about the potential adverse impacts of the fee on pursuing new resources of production in Nevada, we recognize that there are no good alternatives immediately available to solve the fiscal situation and the Legislature is convinced that the permit fee is critical to balancing the budget.

I offer that to suggest they were here and knew the consequences and participated.

MS. GRAINIER:

The Nevada Mineral Resources Alliance did not exist during the Twenty-sixth Special Session, so we could not be representing that same party. Mr. Ken Brunk with Midway Gold Corporation was unable to attend and would like to have his testimony as part of the record ([Exhibit J](#)).

COLLEEN CRIPPS (Acting Administrator, Division of Environmental Protection):

I appreciated working with the proponents of the bill on proposed amendments. If the bill is adopted with amendments, the fiscal note submitted by the Division would not be needed.

CHAIR LESLIE:

I will close the hearing on S.B. 492. It is my intention to have the work session on the mining bills on Thursday. I will open the work session on Senate Bill 249.

**SENATE BILL 249**: Makes various changes relating to administration of taxes on property. (BDR 32-793)

JOE REEL (Deputy Fiscal Analyst):

Senate Bill 249 revises the definition of a "bona fide resident" to clarify that a seasonal resident would not be eligible to receive property or governmental services tax exemptions authorized under current law. We were asked to consult with legal counsel to ensure there were no conflicts with the definition of "bona fide resident," and we were advised there is no conflict. The bill would authorize the county assessors, upon request, to use electronic means to provide annual renewal notices associated with the tax exemptions. The bill requires that any



declarations or recorded deeds associated with the common-interest community be used for the purpose of allocating a portion of the assessed value of those common elements. The bill establishes that certain appeals of property placed on the unsecured roll in a given fiscal year may not result in a reduction of the taxable value of any property placed on the secured tax roll for the fiscal year. The bill extends the prospective expiration date from June 30, 2011, to June 30, 2013, for the additional 2 percent commission that county assessors may keep from the Net Proceeds of Minerals Tax for the improvement of technology.

Senator Leslie requested information on the funds to identify future technology needs. This information was submitted by the Nevada Assessors Association ([Exhibit K](#)) giving data for each county. Testimony in support of S.B. 249 was provided by Senator David Parks; Josh Wilson, Washoe County Assessor; Jeff Payson, Real Property Manager, Clark County Assessor's Office; and Michele Shafe, Clark County Assessor. Opposition to the bill was presented by William McKean, Lionel Sawyer and Collins, and an amendment addressed Mr. McKean's concerns. There were concerns whether banks holding foreclosed homes were paying their property taxes and other assessments on time ([Exhibit L](#)).

An amendment repeals sections 8 and 9 of the bill, which addresses the issue of assessed value on the secure roll after the roll has been closed from being reduced based on appeals to property placed on the unsecured roll. This was Mr. McKean's issue with the bill, so the Nevada Assessors Association offered the amendment to repeal sections 8 and 9 ([Exhibit M](#)). The second amendment specifies the 2 percent commission would be used only by the county assessor or any other entity with operational impact on the county assessor ([Exhibit N](#)).

CHAIR LESLIE:

Is everybody comfortable with the definition of "bona fide resident"?

MR. REEL:

Section 1 of the bill established the definition of "bona fide resident" and the intent was to specify the identification card issued by the Department of Motor Vehicles (DMV) for a seasonal resident would not qualify a person to receive the exemptions related to property taxes or the Governmental Services Tax. A person may become a resident upon establishing a residence and obtaining a driver's license from DMV. The provisions allow for a person who can be in the State six months and still obtain the exemptions, but who would not have to be in the

State for the full six months. The provision in statute allows people to become a resident immediately upon arriving and establishing the residency by obtaining a license from DMV. Legal counsel has reviewed this and determined there is no conflict.

CHAIR LESLIE:

We will look at the first amendment, [Exhibit M](#).

MR. REEL:

The new language was added to the bill, but the amendment is completely repealing sections 8 and 9. Mr. Payson explained that the provisions of the bill would prohibit the value of property placed on the secured tax roll, after the roll has been closed, from being reduced based on the appeal process allowed for the property placed on the unsecured roll related to any new construction associated with the property. Mr. McKean was opposed to that provision because it allowed for the possibility that property on the secured roll could be changed based on an appeal related to new construction placed on the unsecured roll.

CHAIR LESLIE:

There was testimony to indicate this was a rare occurrence.

SENATOR HARDY:

We are not striking sections 8 and 9, just the new language?

MR. REEL:

We are striking sections 8 and 9, leaving the law in place.

SENATOR HARDY:

If I am looking at the bill?

MR. REEL:

Although we would be striking sections 8 and 9 from the bill which would leave the law in place, we are striking the actual provisions in sections 8 and 9 in law.

CHAIR LESLIE:

Does the Committee have an issue with the amendment? Let us review the second amendment.

MR. REEL:

The second amendment, [Exhibit N](#), has to do with the allowable uses for the technology fund. The amendment in section 17, subsection 3 specifies the money in the account can only be used by the county assessor or another entity with operational impact on the county assessor. We are striking law that states "at the discretion of the county assessor, the money may be used by other county offices that do business with the county assessor."

CHAIR LESLIE:

We received a letter from Dotty Merrill, Executive Director, Nevada Association of School Boards ([Exhibit O](#)).

