

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

**Seventy-Seventh Session
March 28, 2013**

The Committee on Taxation was called to order by Chairwoman Irene Bustamante Adams at 1:06 p.m. on Thursday, March 28, 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:

None



STAFF MEMBERS PRESENT:

Russell J. Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Gina Hall, Committee Secretary
Colter Thomas, Committee Assistant

OTHERS PRESENT:

None

Chairwoman Bustamante Adams:

Good afternoon everyone. We have two bills on the agenda today.

**Assembly Bill 390: Revises provisions governing the Knowledge Fund.
(BDR 18-884)**

I apologize to those who are in attendance for Assembly Bill 390, but the sponsor is withdrawing that bill.

Next on our agenda is Assembly Bill 335. I will call Assemblywoman Kirkpatrick to the witness table to present this bill. I will open the hearing on A.B. 335.

Assembly Bill 335: Creates the University of Nevada, Las Vegas, Campus Improvement Authority. (BDR S-866)

Assemblywoman Marilyn K. Kirkpatrick, Clark County Assembly District No. 1:

Before I go into the bill, I would like to give a little history of why I am here with this bill.

Last session, if you were a freshman or sophomore on the Assembly Committee on Taxation, you know the majority leader from the other house sent a bill with three potential arena projects in it. Interestingly enough, last time the room was packed. I took a lot of heat for not processing that bill.

I gave a commitment to many of my colleagues in this building that I would try and work with the University of Nevada, Las Vegas (UNLV), over the interim to come back with a bill that was beneficial for the state, as well as for the students at UNLV.

The bill I am presenting today is by no means perfect. Do I think that there is a resolution? Maybe, maybe not. I did work over the interim to address some of the issues, so the university system could have some type of arena on their

property. This bill is by no means resolved. There are many issues with it; however, I had committed to working with the sponsors from last session, and I had also committed to the UNLV students that I would bring this bill forward.

I do not think this bill as drafted is absolutely perfect. I am never one to blame the Legislative Counsel Bureau, because I think they do yeoman's work. Do I think that we did not get it all worked out before? Yes.

Here is the intent of the bill. As we go through the sections, I would really like to hear what others think, because I am all about clean policy in a bill. I told the sponsors and the people who were interested in this bill I would not introduce a bill on day 118 and expect members to vote on it. I told both sponsors of the bill that I am not willing to put an increment financing district out there just because. I also told them that I believed they needed to get their financing mechanisms in place. There is also a piece in here that talks about the live entertainment tax (LET). I am looking to get rid of all those exemptions, so it would be pretty hypocritical of me to allow this bill to keep it. That is a mistake I definitely will address. With all of those parameters onboard, this is an issue they either have to figure out, or we have to come to an understanding that there is no bill.

The UNLV campus, much like the University of Nevada, Reno, is looking to get the finances from within that whole campus. I believe they have some retail spots already within that campus, but it has changed a couple of times. The original concept for them was to have additional retail places, some student housing, and to have an arena. I do not have a problem with them working within their boundaries at UNLV, because that truly is their business model. Section 28 of the bill concerns me a little bit, and I am looking for some clarity as we move forward, or not.

The bill clearly says they could continue to expand their boundaries. I do not know what that means. Does that mean that they are going to take the shopping center that is on East Desert Inn Road and Boulder Highway, for instance? That is not my intent whatsoever. The intent of the bill is really for them to work within their university boundaries. The intent is not to allow anybody any exemptions on LET.

Now that I have those three things cleared up, I will go through the bill for you.

Sections 2 through 15 contain various definitions that are used within the bill. Section 8 defines designated taxes that the University of Nevada, Las Vegas Campus Improvement Authority will receive the increment from, with the

exception of LET. Section 9 defines the pledged revenues. Section 13 defines the tax increment area, which I want to be sure is very clear.

Section 17 creates the Board of Directors of the Authority, which will govern the Authority. We were looking to have a third-party board to give some direction to the Regents. Sometimes it is not within the purview of the Regents or county commissioners to advocate or be in the building business, so I wanted to create a separate board, comprising the folks being affected. This Board would include four members appointed by the Board of Regents of the University of Nevada, Las Vegas. One of these members must be either a member of the Board of Regents or an officer of UNLV. The other three must be members of the Board of Regents. One member must be appointed by the Governor. One member must be appointed by the Board of County Commissioners of Clark County. One member must be appointed by the County Fair and Recreation Board [Las Vegas Convention and Visitors Authority (LVCVA) per *Nevada Revised Statutes* (NRS) 244A.607]. The two remaining members must be appointed by the other seven members. What I envisioned is you would have a board made up of the top folks and they would appoint two more qualified people. I know this is different than the way we have done things in the past, but I think sometimes when you have a board, you have to make sure the makeup of the board entails all of the others.

