

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

**Seventy-Seventh Session
February 19, 2013**

The Committee on Taxation was called to order by Chairwoman Irene Bustamante Adams at 1:32 p.m. on Tuesday, February 19, 2013, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at nelis.leg.state.nv.us/77th2013. 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 Irene Bustamante Adams, Chairwoman
Assemblywoman Peggy Pierce, Vice Chairwoman
Assemblywoman Teresa Benitez-Thompson
Assemblyman Jason Frierson
Assemblyman Tom Grady
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblywoman Dina Neal
Assemblyman Lynn D. Stewart

COMMITTEE MEMBERS ABSENT:

Assemblyman William C. Horne (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman David Bobzien, Washoe County Assembly District No. 24
Senator Ben Kieckhefer, Senatorial District No. 16



Senator Debbie Smith, Senatorial District No. 13

Assemblyman Michael Sprinkle, Washoe County Assembly District No. 30

STAFF MEMBERS PRESENT:

Russell J. Guindon, Principal Deputy Fiscal Analyst

Michael Nakamoto, Deputy Fiscal Analyst

Gina Hall, Committee Secretary

Gariety Pruitt, Committee Assistant

OTHERS PRESENT:

Barbara Clark, President, Washoe County School District

Pedro Martinez, Superintendent, Washoe County School District

Tray Abney, representing the Chamber of Commerce of Reno, Sparks,
and Northern Nevada

Russell M. Rowe, representing the American Council of Engineering
Companies of Nevada

Paul McKenzie, representing the Building and Construction Trades Council
of Northern Nevada, AFL-CIO

Andrea Hugh-Baird, representing Parent Leaders for Education

Greta Jensen, representing Parent Leaders for Education

Daryl E. Drake, Private Citizen, Reno, Nevada

Natha Anderson, Private Citizen, Reno, Nevada

Linda Hunt, Private Citizen, Reno, Nevada

Gregory F. Peek, representing the Builders Association of Northern
Nevada

Marlene Lockard, representing the Nevada Women's Lobby

Jim Pfrommer, Private Citizen, Reno, Nevada

Dotty Merrill, representing the Nevada Association for School Boards

Fran McGregor, Private Citizen, Reno, Nevada

Par Tolles, representing the Economic Development Agency of Western
Nevada

Kelley Miner, Private Citizen, Reno, Nevada

Michael C. Cate, representing the Say Yes for Kids Committee

John Madole, representing the Nevada Chapter of the Associated General
Contractors of America, Inc.

Danny Thompson, representing the Nevada State AFL-CIO

Fred Altmann, Private Citizen, Reno, Nevada

Aaron West, representing NAIOP and the commercial real estate industry
in northern Nevada

Keith Lynam, representing the Nevada Association of Realtors

Aaron Borek, Private Citizen, Reno, Nevada

Danny Costello, representing Iron Workers Local 118, Northern Nevada

Rick Gardner, representing the Nevada Association of Mechanical Contractors

Lynn Chapman, representing the Nevada Families Association

Mike Bryant, Private Citizen, Reno, Nevada

Ken Koeppe, Private Citizen, Reno, Nevada

Carole Vilaro, President, Nevada Taxpayers Association

Bryan Wachter, representing the Retail Association of Nevada

Geoffrey Lawrence, representing the Nevada Policy Research Institute

Jeff Fontaine, Executive Director, Nevada Association of Counties

Vanessa Spinazola, representing the American Civil Liberties Union of Nevada

Chairwoman Bustamante Adams:

Good afternoon everyone. [Roll was taken. Housekeeping items were discussed.] We have two bills today, Assembly Bill 46 and Assembly Bill 49. Most of you are probably here today for A.B. 46. We do have to take into consideration the other bill we have today so I will be monitoring time. For those of you who want to testify, the instructions are if you are in support of the bill as is, you will come up when I call for those in support. If you are in opposition or want to change any part of the bill you will come up when I call for those in opposition. You will then state the change you would like to make. Lastly, if you are neutral it means you are indifferent regarding the bill.

I will now open the hearing on A.B. 46. I would like the presenters of A.B. 46 to come to the table.

Assembly Bill 46: Revises the provisions governing the funding of capital projects by school districts in certain counties. (BDR 32-413)

Barbara Clark, President, Washoe County School District:

Thank you again for giving us time today to present A.B. 46. We are here to talk about a critical issue facing the Washoe County School District (WCSD)—sustainable capital funding for school buildings.

All of us here today have one common mission and that is to have the best educated students in the nation. A skilled and educated workforce benefits us all. The importance of school buildings has been recognized as a fundamental element of society. Today roughly one-quarter of our nation's population, including our youngest citizens, spends the majority of their day in school buildings, which calculates out to 13,000 hours of their lifetime. There have

been studies that indicate there is a connection between school facilities and academic achievement. One 1992 study found a significantly negative relationship between the age of school buildings and achievement. The data indicated that as the age of the school building increased, the achievement test scores tended to decrease. A 1992 report by the American Association of School Administrators indicated that nearly five million students in the United States attend classes in 13,200 classrooms that were inadequate to meet the standards necessary to prepare today's students for today's world. Technology is always an ongoing issue in school buildings.

After the 2002 bond upgrade, a principal at Elmcrest Elementary School in Washoe County said he thought that revitalization would increase student achievement through technology upgrades, and that we will have a safe and secure environment with our new single access point. He indicated that the revitalization process is a visible expression of the community and the district's commitment to our students and staff in older schools.

There are 93 schools in the WCSD with more than 100 buildings maintained, covering more than seven million square feet of building space. Washoe County residents have supported solutions for capital funding in the past, including ballot questions in 1992, 1998, and 2002. Currently, however, we only have the authority to bond funds. Since the Internal Revenue Service requires all bond proceeds be spent within five years the WCSD, unlike other districts, has never had a reliable sustainable stream of funds to keep up with the necessary repairs and systems, with the exception of using classroom or operating funds.

Use of classroom or operating funds would severely cripple all of our reform efforts in an ability to meet our district's goal of "Every Child, by Name and Face, to Graduation." The WCSD has exceeded expectations with every bond program it has participated in. We have been on time, under budget, and with the highest quality. The board is committed to transparency. We have a section on our website dedicated so the public can see that every project is being accomplished at every school site. With the inability to bond due to revenue, presently we do not have any other options to solve this problem and that is why we here today proposing A.B. 46.

Our community came up with a solution. We looked at what our schools needed and collaboratively worked together to come up with a solution specific to this problem and the issues facing our district. You will hear from many of the community groups today, but before we do that could all those here in support raise their hand, to indicate who is here to support us. As you can see, many are.

I would now like to introduce our wonderful superintendent, Pedro Martinez.

Pedro Martinez, Superintendent, Washoe County School District:

I wish we were here today talking about how great academically we are doing in Washoe County. I would talk to you about the initiatives we are putting in place, how we are trying to graduate more children than ever before, trying to make sure they are ready for their college careers.

One area I looked at was what could undermine us as a district, as we try to implement all our academic reforms. The one thing I found was our capital needs. Over half of our buildings are more than 30 years old. A quarter of our buildings are actually older than 50 years. Many of these schools were built with lifespans of only 30 to 40 years. We have schools right now that have an expired life. In the next few years we could repair \$160 million worth of heating systems, air conditioning systems, and roofs, and replace windows. These are parts of our buildings that already have an expired life yet we are trying to make do with them. This is not because we have not utilized our funds effectively, because we have. In fact, in almost 100 percent of our projects we have come in under budget. We have been able to stretch our dollars further than most districts in the country have, but it just has not been enough. We just do not have access to revenue sources, and because property values have declined so significantly in our community, we have no revenue to be able to raise bonds. We have no dedicated funding source for the maintenance of our buildings. I wish that funding had been set aside ten years ago, but we do not have those funds. We do not have those revenue sources.