MR. REEL:

The Nevada Association of School Boards have expressed opposition to the continuation of the fund and this letter explains the Association's opposition. It offered an alternative to reduce the amount by 0.5 percent.

CHAIR LESLIE:

We have the assessors narrowing down how the fund can be used, and the schools are asking for it to be reduced by 0.5 percent.

SENATOR HARDY:

In the bill it says NRS 361.170 and NRS 361.230 are hereby repealed, but the amendment does not address those statutes. It says "NRS 250.085 is hereby amended to read as follows ... ." These have nothing to do with the two statutes that were repealed. What does section 17 do in the amendment?

MR. REEL:

I think section 17 was inadvertently put on the amendment in your binder. Section 17 of the bill does repeal the two provisions, and testimony said they were outdated provisions of law. The provisions being amended are new information and not part of the original bill.

CHAIR LESLIE:

I will have Mr. Payson explain the meaning of "or another entity with operational impact on the county assessor" in the amendment.

JEFFREY PAYSON (Clark County Assessor's Office):

The assessors were too broad in spending their technology money. We are amending the term "at the discretion of the county assessor" and inserting "or

another entity with operational impact on the county assessor.” For example, the county assessors deal with many jurisdictions. We have to do a lot of data sharing in order for us to get those property appraisals done as quickly and accurately as possible. We need things like building permits and building plans from those entities. For jurisdiction such as the city of Mesquite, we do not have any technical abilities. To discover this property, we send people to manually pick up these permits, along with the building plans that we enter into our system. Something that would enhance our abilities to get the property on the tax rolls would be an imaging process to enter them into our system.

CHAIR LESLIE:  
Who would control the money?

MR. PAYSON:  
It is still the assessor’s technology fund, and any leftover monies would go back into the general fund.

SENATOR HARDY:  
I do not understand the last one, but I am comfortable with the first two.

CHAIR LESLIE:  
What do you mean the last one?

SENATOR HARDY:  
The Dotty Merrill letter—I do not have problems with what I do understand.

CHAIR LESLIE:  
The schools would like some of the money to revert back to the schools.

DOTTY MERRILL, Ed.D. (Executive Director, Nevada Association of School Boards):  
Over the years, access to these funds could have been reduced by decreasing the amount to 0.5 percent or eliminating it.

SENATOR HARDY:  
How will this adversely affect the assessors if we give it to the schools?

CHAIR LESLIE:  
My understanding is they will not be able to fund as many technology projects. We were told the money was needed because of the fluctuation in property taxes and assessors needed it to invest in technology.

WILLIAM "JEFF" JOHNSON (Humboldt County Assessor):

A number of projects take a significant amount of funds in order to accomplish special needs. For example, we use pictometry which is oblique photography that takes pictures from five different directions. It allows buildings to be measured without a physical presence.

CHAIR LESLIE:

I am okay to leave it for two more years.

SENATOR MCGINNESS MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 249 WITH THE NEVADA ASSESSORS ASSOCIATION AMENDMENTS.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

SENATOR HORSFORD:

The letter from the Governor was read into the record under messages from the Governor on Monday and the opinion from legal counsel, so both letters are part of the legislative record and are included in the journal.

CHAIR LESLIE:

We need to take up Senate Bill 495.

[SENATE BILL 495](#): Proposes a competing measure to Initiative Petition No. 1.  
(BDR 32-1275)

SENATOR SCHNEIDER MOVED TO DO PASS S.B. 495.

SENATOR HALSETH SECONDED THE MOTION.

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SENATOR HORSFORD:

I will support the motion. I feel this is a difficult but necessary action to give the voters a choice. Initiative Petition 1 will be on the ballot in November 2012, so the voters will have a choice to increase sales tax in a specific geographic area in southern Nevada to fund the arena. This local issue should be left to the voters.

**INITIATIVE PETITION 1**: Imposes an additional sales and use tax in certain areas of larger counties for the construction, improvement, equipment, operation and maintenance of a sports and entertainment arena through public and private cooperation.

SENATOR HALSETH:

I second Senator Horsford's comments.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR LESLIE:

I adjourn the Senate Committee on Revenue at 3:32 p.m.

RESPECTFULLY SUBMITTED:

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Mike Wiley,  
Committee Secretary

APPROVED BY:

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Senator Sheila Leslie, Chair

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

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A	Agenda	
	B	Attendance Roster	
S.B. 383	C	Senator Barbara K. Cegavske	Prepared Testimony
S.B. 432	D	Helen Foley	Coalition for a Sustainable Future
S.B. 432	E	Helen Foley	Latin Chamber of Commerce
S.B. 492	F	Debra W. Struhsacker	Prepared Testimony
S.B. 492	G	Laura K. Granier	Prepared Testimony
S.B. 492	H	Susan Fisher	Annual Mining Claims
S.B. 492	I	Kathryn L. Burke	Prepared Testimony
S.B. 492	J	Kenneth A. Brunk	Prepared Testimony
S.B. 249	K	Nevada Assessors Association	Tech Funds
S.B. 249	L	Joe Reel	Foreclosure Rates
S.B. 249	M	Joe Reel	Amendment 1
S.B. 249	N	Joe Reel	Amendment 2
S.B. 249	O	Dotty Merrill	Prepared Testimony