Section 18 requires the initial appointment of the Board of Directors by the Board of Regents be on or before August 13, 2013. If these members are not appointed, the remaining provisions of the bill do not become effective. This was an incentive for them to get their act together and move forward.

Sections 19 through 25 of the bill contain additional duties and responsibilities for the Board of Directors. Within those provisions, in section 23, is the ability for the Board to create fees, rates, tolls, and rents and to charge the facilities for services furnished in connection with any undertaking within the district.

We have seen this type of authority given to a board before, so they can set the parameters of what is in the best interest, plus they would know what the funding mechanism would be and could adjust accordingly.

Section 23 also gives the Board of Directors the authority to enter into a lease, a ground lease, or a management agreement with the Nevada System of Higher Education (NSHE), authorizing the Authority to lease from the System any portion of the land within the tax increment district owned by the System, or any improvements thereon. Such an agreement must be entered into no later than June 30, 2017. That is also within section 35. I know if you do not give folks deadlines they tend not to meet them. If this bill goes forward, we need

to see progress. I do not want to be here in two years seeing that they did nothing. What I also do not want to do is give the impression that this project is going to start tomorrow and there are going to be 1,700 jobs, as has been alluded to in the past. We heard that last session. I want to make sure people know that the intent of this was to allow them to start moving forward with specific deadlines and specific time frames.

Section 26 specifies the amount of revenue that the tax increment district will receive from the designated taxes, beginning in 2015.

Section 26 says this is the amount of revenue that was generated in the district in fiscal year 2013, which would continue to be distributed in future years to the entity that is currently entitled to it. I want to point out that for years the Thomas & Mack Center has been done with certain bonding, and they have had the slot tax they could bond with, as well. The money currently has been moved into the *Executive Budget*, so that creates a hole. One way or another, it creates a hole, whether it be for the *Executive Budget* or for a potential project that could come about.

Section 27 specifies that any money deposited in the tax increment account and any other money of the Authority must be used as follows: First, to support the repayment of and any covenants concerning any securities issues pursuant to section 29. Second, it also allows them to defray any or all the cost of any undertaking. Third, it allows for any other purpose regarding which the Board of Directors is authorized by law to expend money. I tried to give them some broad authority so they could make this all come together, but not without some stipulations of time frames in which to get it done. This is no different than last session. We saw an airport authority bill and an inland port bill trying to give a board the ability to lease, finance, find their funding, and work within their own area. This is consistent with things we have done in the past.

Section 28 allows the Board of Regents, if necessary, to expand the boundaries of the tax increment district. I want to make sure we are clear on what the boundaries are. What I would not want them to do is go out and buy properties that are not adjacent to UNLV.

Section 29 allows the Board of Directors to issue bonds and other securities that are secured by any portion of the pledge revenues. This allows them flexibility. What I am not comfortable with is putting together some bonds, having them not be right, and coming back in two years having made no progress.

Section 30 prohibits any of the following property to be included within the tax increment district. I did not want them to create a tourism improvement district within their tax increment district. I did not want them to create a redevelopment district within their tax increment district. We all know, based on Sales Tax Anticipated Revenue bonds and redevelopments, that folks tend to double dip. I am not a double dipper.

Section 31 extends the tax exemptions currently granted to NSHE.

Section 32 prohibits the Board of Regents from pledging or using the revenues without permission of the Authority. This is important because we do not want everybody spending from the same pot of money. We see that happen often. This just allows them to have the communication so that they know which pot of money we are working from.

Section 33 prohibits the state from repealing, modifying, or allowing any other entity to repeal or modify the designated taxes. I do have something of an issue with the date of 2065. In 2065, I will be too old to see whatever they have built. I understand what it is supposed to mean. What I do not want is this to be in perpetuity, or to be so long out there that we never see it come to fruition. Many of us attended to a preview of what to expect, and that is a question that I brought up. That is a question within my bill that I will work to see changed if this bill should go any further.