What is amazing about our Legislature, in the last session you actually assisted us with the passage of the School Works bill [Assembly Bill No. 376 of the 76th Session]. That actually allowed us to free up about \$75 million in resources, and we are now using those resources to renovate buildings and make necessary repairs. Unfortunately that is not enough. The \$160 million that is coming due is actually after using the \$75 million that we set aside at the last session.

We are going to start our PowerPoint ([Exhibit C](#)). This will give you more details about what our needs are. What we want to cover today is the recent history of the capital funding here in our district, our current situation, and of course we want to talk about the proposed bill, A.B. 46.

As the superintendent and trustees, we know we are the stewards of our district. We are stewards over more than 100 buildings. As the largest employer in the WCSD, with more than 7,000 employees, it is our job not only

to make sure we are good stewards of our resources, but also that our buildings are in the proper condition so that our children are safe, warm, and dry.

We have stretched every dollar we can to revitalize buildings. Because so many of our buildings are so old, and we have not had the resources to build a lot of new schools, we have had to go in and refurbish them. It is very heartening to have children, in some of our poorest communities, come into our buildings after we have revitalized them and their eyes sparkle because they are seeing a better learning environment. The reality is that we do not have enough money to do it for all of our buildings.

Since the 2002 rollover bond we have generated over \$551 million. All of these dollars have been used. We still have \$139 million that over the next two summers will be used for needed projects.

On page 6 is a chart that scares me. It is a little bit hard to read so I will go over some of the numbers for you. Just in need alone, comprising revitalizing buildings, including changing heating and air conditioning systems, roofs, we have over \$300 million of need. This is net of resources that we have set aside for future projects. There are \$44 million of repairs where the equipment's life has expired. This means that we should have replaced this equipment a while back, but because we have not had the money, we are having to try to maintain it.

When we were on break we had to worry about which buildings we could open up on time because of the harsh winter and we had systems that were failing. Since the break, with school in session, we have had pipes freezing. We are performing emergency repairs just because of the age of our equipment and the age of our facilities. In addition we have over \$116 million of equipment and systems that have an expired life that are still serviceable. In other words, we are making repairs to them so we can try to extend their life for another year. Imagine trying to run a district where we are serving over 65,000 students in over 100 buildings with expired equipment for which we are trying to extend life because we just do not have the resources to try to repair it.

Our state has had one of the deepest recessions in this country and in our history. Property values have declined so much that we have had no access to revenues to be able to go in and get further bonding. No one could have foreseen this.

On page 7 is a graph. The blue line represents the revenues we have and the red line represents the debt service. The dip that you see does not occur until

well after 2020. In other words right now there is hardly any space between the blue line and red line, which means we have no revenue to be able to go out and seek any funding. We have to wait until the debt service declines, which will not be until after 2020. Meanwhile we have \$160 million worth of equipment, roofs, and windows that need to be replaced, or have emergency repairs made on them, and we have to wait until 2020 to have a revenue source.

The colorful chart on page 8 basically compares our county with the rest of the counties, in terms of what revenue sources are available to us to be able to raise money for our facilities. You can see that we have the governmental services tax and the property tax, and that is pretty consistent for all counties. You can see in Washoe the rest of the bars are all red. That means we have no access to those revenue sources to be able to fix our buildings. You can see the other counties actually have other revenue sources.

As much as I wish I could go to the taxpayers and ask for a referendum bill to ask for more money, I do not have the power to do that. I wish I had another revenue source to be able to deal with these issues. I have no access to those revenue sources. For us this is an equity issue. The reality is, our children deserve to be in safe and warm buildings, just like every other child in every other county.

The total need we have for our district is about \$511 million. That includes not only the \$300 plus million of repairs that need to be made, but also new buildings we know we are going to need in the next five to ten years because our county is growing again. We are seeing new homes being built, yet we have no resources to be able to repair our buildings. We already have schools that are overcrowded. We are trying to figure out how to serve all those children because we just do not have the room.

President Clark, the trustees, and I had a very difficult decision to make. We had a long discussion about what our options were, exploring everything. We know that right now our economy is very fragile. Our community is still struggling with many of the issues that have been around for years, with unemployment and the challenges around home values. Knowing these challenges exist, we needed to look at a reasonable approach for us to try to generate a revenue source. We had conversations with all of our key stakeholders. One thing you will see today is how broad-based our support is from the chambers, our parent groups, and different community and business leaders. We reached out to them. We reached out to our legislators and asked for help with this. We found that people are very consistent about

understanding the need. What we came up with in A.B. 46 was the best solution, a balanced solution, around helping us to solve this problem.

What we are proposing is to have an increase of .25 percent on sales tax. That would bring the sales tax here in Washoe County from 7.74 to 7.99 percent. The taxes in this bill would only relate to Washoe County. We understand as a community we need to make sure we are funding our own needs. We cannot ask other communities to fund our needs. This is a Washoe County problem and we need to make sure we have a Washoe County solution.

It will be a quarter percent increase in sales tax. It will be a nickel increase in property taxes, over the cap. As well we are asking for us to be able to bond all current revenue from the governmental service tax (GST) revenue which also gives us more flexibility. Overall it would generate \$20 million annually. It represents eight dollars per month per family. We feel again, considering the state of the economy, we wanted to be reasonable. We actually got from some of our stakeholders and some of our legislators even said: why are you not asking for more? You guys have such a huge need. How can \$20 million really make a dent? We know right now that, at a minimum, we are going to have \$20 million of repairs we are going to have to make every year. Having this \$20 million dedicated revenue source would allow us to be responsibly proactive on our buildings, rather than waiting for things to break, having to make emergency repairs, putting our children in danger, and paying a huge price for it.

This does not solve the \$511 million problem but it gives us enough time that by the time we get to 2020 or later we can go to our voters for a rollover bond. Right now, if we do not get this revenue source, we have to wait for five years. By the time we get to that rollover bond, assuming it is approved by our voters, all of it would be used to catch up. We do not think that is a smart way to use those resources. This allows us to be proactive right now.

We have done our homework, talked to our constituents, and have talked to the key members of our community. This is something very serious. It is very difficult, given the state of the economy, to ask for our taxpayers to pay more. On page 14 you can see the different groups we have gotten endorsements from and the endorsements keep coming in because people understand the need. They understand that in order for us to have a strong community, we have to have a safe environment for our children. We have to make sure we are proactive in taking care of our buildings.

With that I would like to welcome Senator Smith, Senator Kieckhefer, Assemblyman Bobzien, and Assemblyman Hickey to the table to offer their thoughts.

[([Exhibit D](#) and [Exhibit E](#)) were presented but not discussed and are included as exhibits for the meeting.]

Chairwoman Bustamante Adams:

We will hear the testimony first and then open it up to the Committee for questions. Assemblyman Bobzien please proceed.

Assemblyman David Bobzien, Washoe County Assembly District No. 24:

Thank you for the opportunity to present our support on behalf of A.B. 46 this afternoon. I am joined today by my colleagues to give our comments and perspective on this bill. I would like to present an amendment ([Exhibit F](#)) that should be found in Nevada Electronic Legislative Information System (NELIS). Essentially what this amendment does is change how these tax pieces are enacted.

This came out of conversation that our delegation had about the importance of the involvement of the local school district in how this moves forward, and the need for their ownership in this process. To be fair, the school district has not had the opportunity to properly consider this in their meeting structure, but we are confident they will willingly accept this approach to the very real needs the superintendent just laid out.

In a slightly different version of how we are going to do this, look at section 2, subsection 1, of the amendment. The board of trustees of the county school district, rather than the board of county commissioners, may at an open meeting by a majority vote of its members, adopt a resolution requesting the board of county commissioners of the county to impose a tax pursuant to this section for the capital projects of the school district.

It is a little confusing at first when you read that, because it goes from the school district back to the county commissioners. Of course the county has the infrastructure to levy the tax and go forward with this, but we feel this properly involves the school districts in moving forward to address their needs.

That concludes my presentation of the amendment. I also wanted to share with you today my own perspective of the history of this wonderful conversation that we have all been engaged in. All of the interest that you see from our community that is behind us, as well as Republican and Democratic legislators,

came together to answer this call from the school district for how we fix our buildings.

On a personal level, there are countless schools in my district that this will benefit. There are students in those schools who will benefit from this. We had one of our initial meetings at Sierra Vista Elementary, which is in the northeastern part of my district. It is always amazing and eye opening for me when I visit some of these schools to see just how challenging an environment we put our students, staff, and teachers in as they go forward with the enterprise of education.

I ask for your support and thank you for your interest and your willingness to hear this bill today.

Senator Ben Kieckhefer, Senatorial District No. 16:

I am proud to be here today. This is a fairly momentous occasion, to have a bipartisan group of legislators sitting here advocating on behalf of our schools. This has been a long process. We have worked on this collaboratively with many of our other colleagues, including some on this Committee, for the last year and a half. It is gratifying to see it hopefully come to the first stage of fruition.

You are going to see a long line of community support for this proposal from business, labor, teachers, administrators, parents, and advocates. I think our county has really come together to find a solution that is in the best interest of our schools and our students. Our school district has made significant advances in recent years that have helped generate the support, and this is making the residents of Washoe County willing to invest back in our schools. I think this is important to know.

I think my role is most important because I am the one of us who currently has students in the school district. I have two first graders at Elizabeth Lenz Elementary School and I probably will have two more there in a couple years. I was lucky enough today to have Madam Chairwoman not schedule me for a Senate Finance Committee meeting so I was able to drive my kids to school. That is one of the benefits of being from the north. I stopped in to see their principal. It was about 80 degrees in her office. It was about 60 degrees when I walked down the hall. This school is in fairly decent shape. It is one of the 1970s model schools so it has its issues, but I think they have done a good job with it. After noticing those temperature variations today, I went back and looked at the list. I saw that the heating, ventilation, and air conditioning systems are on the list of unfunded repairs, so what do we do if that system

actually breaks? These are on the extended but serviceable list, which means we are keeping it together and are probably getting the best useful life out of our infrastructure, but what happens when it is no longer useful? How do we address the needs of our students in that situation?

I think this is a true statement for schools throughout the WCSD. It is obvious not just at the school my kids are in. There are many schools that are significantly worse off.

We have worked together to craft A.B. 46 to try to address that need, so that the school district has access to an ongoing source of capital to address emergency repairs outside of the necessary bonding instances that they do through the rollover process for major construction and major overhaul.

I would ask you for your support of this legislation. I think that the amendment is pertinent and proper.

As has been indicated by the superintendent, this is a Washoe County driven solution to a Washoe County problem. There is broad community support in favor of this. This is the right thing to do for the students of the WCSD. Thank you very much and I would be happy to entertain any questions.

Chairwoman Bustamante Adams:

Senator Smith can go next. We will wait for questions after you have all finished.

Senator Debbie Smith, Senatorial District No. 13:

Thank you for giving us this opportunity. My district is sort of at the heart of the Reno-Sparks area of the Truckee Meadows. It encompasses a lot of the older schools in Washoe County, with one of the oldest schools being in my district. One of the things that makes Washoe County's needs in this regard so critical and so unique is the age of our schools.

We see on an everyday basis what the needs are. Any time you have a school visit or a meeting at a school, you experience some of the issues that these schools face.

I have raised three children who went through the Washoe County schools and I have worked on literally every bond issue since my oldest child was in kindergarten 30 years ago. I have followed the work that the WCSD has done over the years because I am very judicious about the way we use our taxpayer dollars.

This is a crisis in Washoe County, and I believe it is very much an equity issue. This school district has not been afforded the same funding mechanisms that our sister district to the south has had for over a decade. We really missed a lot of opportunity during the economic boom years to develop a funding stream for maintaining these older schools. Some of you have heard me say time and time again that our assets are important in this state. These publicly owned buildings and the publicly owned infrastructure are vital to the work that we do to serve our constituents. We, as stewards of those buildings, need to make sure that we are taking care of them just like we would our homes.

I really do believe that this is about an opportunity to afford the students in our district the ability to go to school in buildings that are safe, clean, and up to a standard that other students have. If you have been to a school that is old you know there are wiring problems. I have sat through meetings at a school in my district where there was so much wiring running every which direction that you wondered how safe it was. That is what they are having to do to operate any type of technology. We talk all the time about the digital needs in our schools and how we want to do better. We want to afford more opportunities for our students. Public education is the great equalizer, and so is technology in the economy we are in, yet we have schools that do not have the ability to have that same level of technology in their schools because the capacity is not there on the infrastructure side. We desperately need to address this issue. It is the right and fair thing to do for the students in this school district. This is, as my colleagues have pointed out, a local solution for a local problem. I really ask for your due consideration and your support of this. I am a parent and a grandparent who has experienced this funding equity issue over a number of years. We have tried to resolve it here in previous years and it has not happened. Now is really the time to take care of it, because we are in a crisis. Thank you for your time.

Assemblyman Pat Hickey, Washoe County Assembly District No. 25:

I am here today in support of a very real and demonstrated need for repairs within the schools. Make no mistake, the outlines that you have heard today are accurate. They are real. I am probably representative of some members on this Committee and certainly of some members in the larger body who have concerns when we talk about raising taxes because that is what this bill is about. Personally, I made a promise to my constituents last session. When we had debates about reforms in the schools, I thought that if we embraced reforms and we made improvements, as Washoe County has in both its graduation rates and its test scores, I had to be willing to listen to the revenue concerns that the district might have, and we are hearing them today.

I feel as my colleagues do that this is a Washoe County bill that affects Washoe County voters. It is not a part of the overall budget of the Governor, but I agree with the Governor in his emphasis to put as much priority as he could on education in this budget, in increasing funding for various areas in education.

The amendment that we are hearing today is enabling in nature. I want to be very clear to myself and to my constituents that by voting for this bill I am not just enabling the school board of trustees and my neighborhood who I believe are in support of this, or the county commissioners who are going to have to enact it. I am here to own my support for this bill because of what my constituents have said and for what I understand the needs to be.

I think there are going to be a lot of questions before this bill works its way through. We have heard some today already about how specific the repairs are, is the money going to be just for repairs or might it be used for new schools? I think these are legitimate questions to be asked by residents if we are going to use some of this money to bond or not, or whether it is limited in some way. You also will have heard a concern of mine asking our Legislative Counsel Bureau whether or not seniors could possibly be exempt. I learned that is not the case so if this bill is passed, all residents of Washoe County will participate in this process. I am here in support but I am also here to listen to the discussion that will go on in this house and in the next house, to see what this becomes. I will say to my colleagues on the board of trustees that they are going to hear input, as much as we are hearing from residents of the district, and I think this is healthy. We are right at the heart of it today. We are going to hear a lot of support and we are going to hear some concerns. I think we need to listen to both.

Chairwoman Bustamante Adams:

Thank you Assemblyman Hickey. I would now like to open it up for questions from the Committee members.

Assemblyman Stewart:

I have been here for four sessions and I think this is an historic occasion. I hope we are getting a lot of photographs of these four courageous individuals as they come together to work for the common good. I think this is a sample of the new spirit that we have in our Legislature, to work together for bills that are good for the people.

Assemblywoman Neal:

I have a question on section 2 of the amended bill. I want to know how we deal with indirect taxes? My understanding is that they are supposed to be imposed pursuant to geographic uniformity. When we have a tax that is

specific to Washoe County yet enacts a tax that deals with the gross receipts of any retailer, which makes it indirect, how do we reconcile this so that it is constitutionally acceptable to have a tax imposed on one county?

Chairwoman Bustamante Adams:

I will let our fiscal team answer, and then Assemblyman Bobzien can address the question.