Section 33 also allows the state to take any actions to ensure that the Board of Regents or the Authority will receive a substitute amount that is equal to or greater than the amount of the revenue reduction that would have otherwise occurred under that agreement before July 1, 2065. Again, I have a problem with the date. What happens typically when we bond out that money is it is allocated so we cannot bond against it and we cannot take it away. If the state at some time wants to take away that bonded money, then there has to be a revenue mechanism to pay it back. We have talked about that many times in redevelopment. We have talked about that within tax increment financing. We have talked about it within special improvement districts. I believe that is common language for bonds so you know that money is secured and you have a steady revenue source. However, the year 2065 does not quite work for me.

Section 35 provides for the dissolution of the Authority if the Board of Directors does not enter into a lease, ground lease, or management agreement within NSHE pursuant to section 23. That means that they can disband at any given time if they do not follow through on all the other parts of the bill. If the

Authority is dissolved, then the Board of Directors must remit any designated taxes. It would go back into our State General Fund.

Section 36 clarifies that the Board of Regents is not required to enter into a lease, ground lease, or management agreement, or any other contract agreement. However, if the agreement is not entered into by June 30, 2017, it is automatically dissolved.

Section 40 provides that the provisions become effective upon passage and approval and will expire. The dates, however, can change if the Board of Directors does not appoint the four members. That goes back to if the Board of Directors does not do its part by 2017, it automatically goes away. I wanted to have some precautions in place because it was a very bad bill we got last session, and it was very unfair to the Legislature. I watched people willing to give up modified business tax (MBT) and willing to give up property taxes. We just asked them to give up the whole bill. It was pretty interesting that it was not a well-thought-out issue last time. The bill from last session was Senate Bill No. 501 of the 76th Session.

I know I have probably said more negative than positive things about my own bill. The Chairwoman of Taxation runs a very tight ship, so if I took my bill off it would have been a wasted day for the Committee on Taxation. I believe that there is an opportunity to have a vehicle to continue to work on this. I am sticking to my guns that we are not introducing some crazy bill at the end of session that has not been thought-out and has not been talked about. I believe that all parties that are interested will either work for the good of the students at UNLV and the residents of southern Nevada, or if they do not come to an agreement, there is no avenue. I do not want anybody to feel as if this is pressure. This is just an opportunity for them to determine if they can move forward. During the interim, we spent about 11 months trying to make it one sweet package that we could bring and pass within the first 40 days. As you can see, I have questions, so that did not quite work. I know that during the interim many folks within leadership and the Taxation Committee went and heard presentations on what could happen. I believe the people want to do this, but it has to be well-thought-out.

I knew that the Chairwoman was not going to let me off the hook if I did not testify today, so I just want it on record that there are some issues with this bill. I am willing to work on them, but I understand the importance of deadlines. I did not encourage anyone to come testify in support, because I do not believe that it has 100 percent support today. With that, I am happy to go through the bill.

Chairwoman Bustamante Adams:

I always appreciate the history lessons. It is helpful to know what has happened in the past, and why we are where we are today.

I want to frame the discussion. We are going to take it section by section, because it is a really large bill. The sponsor has said it is not perfect, so we need to have insightful questions and provide insight as well.

We will go through sections 1 through 10, which is where the definitions are. Section 8 also has information about the designated taxes and what they mean. Does anybody have any questions on that part?

Assemblywoman Kirkpatrick:

If it will help you I can say what those statutes are.

Chairwoman Bustamante Adams:

Yes.

Assemblywoman Kirkpatrick:

Within those statutes, and those are specifically tax statutes, we have the MBT on financial and non-financial within that area. We have the LET. We have the 2 percent state sales and use tax, as well as the basic city-county relief tax (BCCRT), and the supplemental city-county relief tax (SCCRT), which is your restricted quarterly slot machine taxes and room taxes. What it does not have in there, and I want to be very clear, is the local school support tax (LSST). That is something, and for myself it is a policy decision, that we are not taking from education, even if it is to be given back to education. I have been pretty standard across the board that the LSST must stay with the LSST.

Assemblyman Hardy:

For clarification, which one got swept by the *Executive Budget*?

Assemblywoman Kirkpatrick:

That would be the restricted quarterly slot machine tax.

Chairwoman Bustamante Adams:

That is on line 18, page 4.

Assemblywoman Neal:

In Section 9, page 4, line 28, it discusses "any fees imposed in lieu of any of the designated taxes," and then in lines 39 through 45 it discusses how they are supposed to be used. When it says they are to make them available for pledge of and use by the Authority, is any additional money beyond the tax

being pledged to then reduce the debt? I was wondering how it was going to be used.