Russell J. Guindon, Principal Deputy Fiscal Analyst:

We currently have in many counties separate county rates. The maximum state combined rate is currently 6.85 percent, and that is composed of four rates that are imposed statewide in every county. It is true that our sales taxes have to be countywide. They cannot be subcounty and so that is what this additional .25 percent would be, within the boundaries of Washoe County, and it would be no different than any of the other optional sales tax rates that the counties have. For instance, Clark County is currently at 8.1 percent because of the other optional rates that are imposed within the boundaries of Clark County, to get from the 6.85 up to the 8.1 percent. As staff looks at it, the current rate that we see in Washoe County is 7.725 percent, so this additional .25 percent would take it to the 7.975 percent. Again, this additional .25 percent would be within the boundaries of Washoe County, and it would be no different than other rates that we have.

Chairwoman Bustamante Adams:

Assemblyman Bobzien is there something you would like to add?

Assemblyman Bobzien:

The larger issue here that I think should be looked at again is if you look at the school district's PowerPoint presentation ([Exhibit C](#)), on page 8 there is what we affectionately refer to as the "Christmas Tree" graph. I know I have been looking at the graph since I was first elected in 2006. This lays out what the exact challenges are that we are trying to solve. This is the lack of available funding mechanisms. In the top line, the green bars show the vehicles that we have available to us and the red bars show what is not available. As you can see in the situation of Clark County, they have the real estate transfer tax and room tax available, we have neither of those. The smaller districts have the residential construction tax and the county infrastructure sales tax, and we do not have those either. So much of this conversation and so much of the community effort that you see here in this room today is coming around to address this very real problem of these different taxes we have, county by county.

Assemblyman Kirner:

I have wrestled with this issue here for a number of reasons. One of the reasons has to do with us hitting the top of our property tax limit. I wondered if you might take a minute to comment on this. Some people say this puts us on a slippery slope and that once we do this other counties will come in. I would appreciate your comments on that.

Senator Kieckhefer:

Currently we have a statewide statutory cap of \$3.64 per \$100 of assessed value. The constitutional cap of property tax is \$5 per \$100 assessed value. In addition to the \$3.64 there is currently a \$.02 statewide property tax levy that is dedicated to open space. We are already technically above the \$3.64 cap in Washoe County due to the \$.02. There are other counties who are below that cap. If we are going to impose a rate countywide, Washoe County is up against that max.

As we were looking for a revenue solution that was going to be able to generate in the vicinity of \$20 million per year we talked about a variety of different sources. We looked at the "Christmas Tree" graph. We looked at the various options that were available to us under our existing tax schematics. We decided to go with a multitiered solution to try to generate that \$20 million. If you look at the \$.25 in sales tax which generates the revenue of \$15 million annually countywide, in Washoe County we get about \$1 million per \$.01 of property tax. The decision to sort of bifurcate it and use two sources was an effort to maintain some stability so that multiple sources would lead you to a more stable overall source generally. It was not something we went through lightly to go ask for a margin above that \$3.64, but I think our collective mind agreed that it was an appropriate solution.

Senator Smith:

I absolutely concur with my colleague's comments. I want to reiterate that this is a local solution for a unique situation. We endeavored for months and months to look at every possible option, to make sure that we had complete buy-in to the problem existing first of all. That is where we started. We found a solution we felt could be across the board enough that it was acceptable to the largest number of people. I think the fact that you have this attendance today, and you have seen the list of people who are supporting this, really does lend to the fact that we got there. We literally have this vast number of organizations that are very representative in Washoe County supporting this idea. That is what we endeavored to solve. We tried to make it as painless as possible, while really achieving a greater good. That is how we got to identifying those two solutions.

Assemblyman Kirner:

I would like to get Senator Smith's assessment of a statement she made earlier. This is a specific solution to Washoe County, but I have had off-line conversations with Clark County that suggest they are very interested in how this comes out, because they would like to follow suit. As my granddaughter, who is of a different generation, would say, their tax requests on the last election were not just a failure but an epic failure. My question to you is do you see what you are doing here as applicable to Clark County?

Senator Smith:

We are here today to talk about a Washoe County solution. I state that in all seriousness because Clark County does not have an approach on the table here. Clark County had one solution in this list of revenue possibilities that you see on the slide that Assemblyman Bobzien pointed out, which was a solution for them at a very critical time at the height of the growth in Clark County. This provided a tremendous revenue stream to them, and they alone have that revenue stream. This is another solution that has been identified for our needs in our county, so I do not want to weigh-in on that because it is not on the table. We are offering you a solution to a problem that we have in our district.

Assemblyman Bobzien:

In answer to Assemblyman Kirner's question, and I have not been approached directly about the possibility, but I did learn late that that was something that was being talked about. I will share with you my perspective from having been the Chair of the Legislative Commission on Education during the interim. I had a lot of conversations with the Clark County School District (CCSD) administration about their needs, about the ballot initiative, and how that went forward. I think, regarding my colleague's point, that it really is a different situation. In reference to Assemblyman Stewart's commendations to us for coming together and having a bipartisan solution, hopefully this would be a model for the Clark County situation, particularly in light of the election results. We have a peculiar situation of not having full access to these various taxing vehicles. Like any good compromise there were elements of it that not everyone liked. This is what we have arrived at and hopefully this is what is applicable to the Clark County situation. We are willing to share with folks how we get here, the process that we go through, and how you bring people together to address the local issue that needs to be addressed.

Assemblyman Kirner:

Will we have the opportunity to question the school district themselves?

Chairwoman Bustamante Adams:

Yes, we can have them come back up.

Assemblyman Grady:

I will address my question to Assemblyman Bobzien since he had the dubious honor of bringing forward the amendment. I want to make sure I understand a couple of things. I congratulate you folks and the WCSD for thinking outside the box, but while you are thinking outside the box I want it perfectly clear that if we as legislators vote in the positive we will be approving this idea. As I understand it, it will then go back to the school district which then can petition the Washoe County Commissioners for their approval of the tax. So, by voting on it, we are not approving the tax, we are approving the means by which you folks can go forward through the school district, through the Washoe County Commissioners, and then back to the school before the tax is implemented if in fact it gets a positive vote along the way. Is that correct?

Assemblyman Bobzien:

Close. I will add some to that to clarify. Through this amendment the Legislature would be enabling the school district to go forward with this approach. I do want to make it clear that their petition to the county commission will be acted on under this law by the county. We need the county to do this because they provide the infrastructure, they can do the levy, and they collect the money, but the ultimate decision that we are enabling is for the school district board of trustees to in essence pull the trigger.

Assemblyman Grady:

To go on the record, by doing it this way, which is very creative, you do get around the two-thirds vote that is required of this body. Is that correct?

Assemblyman Bobzien:

Yes sir, that would be one aspect of this amendment.

Assemblywoman Kirkpatrick:

I wanted to go back to Assemblyman Kirner's issue. I think this speaks to what we have been talking about since day-one. Our state is divided into three very unique regions across the state. We have the rural counties, we have the north, and we have the south. We have to identify the needs within those communities and come together as state legislators to do what is right, because without one we do not have the other. I think we also have to be creative. We have been in this building for ten years trying to figure it out and we have not done so. I applaud folks for working together to be creative. I think we should not be in competition so much as be about what is right. There are some needs in the south that need to be addressed this session as well, and I would hope

that our Washoe delegation folks would stand alongside of us as well when we have those conversations.

I could not find the expiration date on here, but maybe there was not supposed to be one. I wanted to make sure that was clear.

I applaud people for finding different solutions because we have not been able to do something different. I do believe that this is not about setting a precedent as much as it is about regions working to identify their needs. We try to identify what the rural counties' needs are and put legislation in place for them. The south will have some very real needs this session and I think everyone needs to hear our side too.

I just want to make sure that we are not muddying the waters for the press and we are just talking about what is important for this particular issue at this time.

Chairwoman Bustamante Adams:

Assemblyman Bobzien, could you please address the expiration question.

Assemblyman Bobzien:

There is no expiration date. We foresee there being these upkeep challenges for many, many years in the future. I will again call your attention to the "Christmas tree" graph. This, in my mind, is our solution to the gap that we have had with ongoing funding. I do not know if I can speak for everyone else, but, yes Assemblywoman Kirkpatrick, I will be right there with you dealing with all the issues of the state.

Senator Smith:

I want to thank Assemblywoman Kirkpatrick for those comments because we have over time always worked with the various delegations on things that are pertinent to that area of the state. I think it is really important when we are giving this consideration. In my previous remarks I did not mean any disrespect to the CCSD. I was trying to make the point that we are focused on one issue here because that is what we have worked on. I do not know what the solution to their problem might be. Historically I have always been supportive of those regional solutions, and I always look to my colleagues for that. I just want to be very certain that this is one solution that we have developed. Assemblyman Bobzien is absolutely correct in stating we have a long way to go with what needs to be done in Washoe County, so this funding mechanism would take care of our maintenance problems that are very backed up. We have heard the same thing with the state, as recently as this morning, that our needs are building as these buildings get older. I appreciate my colleagues on this

Committee being considerate of the work that we have done for this local solution.

Senator Kieckhefer:

I just wanted to chime in as well on the idea of an expiration date on this. I think part of the reason for the ongoing need should be pointed out. Please correct me if I misstate this, but when the school district issues bonds, there is a time certain by which those bonds need to be expended, and you cannot hold back a portion of them for ongoing maintenance over a longer period of time. I think it is five years. If you issue bonds you have to spend all that capital in five years. We have identified the need for maintenance going forward and it is not going to go away.

Assemblyman Hardy:

While I am excited to see my colleagues sit here in bipartisan support of this, I also have a comment. I am new to this Legislature. This is my second session. My understanding is that there are certain things that have gone on before this Legislature for years, well over a decade, and that have to do with prevailing wage reform. While we sit here and we discuss the fact that we care about our children, the studies have been out there. They have shown that we can save anywhere upwards of 25 percent for construction of public facilities. I would hope that we would have the same bipartisan support in maybe exempting the WCSD from prevailing wage, and do a study to see what happens. If there is really that savings to the taxpaying public, we might be able to continue to expand and have better schools and better opportunities. This was really more of a comment than a question, but I hope we can move forward with that same kind of bipartisan support for exempting WCSD from the prevailing wage.

Assemblyman Hickey:

We had a discussion about whether that could be included in this. It was not. I think it needs to stand on its own merit. I would hope we have a similar discussion on that separate item because I think, especially in the times we are in, to not only look where we can spend money but just as importantly where we can save money. The case has been made here that money needs to be spent on Washoe County schools. I think that is a discussion worth having during this session, just not in this bill. As Assemblywoman Kirkpatrick said, we are open, we are talking about things, and we are trying to arrive at solutions.

Chairwoman Bustamante Adams:

I would like to call back Mrs. Clark and Mr. Martinez.

I would also ask other individuals who are in support, especially any legislators in support, just for the sake of time do not feel compelled to repeat what has been said. You are more than welcome to say "ditto" for the record.

Assemblyman Kirner, please direct your question to the school board.

Assemblyman Kirner:

Can we flip back to page 6 ([Exhibit C](#)). I appreciate that I had the opportunity to review this table earlier. I note that there are about \$160 million in expired, or expired but serviceable, needs. We have this bill and it proposes a certain amount of money. Has the school district sat down and put a plan together to address this \$160 million need, because clearly this \$20 million a year generating source will not be enough to address this? Can you comment on that?

Pedro Martinez:

This is something that we look at every day. We look at every single dollar we are spending. We are making sure, working with our trustees, that we are prioritizing all those dollars. It is just simple math. We just do not have a revenue source. We have \$160 million of things for which we know at least \$20 million a year are going to be breaking, so we can at least be proactive.

By the way, on our website we have details of this \$160 million for every single school building. You can go to the site and look at your school to see what systems are expired or what systems are expired that we are still trying to add life to. We would take each one of those items, working with our community, working with our parents, to make sure we prioritize those areas.

Assemblyman Kirner:

One of the things that I know about our budget in the WCSD is that you have a little amount in there, so it is not zero. If A.B. 46 passes that will be in addition to that \$1 million we have in there. It will not go away. Is it committed to this as well?

Pedro Martinez:

That is a great question. Part of the bill actually gives us the flexibility to take our governmental services tax, which is \$1.5 million every year, and bond it. Right now we do use it for current repairs. It is sort of the only pay-as-you-go program we have. It is only \$1.5 million to deal with the need of over half a billion dollars. What we would ask as part of this bill is to give us the flexibility to bond it. That means that we could take that \$1.5 million and maybe raise about \$15 million, and that represents three schools that I could renovate and

rehab, so we can get ahead of the curve. I could just go ahead and refurbish those buildings, and give those children a better experience for their learning.

Chairwoman Bustamante Adams:

Are there any other questions for the WCSD? [There were none.] I will now ask two more supporters to come and fill those seats. At this time we will take Assemblywoman Benitez-Thompson.

Assemblywoman Teresa Benitez-Thompson, Washoe County Assembly District No. 27:

Thank you to the Committee for hearing this bill today. My testimony will be brief. I represent 15 public schools in Assembly District No. 27. There are ten elementary schools, two middle schools, and three high schools. Many of them have older infrastructures, especially in the elementary schools. I cannot thank you enough, as legislators and also to the taxpayers, for helping out last session with money that was freed up from the bonds to revitalize Grace Warner Elementary School, the school my daughter attends. It made all the difference to me as a parent to take her to her first day of kindergarten and have security features in place that were long overdue, such as the single point of entry access to her school, and to have a fresh coat of paint on the school. I knew she was starting off in a place where she was valued, and where as a parent I felt valued because of the investment that had been made.

I just want to echo that there have been numerous conversations throughout the interim, and I cannot be more proud of my northern Nevada colleagues for the approach that we have taken on this.

Assemblyman Michael Sprinkle, Washoe County Assembly District No. 30:

I will not reiterate everything that my colleagues have said. I simply am also here in support of A.B. 46.

I have approximately 20 schools within my assembly district that belong to the WCSD. One of those schools, Sparks High School, is the oldest high school in the WCSD. I have not received any emails or phone calls in opposition to this. I have received plenty from my constituents who would like to see this pass. From an assemblyman's standpoint I think that is important. From a personal standpoint I am a product of the WCSD. I am not exactly saying I am old, my high school is still standing and there are still kids going to the same one that I graduated from. I know that this need is there and that this need is extreme. I ask you please to think about that when you are thinking about passing this bill.

Chairwoman Bustamante Adams:

Seeing no questions for the legislators I will allow two more people to come up.

Tray Abney, representing the Chamber of Commerce of Reno, Sparks, and Northern Nevada:

I represent the 90,000 employees of the 2,500 member employers of the Chamber of Commerce of Reno, Sparks, and Northern Nevada. We are here in strong support of this bill for our schools.

The Chamber has a long history of supporting the WCSD's capital construction needs. We were at the forefront of the "Yes, Yes for Kids" campaign over a decade ago to pass the current bond process that is in place. We supported the last ballot issues. We have a long history of support. We think this is a responsible way to take care of this problem. It is broad-based. Everyone in the community has skin in the game. Everyone will pay. It is everyone's responsibility to make sure that we have a strong school system and the facilities to support it. We can either pay a little now or we can pay a lot later, as these facility components are getting older and are going to breakdown. We are not talking about bells and whistles here. We are talking about basic boilers, locks, roofs, and parking lots. These are needed funds.

This was not an easy decision, but it was a necessary one. It is never easy to support raising taxes on individuals or business. All of us in this building know that education and economic development are intrinsically linked. We have to do this for our school system to make sure this affects economic development in Washoe County. It affects property values for everyone who lives around these schools. We strongly support this bill and urge your support.

Russell M. Rowe, representing the American Council of Engineering Companies of Nevada:

We support this legislation. Many of our members live in Washoe County. They have families here and have children in the WCSD. They are a part of this community and recognize the importance of public education in this community and the need to have our schools maintained in a manner so children can be educated accordingly. We also support it quite selfishly for jobs. Our industry has been decimated, as many have in this recession, with about 70 percent of our industry gone. To the extent we can be a part and help design facilities, whether it is for children or otherwise, we would like to be a part of that, and we support this legislation.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee? [There were none.] Mr. McKenzie please proceed.