Assemblywoman Kirkpatrick:

With the tax increment financing district, those taxes currently being utilized within that district would stay in that district, but it is allowing the Board to get additional fees. You could see this with naming rights and things like parking fees. What will not happen is that will not be paid back, but it would be solely for the amount of the entire project. It would take all of that money plus fees to make the project come together. It is very expensive and very extensive. This is an opportunity for them to try and work together, so that they can see if they can even get the financing. I am not sure that is palatable at this time.

Assemblyman Kirner:

I know you want to go through this section by section, but I am trying to get the overall vision as opposed to just the legal jargon. What is the vision of all of this? Is the vision here that there will be something built? Are they still talking about dorms? Then there is a special tax district here to support that. Maybe I am stepping out of line, but I am just trying to understand the vision, as opposed to paragraph by paragraph.

Assemblywoman Kirkpatrick:

The vision changes regularly. The original vision that I sought out for UNLV, which is in Las Vegas, is to build an arena to house their current sports, as well as to bring additional venues to southern Nevada. Within that project, though, there were also dorms. There was a retail outlet that would go within that venue. However, when you talk about all those different things, it increases the price. The one thing that I have been very clear about is, if we build an arena, what it cannot do is compete with the existing venues we have in the south.

As an example, you all know I sell food for a living. A vendor can come in and say, "You are my number one company and I want you to sell these croissants." Then if they think they are not moving fast enough, they will go to a couple other distributors and say, "hey, you guys can sell them too." Then there is competition. Competition is good, but at some point everybody just keeps lowballing the number, and then the quality of the croissant is no longer any good. I could see where that could happen in this instance. I do not believe that is what we are intending to do. I would not support anything like that. I think that the arena is great if it can bring additional projects. I think we heard that it can bring up to an additional 60 venues each year. That, too, would have to be worked out, but really it depends on the size of the project, and I am not sure UNLV is clear on what size they want at this point. That is the big vision—to have the arena, bring additional venues here, work to keep

the Thomas & Mack Center afloat, have the dorms, and have retail all within this one big urban corridor.

Assemblyman Kirner:

This bill would create a special tax district to pay for this, am I understanding that right?

Assemblywoman Kirkpatrick:

Correct. The one thing I did not like last session was that it was 100 percent on the backs of the public. What I asked the folks at UNLV to do is go out and do a 60/40 split, so that 40 percent of the money had to come from the private sector and 60 percent would come from the state. I believe if we are taking a risk we should not bear all the risk, because there are a lot of other things that we would all like to do. Sixty percent would be the public portion, which is the dollars that are created by the public. They would then have to come up with 40 percent in private financing to make the project work. I personally would not support anything less and have been very clear about that.

Chairwoman Bustamante Adams:

Thank you for your question, Assemblyman Kirner. I think that helped to set the vision, even though it does shift.

Assemblyman Hardy:

The same discussion happened about the Thomas & Mack Center and the damage it might cause if it was built. As we know, southern Nevada is a growing place, and so is Nevada. This is much the same that was presented to us last time, as was done at the University of Southern California (USC) where they had a private-public partnership step in. We have the same issues in southern Nevada that USC had. We are a transient university. It is not a campus life. This sometimes does not attract the brightest and best from outside of our state. This will help increase the opportunity for attracting individuals that are willing to pay the price to come from other places and create that campus lifestyle, along with the fact that it will help revenues within our community with additional sports or concert venues. It cannot involve taking away those that already exist. I believe it is a good opportunity and I like the private-public partnership part of it. I think it is a good way to start.

Assemblyman Kirner:

So the detector that goes up on me is I do not want to get into a situation like Reno has had, where we make a certain promise and all of a sudden we are trying to figure out how we are going to pay for it. I would guess if we are going to do something like this, it has to be clean and it cannot be encumbering to an unfair extent.

Assemblywoman Kirkpatrick:

Reno was the poster child of what we did not want to be. That is why the bill is spread out, and is all the more reason we say the private folks have to step in. The way that the bonding would work, and I did clarify this, is that they are only allowed a certain amount of revenue and they have to make up all the rest. I believe that is one reason the fees are in there. What they charge their tenants—all of it has to go to pay that stuff back. We were thankful we had something to look at and not repeat.

Assemblyman Stewart:

I really appreciate your bringing forward this bill. I think you are opening up a path here and you have the experience. I have seen you operate the last three sessions on bills similar to this where we have gotten burned sometimes. You have the experience to put up the signs of caution and put in the gates they have to go through. I think you have done an excellent job on this.