Paul McKenzie, representing the Building and Construction Trades Council of Northern Nevada, AFL-CIO:

My 18 affiliates and the 5,000 members they represent strongly support education. Many of them have children in the WCSD and about half of those members actually reside in Washoe County. They will be directly affected by this legislation for improvements to the schools for their children, and in my case, grandchildren. The WCSD has done the best that they can with what they have to do it with. The jobs that are created by this will help on two fronts, it will improve the schools and it will improve the model of life for the children. We are very strongly in support of this legislation and hope that you support it as well.

Andrea Hugh-Baird, representing Parent Leaders for Education:

I am with Parent Leaders for Education, a nonpartisan all volunteer organization comprising parents, concerned citizens, educators, community leaders, and business owners who vote and advocate for public education. [Read from prepared testimony ([Exhibit G](#)).]

I just heard that there is a five-year time limit. What we had been told is if this does not pass this session, they will come back next session, because it is such a critical need and they would be able to delay those revitalizations to have an emergency fund. [Continued to read from prepared testimony.]

Chairwoman Bustamante Adams:

For the sake of time, as we still have one bill left, for those of you who are still in support if you could just say your name, the organization you represent, and if you would like to provide written testimony, I will make sure that we upload it into NELIS, if it is not already there. Seeing no questions, next.

Greta Jensen, representing Parent Leaders for Education:

My name is Greta Jensen and I am a parent of two WCSD students. I am also a member of Parent Leaders for Education. I am in support of the bill ([Exhibit H](#)).

Daryl E. Drake, Private Citizen, Reno, Nevada:

I am also in support of this bill. I would like to also make a comment, from two perspectives. One is as a member of the Council for Excellence in Education (CEE) and one as a private citizen and taxpayer in Washoe County. The CEE is a business-based organization that is autonomous from the WCSD. If we do not

agree with the school district on some of their positions we go directly to them. If we do agree with them, and it is compelling enough, we support them. Our group is very sensitive to tax increases for consumers, for families, and for businesses. We feel A.B. 46 is an important funding mechanism to preserve the fiscal assets of the WCSD and we are very much in support of that.

As a personal taxpayer I have one point. Assembly Bill 46 will provide funding that will not quite fund the \$309 million in renewal projects. The more long term crisis that we are facing is that this is going to come back to this legislature in future years. Nonetheless, I personally am in support of A.B. 46 and CEE supports this bill as well ([Exhibit I](#) and [Exhibit J](#)).

Natha Anderson, Private Citizen, Reno, Nevada:

I am proud to say I am a teacher in Washoe County, and I am in support of this bill, both as a professional and a taxpayer.

Linda Hunt, Private Citizen, Reno, Nevada:

I am a teacher at Vaughn Middle school, a 55-year-old four-star school in Reno. We are doing our part and hope that you will support us.

Gregory F. Peek, representing the Builders Association of Northern Nevada:

I am a third generation homebuilder and developer in northern Nevada. I am here representing the Builders Association of Northern Nevada. Our association supports this bill. It is no secret that we sell homes and we have great communities. Our great schools create great communities. Therefore, the home builders support this bill.

Marlene Lockard, representing the Nevada Women's Lobby:

We serve as the voice for women and children in our state. We support this bill.

Jim Pfrommer, Private Citizen, Reno, Nevada:

I am a CPA in Reno, President of the Education Alliance, and Trustee of the Washoe Kindergarten through Twelfth Grade Education Foundation. I am here today actually as a school volunteer. Our board actually meets next week at Roy Gomm Elementary School, which is one of the schools that was discussed as having poor conditions. This is not a Republican, Democrat, white, Latino, African American, rich, or poor issue. It is across the board. I believe the WCSD is on the right path for improving the outcomes in our schools. The strategic plan is comprehensive and effective. The students, parents, and educators are key to the continued improvement, but a decent living condition

in our schools is necessary. I support A.B. 46 because it is the right thing to do. I feel that \$.25 a day is not inconvenient to any taxpayer ([Exhibit K](#)).

Dotty Merrill, representing the Nevada Association for School Boards:

Our executive committee and board of directors voted unanimously in support of A.B. 46. We feel Washoe County has crafted this to address the needs of the schools providing instruction for the children.

Fran McGregor, Private Citizen, Reno, Nevada:

I teach at Kendyl DePaoli Middle School in Reno, which is the newest school in Reno. I am happy to say we do not have any huge needs at our school yet, but my husband teaches at Sparks Middle School, which is one of the oldest schools in the district and their heating system is in dire need of repair. We, as teachers, stand in support of A.B. 46.

Par Tolles, representing the Economic Development Agency of Western Nevada:

I am here today on behalf of the Economic Development Agency of Western Nevada. As a probusiness organization we rarely take positions in the legislative arena, particularly on issues that will increase taxes. We enthusiastically support the bill ([Exhibit L](#)).

Kelley Miner, Private Citizen, Reno, Nevada:

I am the vice-president of programs for the Nevada Parent Teacher Association. We represent 17,000 members statewide. I am also a substitute teacher and part of the Washoe County School District Council of Family Engagement. Most importantly I am speaking today as a parent of a sixth grade student in Washoe County. I am deeply concerned with the conditions of our schools. Our children deserve an environment conducive to learning. I urge you to consider every viable option to fund education here in our great state. Please make the right decisions not only for our children but for our community and our future ([Exhibit M](#)).

Michael C. Cate, representing the Say Yes for Kids Committee:

I am here today as the co-chair of the Say Yes for Kids Committee. I think most everything has been said. I would like to thank the four horsemen, as I call them, who were sitting at this table earlier. A lot of those meetings were invigorating, if nothing else, because I had the pleasure of having a lot of them in my office. There was some good conversation and dialogue. I am glad to see a good bipartisan movement for the right reasons. We do not want to go backwards. This is a return on our investment as far as our community is concerned, and that is the reason we are all here today.

John Madole, representing the Nevada Chapter of the Associated General Contractors of America, Inc.:

We are in support of this bill. I attended Washoe County schools and brought up four sons through them. I would like to see my grandchildren go to nice schools like they did.

Danny Thompson, representing the Nevada State AFL-CIO:

The state of education in Nevada is a mess, to say the least, given our graduation rates. Education funding is one thing, but basic building safety, heating, cooling, and safe drinking water is another. We wholeheartedly support this bill. We think this issue should stand on its own and not be mixed with other issues. There is no question this is a critical need at a critical time for our children.

Fred Altmann, Private Citizen, Reno, Nevada:

I am a builder and ex-educator, member of the Education Alliance, and a board member of the Education Foundation for Washoe County Schools. I am excited about having the opportunity to give back to education. This bill is important. It is fairly simple and easy to get done. I am so excited that you are all going to support it.

Aaron West, representing NAIOP and the commercial real estate industry in northern Nevada:

I am the chair of government affairs for NAIOP, representing the commercial real estate industry in northern Nevada. The board of directors has voted in support of A.B. 46. We believe that this is a broad-based approach to a very specific need.

Keith Lynam, representing the Nevada Association of Realtors:

We are here in support of A.B. 46. I think it is important to note that we have not always been on the same page, but we have always acknowledged the need. We have always been steadfast in our commitment to finding a broad-based solution. We believe A.B. 46 is the proper solution.

Aaron Borek, Private Citizen, Reno, Nevada:

I have two children in the school district and I wholly support this bill as a parent and as a taxpayer ([Exhibit N](#)).

Danny Costello, representing Iron Workers Local 118, Northern Nevada:

Eighty percent of our membership in Nevada lives in Washoe County. On behalf of the members, the retirees, their children, and grandchildren in the district we are in support of this bill.

Rick Gardner, representing the Nevada Association of Mechanical Contractors:
We support this bill.

Chairwoman Bustamante Adams:

Are there any others in support of A.B. 46 who would like to come forth? [There were none.] Is there anyone in Las Vegas who would like to testify in support? [There were none.] We will now switch to the opposition. Those who would like to see a change in the bill or do not support the bill with an amendment please come forth.

Lynn Chapman, representing the Nevada Families Association:

I am state vice president of the Nevada Families Association. The number one thing I am really concerned with is the two-thirds majority vote on raising taxes. This is a constitutional change. I see this bill circumventing the *Nevada Constitution* and the will of the people, and I am concerned about that. Another concern is that there is no expiration date. That means it goes on forever. I feel this is not a good idea and there are a lot of people this is going to hurt.

When I come down to the state Legislature I always ask the same question when it comes to taxes. How much will be enough? I feel there will never be enough because there is always another crisis around the corner.

I keep hearing about all the schools crumbling, they have been around for 30 years. The building I attended school in was built in 1924 and is still graduating students. My father's school is 125 years old and is still graduating students. When we talk about crumbling schools I get a little nervous as to who is building our schools that they are crumbling after 30 years. Something is wrong somewhere.

Another concern of mine are the senior citizens. We are on a fixed income. When we need to fix something in our home we save the money to go ahead and make the repairs needed. You will be taking money away from our families for our repairs on our homes to give it to the schools. When you are on a fixed income it makes it very difficult. Eight dollars a month can pay for a prescription or a meal. I feel the seniors are going to be hurt very badly by this bill.

We are asking you to rethink this, especially because it really should have a two-thirds majority vote. Circumventing our state *Constitution* is a very bad idea. It hurts the will of the people.

Mike Bryant, Private Citizen, Reno, Nevada:

Although many have left who were in support, I would like to start as Debbie Smith did and ask for a show of hands of how many of you lost your job during the downturn in this economy. Please raise your hand.

I am fortunate to have had a good job during this downturn, but only just received my first raise in four years. During that time my sewer, water, and garbage rates have gone up, so in real terms I have gone backwards.

My brother is a carpenter and in the last four to five years he has maybe put together 18 months' work. He has had to defer maintenance on his equipment during this period of time. He uses a 1980s truck that is in disrepair to get to work.

In your examples you use cracked concrete. I have cracked concrete at my home. The heat in my home is turned off. During the downturn the company my wife works for was going to lay off 12,000 people. During that time we refinanced our mortgage in case she was laid off. This was at a cost to me, to be proactive, doing the right thing to maintain my household finances.

I understand the schools need maintenance, but so do our individual homes. As a parent I have been made to feel bad here today. I am being told by proponents that when these schools are painted and they are in better repair our children feel better. What do unemployed parents or parents who have lost their house due to foreclosure tell their children when they are deferring maintenance? Are they bad parents? Schools should not have some kind of one-upmanship on parents.

We are just seeing a glimmer of coming out of this bad economy. We still have extremely high unemployment in the state yet here we are back wanting to raise people's taxes. Even people like me, who have had gainful employment during this downturn have really seen a decrease in pay, in real take-home pay, and yet here you are wanting more taxes. Where does it stop?

Once we regain revenues, as property values in Washoe County are ever so slowly increasing, where do these increases go? What will they be spent on? Is there a cap on it? Will we sunset it, and even if you do say we will sunset it will it really be sunseted? We have been down this road before.

My last point is, and I do not have any ill will towards schoolteachers, but they are getting a raise this year. They do a job that is appreciated and needed, but what are our priorities? We seem to have money for one thing but not another.

Ken Koeppe, Private Citizen, Reno, Nevada:

I am here in opposition today. I am a taxpayer in Washoe County. I have not seen any decrease in my taxes. I have had increases in all kinds of services. There has always been the issue of "If we just had a little bit more money we could do better in education." I have seen a decrease in the ability of schools to manufacture a good product. Meanwhile the cost of that education has gone up. We now pay schoolteachers an enormous sum. I have no problem with that and in fact feel every schoolteacher in a classroom should start at a \$100,000. I feel every principal should start at about \$60,000 and superintendents ought to come down to about \$125,000. You have people who are not educators, who have doctorates, and all that doctorate comprises is the ability to figure out budgets and come before people like you and ask for more money, and then come to me and demand more money.

My children have been out of school for 40 years and I have been paying taxes all that time. I do not get any benefit from this. If you go back and look at numbers in a household with four children they are getting a pretty good deal. If you have a household with one child, look at the taxes they are paying for that one child. In my case I do not get anything, but I pay the taxes.

I am willing to pay taxes. I believe in school. I believe in education. We already covered that there will be no sunset. We begin to tax and then we keep taxing. As we all know once you people introduce a tax you always find a way to raise it.

I might suggest that since we have all these associations and their members who were totally in favor maybe what they ought to do is have a little self-assessment and just deliver the money to the Washoe County public schools. That way we could get out of it. I am sure that all these people who are going to get jobs out of this would be just happy to kick in a little bit to get a little bit back. That is how it seems to work.

On the other hand, if we cannot find that solution, maybe we should think of a way to get rid of the problem. Maybe we should sell them to private investors and then lease them back. Let them take care of the maintenance that has been on deferral for so long.

I appreciate you listening to me and thank you very much.

Chairwoman Bustamante Adams:

Seeing no others in opposition I will now ask that those in the neutral position come up.

Carole Vilardo, President, Nevada Taxpayers Association:

Believe me, I understand the problem. Some of you who were here a while ago, such as Assemblyman Grady, remember the problem with the Schurz schools and what had to be done there.

There are no easy answers on this but I would ask you to consider this. The original bill required a two-thirds vote. This particular amendment in effect gives the authority to the Washoe County School Board to request of the county commission that the county commission mandatorily impose. There seems to be some conflict in the language I see from the first part of the amendment to the second part. What I would ask you to do is please require the Washoe County School Board to approve that resolution by a two-thirds vote.

I see this totally eroding that whole issue. In part it looks like the amendment might have done that to avoid the two-thirds. If they did, fine, they figured out a great scheme. What I am asking is that when it gets down to the local level, request the resolution be adopted by two-thirds.

Bryan Wachter, representing the Retail Association of Nevada:

We are neutral on the bill but I felt I would be remiss by not pointing out that Senate Joint Resolution 5, which has been introduced and many of you just signed on to it, would support the Marketplace Fairness Act [S. 336/H.R. 684] currently in Congress. That is the best way we could increase the pie for local school districts and for the state government, to start collecting the sales tax on all purchases in Nevada. Just to keep in mind there is a way to grow the budget and the pie without raising the rates.

Geoffrey Lawrence, representing the Nevada Policy Research Institute:

We recognize that the problems confronted by the WCSD are kind of unique in the state. We think the school board generally has done a better job with capital fund dollars than for instance their peers in the south. There are a couple of observations I would like to point out. One is that a significant portion of this is going to be funded by a sales tax increase. Washoe County borders on a jurisdiction, Oregon, with a zero percent sales tax rate. We might expect to see an increase in cross state purchases by increasing the sales tax rate.

I also want to comment on what Assemblyman Hardy said earlier about prevailing wage costs. A couple years ago we did a study on prevailing wage costs in Washoe County, comparing the prevailing wage rates to the rates that are reported by the occupational employment survey. This showed that for

comparable occupations, prevailing wage inflates cost by about 44 percent. Those are wages alone. That ends up increasing overall project costs in the range of 15 to 20 percent normally, depending on the type of project. If you were to exempt the WCSD from wage requirements you might expect those dollars to stretch 15 to 20 percent further.

A final point I want to make is that somehow charter schools seem to be able to operate without any capital cost at all, or capital funds dedicated to them, and are able to educate children without the roof caving in for the most part.

Chairwoman Bustamante Adams:

I will now ask Mr. Martinez and Mrs. Clark to come back for closing remarks.

Pedro Martinez:

What we hope that you saw today is that we have reached out to our stakeholders and have had critical conversations. When our economy is so fragile, bringing a bill to you that increases taxes has not been an easy task, but we are at the point now where we have no choice. I see the great things we want to do academically. Our state will be proud of our district and the things we will be doing over the next few years but this is something right now that could derail us.