I think it opens the door to where we can start working toward the ends. I have seen the diagrams of the plans. I know that Don Snyder and Neal Smatresk would have been here in a minute if you had invited them to come. I appreciate you doing this on a low-key basis. I think that is great. I really appreciate what you are doing and I am 100 percent behind you.

Assemblywoman Kirkpatrick:

We could have done the big dog-and-pony show, but we did that last time and it was horrible for all of us. I asked everybody to stand down and let us have a real policy discussion, because I think that is the most important part. They all would have loved to be here. I asked them not to come because I think the bill still needs some work. I think it is important to the students at UNLV, as well as the economy in southern Nevada, but they need to do their part, and we will do our part.

Assemblyman Kirner:

I had heard that there was a parting of the ways between the organization that did the USC thing and UNLV just yesterday, so I do not know what is going on with that.

Assemblywoman Kirkpatrick:

I have not heard that, nor do I think it is within the purview of the body to get into that. I think it does not make a difference as much as it needs to be a 60/40 partnership. I do not think the state should step up and do it all, and I think if the private sector really wants it they should play a role in it.

Chairwoman Bustamante Adams:

I want to go to page 3, lines 34 and 35, where it talks about the preferential hiring of Nevada residents. From what I understand, the concept is to make sure that Nevadans benefit from the work that would be made available in creating this entity. Is that correct?

Assemblywoman Kirkpatrick:

That is correct. This is very important to me because our unemployment rolls are still rather high in my mind. I think that if public dollars are going to be spent coming from Nevada, Nevada workers should get the jobs and should be the ones contributing back to the rest of the rolls.

Chairwoman Bustamante Adams:

I wanted to go back to your question about competing. In this section I did not see anything about, and I am not sure this is the right word but, stealing any existing events from other places. It would not be our desire to steal an event and put it into this arena, right?

Assemblywoman Kirkpatrick:

Correct. That alludes to how the Board was distinguished in section 17. The LVCVA has to be a partner within all of this. That is why there is a member from the LVCVA, there is a member from the County Commission, which we hope will not be somebody from the LVCVA, because we do have county commissioners who sit on that board. That is something they will have to work out amongst themselves, but by putting the business folks, the LVCVA and the Board of Regents on the same board, that has to be a topic of discussion. I do not know how I would write that into legislation, other than to make it very clear what my intent is. I think the rules have to be understood.

Assemblyman Stewart:

I think one thing this will do is to prevent us from losing some existing events, like the National Finals Rodeo. It is a very tenuous situation right now because of the smallness of the arena. This would roughly triple the size, and I think it would prevent current events from going to other cities in some cases.

Assemblywoman Kirkpatrick:

That is very true, Assemblyman Stewart. They did an economic impact on a very conservative level. It was about 80 new venues that are not current venues to our state. The LVCVA is very good about working with all the different properties to ensure that we get good quality trade shows, that we get good quality venues to our state, and that is why the LVCVA has been very successful. It also has local officials that allow for that dialogue to happen. I felt that it was very important that the Board of Regents understand that those

folks go out and bring conventions here, and they need to be part of that discussion in order to ensure that we are not taking away from existing business. Our goal was first and foremost to make sure that the students at UNLV actually had something on campus that they could draw their folks to, but that we could utilize as an additional tool for creating new venues within our state.

Assemblyman Hickey:

Could you go through the mechanism for arriving at the state's portion of the money? In other words, how is it going to be configured and where is it coming from?

Assemblywoman Kirkpatrick:

That is a good, important question. In section 8, those are actually current dollars that are available within the university plot, because that is really what it is. Those are dollars that are currently there that I was trying to utilize, because what I did not want to do is take away from additional dollars outside of that increment.

Assemblyman Hickey:

So basically to bond off of those?

Assemblywoman Kirkpatrick:

Correct.

Chairwoman Bustamante Adams:

Just for the record, in section 8, when Assemblywoman Kirkpatrick was listing those, they also include NRS Chapter 361, which is property taxes.

We will transition to sections 11 through 16. These are the definitions. They outline the tax increment account. It also outlines right-of-way for utilities. Are there any questions from the members of the Committee on sections 11 through 16? [There were none.]

We will go to sections 17 through 22. The sponsor touched upon this. This is the composition and makeup of the Board, how they are appointed and by whom. Are there any questions from the members of the Committee on sections 17 through 22?

Assemblyman Stewart:

On page 7, starting with line 31, where it says "No member of the Board of Directors may receive any compensation for serving as a member or officer of the Board," I think that is fine. The next few words "or as an employee of the

Board or the Authority," does that mean they would not be able to hire an executive director or staff at all?