I will share one last story with you. During Christmas break we had a high school in Incline Village we were worried about not being able to open on time because the heating system went out. We had people working 24 hours per day trying to get the system up and running. These are the types of things we are living with every single day.

Please consider our bill and the wide support that we have. We know that tax increases are not popular in our state, but we are at a critical point where I believe in this session a vision could be set for education like never before in the state of Nevada.

Barbara Clark:

Ditto. We work very hard as a board of trustees to make sure we are doing absolutely the best we can in getting every child across the graduation stage. We look at accountability and transparency in everything we do. We want to be held accountable for what we do in the best interest of all of our children. We appreciate very much your time today and hopefully your support.

[([Exhibit O](#), [Exhibit P](#), [Exhibit Q](#), [Exhibit R](#), [Exhibit S](#), and [Exhibit T](#)) were presented but not discussed and are included as exhibits for the meeting.]

Chairwoman Bustamante Adams:

I will close the hearing on A.B. 46. We will now move on to Assembly Bill 49. Will the presenters for that bill please come forth.

**Assembly Bill 49: Makes various changes relating to public defenders.
(BDR 32-255)**

Jeff Fontaine, Executive Director, Nevada Association of Counties:

On behalf of the Nevada Association of Counties (NACO) I want to thank you for allowing me this opportunity to present Assembly Bill 49 ([Exhibit U](#)). Assembly Bill 49 is one of NACO's five bill draft requests for this 2013 Session.

In the landmark case *Gideon v. Wainwright* [372 US 335 (1963)], the United States Supreme Court held that the *United States Constitution* requires states to furnish legal counsel to indigent persons who are charged with certain crimes.

The responsibility for carrying out this mandate in Nevada has been passed to the counties. [Continued to read from prepared testimony ([Exhibit V](#)).]

Again, thank you for the opportunity to present A.B. 49. That concludes my remarks, and I would happy to answer any questions.

Chairwoman Bustamante Adams:

Are there any questions from the Committee members?

Assemblyman Hickey:

I may be really wrong on this, because two of my colleagues think it is not true, but are you under Health and Human Services, or are at least some of the defenders' offices? If the answer is no, that is all I need.

Jeff Fontaine:

I am not sure I understand your questions entirely. The Office of the State Public Defender is in the Department of Health and Human Services.

Assemblyman Hickey:

That was my question. I do not know the historical reason for that, and I am sure there is a good reason for it, but might that study take a look at whether that is the best placement of the State Public Defender's office? I am not saying it is not, I am just curious.

Jeff Fontaine:

If you would like to have this study include that as part of it, that would be fine with us.

Assemblyman Kirner:

This amendment essentially changes this bill from a tax bill to just a regular bill, with a simple majority to create it.

Assemblyman Frierson:

Just in clarifying, I want to make sure the record was clear. My understanding is that the State Public Defender covers rural Nevada. Washoe and Clark Counties have county public defender offices. This bill, at least originally, dealt with Clark and Washoe Counties' public defenders' offices in a study on how it would affect how they fund indigent defense. Is that correct?

Jeff Fontaine:

As it stands today the State Public Defender only provides indigent defense for four counties: Carson City, Storey, White Pine, and Eureka. Clark County and Washoe County are both required by statute to have their own public defender offices. The remaining counties have opted to have their own public defender offices as well. For those counties that are covered by the State Public Defender, they pay an assessment to the State Public Defender. In fact, of the roughly \$2.7 million in revenues in the Governor's recommended budget for the State Public Defender, \$1.6 million would be county fees. We would like to take a look at this in a very holistic manner, and take a look at all those costs.

Assemblywoman Neal:

What kind of issues did the Indigent Defense Commission (IDC), that was created by the Nevada Supreme Court in 2007, cover and why do we need an interim committee to study the funds? Was that not under the commission?

Jeff Fontaine:

I think the IDC looked at a number of issues, including numbers of cases that indigent defense attorneys are handling, standards, and things of that nature. Even though the issue of cost was talked about I do not think there was really an examination of how, in particular, the counties are paying for those costs. Now with more requirements and higher caseloads the costs are increasing and county budgets are being stretched to provide all kinds of services. All we are looking for here is a real close look at indigent defense. It was looked at as part of the IDC, but I do not think there was really any deep analysis in terms of looking for a dedicated revenue source for indigent defense.

Assemblywoman Neal:

To avoid duplication is it possible just to make it a part of that? The public defenders presented something to the IDC. I am big on avoiding duplicating when we could just insert it under something else. Then there would be no additional cost.

Jeff Fontaine:

I think the issue here is that it is the Legislature who authorizes the counties to impose taxes, raise revenues, and how to establish budgets. I think this is an area where again we are looking at how we might be able to provide a dedicated funding source for indigent defense. I am not necessarily sure that is the purview of the judicial branch. I think it is more the purview of the legislative branch because ultimately it may be a recommendation. Our original bill was a one-eighth of 1 percent sales tax. I do not believe that is something the judicial branch would necessarily be able to help us with, but it is something that you might be able to help us with.

Chairwoman Bustamante Adams:

Are there any other questions from the Committee members? [There were none.] I think Assemblyman Kirner stated it well; they are changing this to a study, that is the request.

Assemblyman Kirner:

A simple majority.

Chairwoman Bustamante Adams:

Right. We will now take any individuals who want to testify in the support position for A.B. 49. [There were none.] Those in opposition to A.B. 49, if you could please come forth.

Vanessa Spinazola, representing the American Civil Liberties Union of Nevada:

We were originally in opposition to A.B. 49 as it was drafted because the sales tax would basically tax the people that the Gideon case was intended to protect, as they would not have the money to pay those taxes. With the change to the amendment—to an interim study—we would support that. I agree with Assemblywoman Neal's comment that there should be some sort of dovetailing between the Indigent Defense Commission because they have been studying this for a very long time. They have made a lot of progress and they probably have a lot of good ideas. Also, the American Civil Liberties Union is at the disposal of the Committee and the association of counsels to help with research.

Chairwoman Bustamante Adams:

Are there any others in opposition? [There were none.] Those in the neutral position please come forth. [There were none.] Is there any public comment? [There was none.] We will now close the hearing on A.B. 49.

[([Exhibit W](#)) was presented but not discussed and is included as an exhibit for the meeting.]

This was a very interesting day. I thank all the Committee members, especially Assemblyman Hardy, for staying. This coming Thursday we will be convening at 1 p.m. The meeting is adjourned [at 3:31 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Irene Bustamante Adams
Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: February 19, 2013

Time of Meeting: 1:32 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 46	C	Washoe County School District	Every Child, By Name and Face, to Graduation, Washoe County School District, Critical Capital Funding Needs and A.B. 46
A.B. 46	D	Washoe County School District	Snapshot: Funding for Washoe County School District Capital Projects
A.B. 46	E	Washoe County School District	Talking Points
A.B. 46	F	Assemblyman David Bobzien	Proposed Amendment
A.B. 46	G	Andrea Hughs-Baird	Letter of testimony
A.B. 46	H	Greta Jensen	Letter of testimony
A.B. 46	I	Daryl Drake	CEE information
A.B. 46	J	Daryl Drake	Letter of testimony
A.B. 46	K	Jim Pfrommer	Letter of testimony
A.B. 46	L	Par Tolles	Letter of testimony
A.B. 46	M	Kelley Miner	Letter of support
A.B. 46	N	Aaron Borek	Letter of support
A.B. 46	O	Jill Tolles	Letter of support
A.B. 46	P	Fred Boyd	Letter of support
A.B. 46	Q	Ashley Monnin	Letter of support
A.B. 46	R	Brandi Gill	Letter of opposition
A.B. 46	S	Department of Taxation	Unsolicited Executive Agency Fiscal Note
A.B. 46	T	Jim Pfrommer	Letter of support
A.B. 49	U	Jeff Fontaine	Proposed amendment to A.B. 49
A.B. 49	V	Jeff Fontaine	Letter of testimony
A.B. 46	W	Department of Taxation	Unsolicited Executive Agency Fiscal Note