Assemblywoman Kirkpatrick:

That is correct. I believe the Board is there more as an advisory booster club because they should be working toward the common good. What I am not a proponent of is all of these executive directors who take 17 percent for administrative costs. That really takes away from the intent of the project. That was really the thought process behind it. I believe there are a lot of people who would like to serve in this capacity. I believe there is a very strong bond at UNLV, and that people are very interested in doing this. I just wanted to clarify that you should not have to get paid to do what you love.

Assemblyman Stewart:

So they would utilize their own secretaries and things like that?

Assemblywoman Kirkpatrick:

Correct.

Chairwoman Bustamante Adams:

In section 21, it does allow the Authority to hire staff and employees, if it chooses, so that is also written in there.

Assemblyman Frierson:

I think that section says that no member of the Board can be paid or be employed, but that is a member of the Board. It does not actually speak to whether or not the Board can hire other staff that are not actually members of the Board to help with the duties of the Board.

Assemblywoman Kirkpatrick:

But knowing that, I want the record to be very clear that the administrative cost of having some of these other folks do things should be very low.

Assemblywoman Neal:

In section 17, regarding the appointment. Because you are saying the bill is not perfect, is the Legislature going to be able to appoint somebody?

Assemblywoman Kirkpatrick:

I do not think that that is outside of any discussion. How could you do that? Many times I support appointing Legislators so we know what happens for the long term. I am happy to look at that.

Chairwoman Bustamante Adams:

I do have a question about two things in section 17. One, and I do not know if this is politically correct or not, but my concern is the prevention of having a good old boys club in that group. I am not sure how you would legislate that, but I wanted to put it out there. I believe your intent is not to create that kind of Board.

Assemblywoman Kirkpatrick:

That is always my intent, because there is a good old girls club too, that works. Hopefully, the folks that would be on the Board, seeing as how we are just not being politically correct through this whole thing, would bring money or bring an avenue to some dollars to raise to help the funding of this mechanism. I do not think that we could appoint just anybody. We want to bring people who are established within the foundation and can bring a source of revenue.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee? [There were none.] We will move to sections 23 through 26. This is about the Authority being able to enter into a lease and other things. Are there any questions from the members of the Committee on sections 23 through 26?

Assemblywoman Kirkpatrick:

Could we go up through section 28, because that is where I have concerns?

Chairwoman Bustamante Adams:

Absolutely. Are there any questions from the members of the Committee on sections 23 through 28?

Assemblyman Hardy:

Going to section 28, just for clarification, is this something that you intended to be in there or is this something that was in the discussions we had? Are these the properties that potentially could have been granted or leased from the county to the school district?

Assemblywoman Kirkpatrick:

I think that was our intention, but this language is a little bit too broad. It does not clarify how it stays. We talked about how the William S. Boyd School of Law is right across. We talked about the current stadium Boyd has that the university uses. I do not believe we ever talked about just making it wide open, do you?

Assemblyman Hardy:

In that discussion there was acreage that was north of the McCarran Airport, vacant lands that were definitely wanted for parking or other things.

Assemblywoman Kirkpatrick:

I do not disagree with that. I just think the language is too broad and we need to clarify that.

Chairwoman Bustamante Adams:

On section 28, I know you went through your concerns, but could you just give the highlights of that again.

Assemblywoman Kirkpatrick:

When we had that discussion, there were some lands that were close to the University, such as the parking that Assemblyman Hardy alluded to. This is probably not right to say, but I question what would be done with the current Sam Boyd Stadium. Would you trade it to the county? Would you do something different? One of the big concerns is the traffic flow for that area. That area is congested on a regular basis, so the thought process was to allow them to get some adjacent lands. The plan included three parking garages, two on campus and one off campus, so that we could deal with the parking issue and traffic flow, because nobody likes to go to an event where you are sitting in a parking lot for two hours. This is a little broader than I am comfortable with. The real concept that was talked about was allowing them to use it, but I believe the language is currently written so that they can encompass all the way down to Boulder Highway, and I do not know if that is what we want either.

Assemblyman Frierson:

I am not 100 percent sure of this, but when you mentioned what they would do with the current Sam Boyd Stadium, I thought I remembered at some point that there was a limitation on what they could use it for, and if they stopped using it for sports they lost it. I do not know if that would require them to rehash an agreement for use, or if it would just void the University's ability to use it at all.

Assemblywoman Kirkpatrick:

I do not know the answer. We see deed restrictions on things all day long. I think the original intent was, as with state lands, not to allow them to come in and get some free land and then sell it off to the highest bidder. I do not know what the University's plan is with that, but knowing the way the language is currently written, and knowing that the stadium is on Boulder Highway, I just wanted to make sure that they could not include everything up to that to make the project work.

Assemblyman Hardy:

You said you did not want to see them get some free land and not be able to sell? Did I hear you just say that?

Assemblywoman Kirkpatrick:

No. What I said, because Mr. Frierson was asking about the deed restrictions that are on there, is that I do not think the intention of the original agreement with the Sam Boyd Stadium was to give like land and then have them turn around and sell it. I do believe they could get some adjacent parcels. There are Bureau of Land Management pieces. There are small covenants that are there that would be helpful. All of that is fine, but I do not know what the end result would be with their current stadium.

Assemblyman Hardy:

I would like to envision that somewhere down the road we are going to be able to get some more federal lands for school trust lands in our state. Even though they are not adjacent to the school, if we were able to get those trust lands, we would be able to sell them to a development type, take that money and revert it to education. Would you be opposed to that?

Assemblywoman Kirkpatrick:

I am not opposed to that, I just want to tighten the language on where this increment district would expand to.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee? [There were none.] Can you go through sections 29 through 31? This has to do with defraying in whole or in part any cost for undertaking to issue securities. It also talks about redevelopment areas.

Assemblyman Hardy:

I wanted to go back to the 2065 date. I may recall incorrectly, but I think this 2065 date was something that was brought up as a conservative issue for a funding mechanism. If I remember correctly, you brought up that it was too long then. They discussed the fact that they would like to have the ability to go that far, to make sure it is on the conservative side, and then re-look at reissuing bonds at a tighter period once they saw where this thing was headed. Do you remember that discussion at all?

Assemblywoman Kirkpatrick:

I do remember that discussion. They said, "We want 30 years, but we need until 2065 to ensure that we have the funding mechanism for the long term, for some maintenance and other stuff." I can appreciate that; however, for me

personally, that is a long time. If they can do it in 30 years, why not 40 years, or why not 25 years? I think there needs to be further discussion. I personally have been a huge policy advocate when it comes to extending redevelopments for 50 years. I think that is too long. I believe that we can work through that piece, but it is in the bill, so I just wanted to bring it to your attention.

Assemblywoman Neal:

My question comes from section 29, subsection 2, paragraph (a). The prior conversation was about the ability to sell the land, or do different things, where it says the authority may grant security interest, including deeds of trust and mortgages in any improvements it owns and in its interest. You can put a security interest on whatever you want. You could also have a security interest that gives somebody the right to then come and lien or have a super-priority lien and take it. If it is in any improvements, then it could be the whole deal.

I am wondering how we really want to treat that language because, ultimately, what is the oversight in the security interest that you are allowing someone else, a third party or fourth party, to have?

Assemblywoman Kirkpatrick:

They currently already do that with naming rights and different things that they have for property. I think the oversight is that the Board then reports to the Board of Regents. I am happy to clarify that with you, because this Board is really just a subsidiary of the Board of Regents, which actually has the authority to make all of that come about. I can clarify, work with Legal, and see what that means.

Assemblywoman Neal:

All right, because I am just being more conservative. It is such a long time and is a lot of exemptions on tax dollars. I do not want money that we know is state dollars to then be somehow infringed upon because somebody had a bright idea and it was not a good idea.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee? [There were none.] We will go to sections 33 to 40. These are the last sections. These speak to if we were to repeal or modify anything in the relationship.

I have a question on page 20, lines 38 to 40. If we were to modify or reduce the pledge revenue or repeal, line 44 says we will increase one or more of the designated taxes. Does that mean if anything in this covenant changes, we are responsible for figuring out how to make up the change? Is that how it reads?

Assemblywoman Kirkpatrick:

I believe that is typically standard any time we put bonds out there. That is why I believe the language has to be very clear. If somebody is bonded off of something, and especially if it is the state that has allowed them to bond off those revenues, if they were to take any one of those revenues, at some point they would have to find an equal amount of dollar value to put back. That is why I brought out the point about the slot tax, because it has already been moved. That would be something that we committed to allowing them to bond against. It is the same as what we heard on the fuel tax. If they are taking this money and bonding against it, they are counting on it to make their payment. I believe that it is standard bonding language, but I will not swear to it. Maybe Mr. Guindon or Mr. Nakamoto could speak to this.

Chairwoman Bustamante Adams:

Me. Guindon, can you shed some light?

Russell J. Guindon, Principal Deputy Fiscal Analyst:

I am not bond counsel, nor do I have a law degree, but that is the way I look at it. There are going to be bond covenants in place. If the Legislature took an action that impacted one of the pledged designated-revenue sources, then the state would have to come up with the money. What this is saying is that they could increase one or more of the designated taxes, they could impose or increase a new tax, or they could take a new tax and slide it in to be a designated revenue in a sense, because there are bond covenants in place. They could damage the bonds, so this would be trying to do hold harmless provisions with regard to bond covenants that would be in place. At least that is how I read it, as your fiscal staff.

Assemblywoman Neal:

Based on that explanation, I do not like that. Hold harmless?

Assemblywoman Kirkpatrick:

That is why I refuse to do a bill at the end of session, so we can have these discussions. That is how it works in business. If you are promised a certain tax to pay something off that you bonded against, then if the rules change you replace it, or you allow them to have the opportunity somehow to make up the difference of the dollars that were specified for that particular project.

We have seen that on many things that we do in the state. It would be no different than Nevada's Department of Transportation going out and taking the set dollar amount that they get for their fuel tax and bonding on a project. If we took away that money, they are left holding the bag, through no fault of their own, because the state took away their revenue source. You do not have to

like it, but I think that it benefits us to be responsible. If we allocate that money, we cannot take it away. I think they would probably have a legal challenge if we did.

Assemblyman Hardy:

Being fairly familiar with bonding companies, there is no bonding company out there that would ever bond this project if they thought their revenue source could be taken away at any time during that process, especially a government that changes every two years. It probably has to stay in there, or there is no chance of it going in that direction.

Going back to the 2065 date, the other thing I remembered about the discussion was that they felt they were ultraconservative in their estimates of what could happen. Was some of this lengthening of the bonding opportunity, the opportunity to expand if it goes as well as they think it can? What are your thoughts on the opportunity of maybe having the 30 years or 25 years, making this go out to where they could do that expansion without having to go through this process again. Just from the policy wonk that you are.

Assemblywoman Kirkpatrick:

As you will remember, I was late that day, but I do remember that discussion, and that they wanted the ability to increase and expand over time, but I have not quite figured out how to write that. I would be more comfortable, honestly, if in 30 years they came back and re-upped it, or if there was at least a mechanism reporting back, because 2065 is a big number. The Thomas & Mack Center is just now being paid off and that was some 30 years ago. Here we are revisiting it, trying to keep the same revenue source. As a policy wonk, knowing that Mrs. Benitez-Thompson's baby, who is not born yet, will be 52 at that time, I have a hard time visualizing that.

Assemblyman Hardy:

I just want to vet all the questions that I can remember at this time.

Assemblywoman Kirkpatrick:

Perfect, and that is why we do not have the dog-and-pony show, because policy always gets lost. The pictures are pretty and everybody has a great story, but really the policy is what is important.

Chairwoman Bustamante Adams:

On page 23, lines 44 and 45, and page 24, lines 1 and 2, it says this act expires by limitation on August 31, 2013, if the Board of Regents does not make the appointment. That is in a few months. Unless they make the appointment, then we have to start from square one?

Assemblywoman Kirkpatrick:

Yes, that is the whole purpose, so they get moving today and not two years from now. I believe that they have been working in a collaborative group in southern Nevada for some time, because we would not be this far on language had they not been working to that extent. Even if it passed on June 4, that still gives them a month to get it together.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee on sections 33 through 40? [There were none.]

We are going to transition to the support position. Is there anyone in the support position for the bill? [There was no one.] Is there anyone in opposition? [There was no one.] Is there anyone in the neutral position? [There was no one.]

Assemblywoman Kirkpatrick:

My office is on the first floor, and if anybody has any concerns or questions, please stop by and let us work through them. This is not going to be done in a vacuum like last session. I do not know that by April 12 we can get it all resolved. I am happy to work with folks, because I think that there needs to be some real discussion.

Chairwoman Bustamante Adams:

We will close the hearing on A.B. 335. We will take public comment. Is there anyone in Las Vegas for public comment? [There was no one.] Is there anyone in Carson City for public comment? [There was no one.] The meeting is adjourned [at 2:16 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Irene Bustamante Adams
Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: March 28, 2013

Time of Meeting: 1:06 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster