

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

**Seventy-Seventh Session
April 9, 2013**

The Committee on Taxation was called to order by Chairwoman Irene Bustamante Adams at 1:34 p.m. on Tuesday, April 9, 2013, in Room 4100 of the Legislative Building, 401 S. Carson St., Carson City, NV. 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
Assemblyman William C. Horne
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblywoman Dina Neal
Assemblyman Lynn D. Stewart

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Michael Nakamoto, Deputy Fiscal Analyst
Gina Hall, Committee Secretary
Colter Thomas, Committee Assistant

OTHERS PRESENT:

None

Assembly Bill 373: Establishes a tax credit for donations to a school tuition organization. (BDR 34-716)

Chairwoman Bustamante Adams:

Assembly Bill 373 was referred to Ways and Means earlier today on the floor of the Assembly. If you are here today for that bill, we will not be hearing it.

We will now transition into our work session. I will open the hearing on Assembly Bill 46. I will turn it over to our fiscal staff, Mr. Nakamoto.

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

Michael Nakamoto, Deputy Fiscal Analyst:

The first bill on today's work session is Assembly Bill 46. The work session document ([Exhibit C](#)) is located on the Nevada Electronic Legislative Information System (NELIS) for the members of the public, as well as those listening on the Internet. The members of the Committee also have the work session document in their binders.

This bill was heard on February 19. It was sponsored by this Committee, on behalf of the Washoe County School District (WCSD).

Assembly Bill 46, as introduced, requires the board of county commissioners in a county whose population is 100,000 or more, but less than 700,000, to impose an additional sales and use tax rate of 0.25 percent for deposit in the school district's fund for capital projects. The bill also requires the board of county commissioners to impose an additional property tax rate of \$.05 per \$100 of assessed value for deposit to this fund. The provisions of the bill, the population threshold, would specifically apply to Washoe County.

The provisions in A.B. 46 specify that the property tax rate of 5 cents is exempt from the provisions of *Nevada Revised Statutes* (NRS) 361.453, which

limits the total combined property tax rate in any district in the state to \$3.64 per \$100 of assessed value. The property tax rate is also not subject to the partial abatements that were approved by the Legislature pursuant to Assembly Bill No. 489 of the 73rd Session. Assembly Bill 46 also authorizes the proceeds from these taxes, as well as any portion of Governmental Services Tax revenue received based on the amount of its property tax rate attributable to debt service, to be used for the payment of bonds or other obligations used by the school district for capital projects.

Attached to the work session document is an amendment ([Exhibit D](#)), that was submitted by Assemblyman Bobzien. It would require the board of trustees of the county school district, by a majority vote of its members, to adopt a resolution requesting the board of county commissioners to levy the sales and property tax rates specified in the bill. If the resolution is adopted by the school board, the county commission would be required to levy these taxes.

The members of the Committee also have an amendment that was submitted by Assemblyman Hickey ([Exhibit E](#)), proposed amendment 7928 to A.B. 46. It is on NELIS, and it is also on your dais. This particular amendment would require the county commission to consider enacting the taxes, but it would make the actual adoption of the ordinance to enact these taxes optional for both the sales tax and the property tax.

If anybody has any questions about the work session document or the amendments I will answer them at this time.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee on the work session document? [There were none.] I believe Assemblyman Hickey, and please correct me if I am wrong, is rescinding his proposed amendment but wants to provide some comments for the public record.

Assemblyman Hickey:

I will speak to the amendment I proposed. To be clear on the previous amendment that was referenced, sending it to the school trustees before the county commission enacts it, is that still a part of the bill that we are going to be voting on today?

Michael Nakamoto:

Assemblyman Hickey, the amendment is part of the work session for today. It is the one that was presented at the original hearing. It is this Committee's decision whether they choose to pass the bill with that amendment included or not.

Assemblyman Hickey:

It was my understanding that we were going to subsequently be voting on the original bill, so I do not know if someone wants to make a motion.

Chairwoman Bustamante Adams:

When we are to that point I will entertain a motion to do pass, and that would not accept the amendment that was presented with the bill, and it would rescind your amendment.

Assemblyman Hickey:

Thank you, Madam Chairwoman. Maybe it is the time to speak to my amendment, since this is a work session, for the sake of discussion, but I want to get it on the record.

Along with other members of the Washoe delegation, I have been involved with this issue for quite some time. We have worked quite a while with the school district folks and the public, who see this as a critical issue for Washoe County. I am proud to say this has been a bipartisan effort to get us to this point, and hopefully beyond.

One of my reservations about the process so far, and we still have time to go and bridges to cross, is that I want to see more involvement at the local level in support of this bill. I see that primarily as a responsibility of those of us from Washoe County.

I was very impressed in this Committee to see the support Clark County brought to the Committee for the gas-indexing bill. We saw not only a very compelling reason for why it is needed for infrastructure in Clark County, but also saw very broad based support from the county commission and the stakeholders from Clark County. I believe that needs to be there as part of the buy-in, if you will, not only from the public and the elected officials who are here, but to make sure we really have the support of our county for this county-specific tax for our schools.

I am rescinding the amendment that I brought today ([Exhibit E](#)). I want to mention what it was, because it may be something that we might have to look at going forward. That amendment would have asked the county commission to play a role in what I think is a very compelling county issue.

I am going to be rescinding that amendment. I am going to be voting in favor of the original measure, but because of the fluid nature of this, I am going to reserve my right to change my vote on the floor should it be required.

Chairwoman Bustamante Adams:

Are there any other questions from the members of the Committee for Mr. Nakamoto on the work session document?

Assemblywoman Kirkpatrick:

I had some comments. I am a bit frustrated because you are right, Assemblyman Hickey, as far as southern Nevada county commissioners coming and supporting things, because we get on them to come and have the discussion with us. The Nevada Association of Counties is in the building, or they should be. Why are the Washoe folks not here? I could put in a bill that says local government can have home rule and they would all come dashing to the building, or I could put in a bill that said we are just going to take all your money across the state and they would come dashing to the building. We have been trying for a while to help Washoe County. I understand that there is a resolution, and myself being from Clark County, I want to support the children in Washoe County. I have always wanted to do that. I am frustrated because I want to know where those elected officials are. They should be here to support the children for the schools in the county, to even give us some direction. I have seen them in the building before, so I just do not understand why we are begging them for their permission when they could have already done it themselves. We say that about local government all day long. We heard that with Transportation, oh you go ahead and do it because we want to take your \$16 million from the State Highway Fund, but you go ahead and do it because we cannot get it done by ourselves. We all sign up for public service to make a decision. I want to do this, but what I do not want to hear is that southern Nevada folks did not go out of their way to help the children in Washoe County, because we have heard that.

Clark County has two different avenues of revenue because we all came together. We want to do the same for Washoe. Clark County folks are willing to help Washoe County folks, but where are those elected officials? I am calling them out because they testify and say we cannot give any abatements away because it hurts schools. Where are they today on an issue that is important to 300,000 children in this area? I am willing to make a motion to do pass and be done with it because I want them in this building. They need to help solve this issue for the children of Washoe County.

Assemblyman Grady:

I have to agree with Assemblywoman Kirkpatrick as to where are they, but my position is different in that I cannot support the bill if it is not that important to them.

Assemblyman Kirner:

I stand firmly on both sides of this issue. That is a bit of a facetious statement, but I have a situation in which part of my district would absolutely be opposed to this, and another part of my district would be absolutely opposed to me not favoring this. I clearly do not think it should go to the school board. I am not in favor of that amendment. I respect that Assemblyman Hickey has withdrawn his amendment. Maybe it is time for us to do our job here, take this to the floor, and vote on it like responsible legislators.

Assemblyman Hardy:

For the same reasons Assemblyman Kirner said, I believe we have a responsibility in this building to do our job. I believe there are a number of avenues that could have been taken. We have known this was coming down the road, and Washoe has probably known this for quite some time. The county does need to step up to the plate. They have an obligation to fulfill their duties, along with us, and I do not want to give that responsibility to the school board. I think that is relinquishing our power and what we are supposed to be doing here as legislators. I will not be supporting for that reason.

Assemblywoman Benitez-Thompson:

I want to express my support for a do pass on the bill as introduced. I want to thank my northern Nevada colleagues. So many of us, not only up here on the dais, but in the room today have been working for over a year on this issue and on problem solving. There were many ideas that were talked about. I cannot tell you how amazing the energy was in the room at times with people coming together to hammer this out and fix it. There is a problem and we have to be responsible to our children. I think it is a bit unfortunate that at the last moment there is a change of heart by some. No matter how this policy looks, the fact is that our children need this. The fact is that we have to be able to do this.

I am getting more and more comfortable in my role as Chairwoman of Government Affairs, voting for things that happen in local government without them necessarily always being front and center to state either way how they feel. Whether or not the county commissioners weigh in on this does not matter to me, because I know it is right. I know it is right for my daughter and her friends at Grace Warner Elementary School. I know it is right for the children at Mamie Towles Elementary School, which is in my district and where I went for the first through sixth grades. It is right for all the children of our districts, who are here representing northern Nevada. That is why I am so passionately supportive of this do pass.

Assemblyman Stewart:

I have listened to all the arguments. I think I need some more encouragement from the local officials in Washoe County.

Chairwoman Bustamante Adams:

I will have Mr. Nakamoto make some final remarks.

Michael Nakamoto:

The one thing that I did neglect to add was that although the bill was designated as having no fiscal effect on state government, there was an unsolicited fiscal note ([Exhibit F](#)) submitted by the Department of Taxation for A.B. 46. The Department indicated that the passage of the bill as drafted would require the expenditure of approximately \$33,000 in fiscal year 2014 due to programming changes and notification costs that would be required as a result of the increased sales and use tax in Washoe County. The bill was also declared as being eligible for exemption by the Fiscal Analysis Division on March 6.

Chairwoman Bustamante Adams:

I will entertain a motion for a do pass as introduced. We are not accepting the amendment that was proposed with the bill, and Assemblyman Hickey has rescinded his additional amendment from this morning.

ASSEMBLYMAN HORNE MOVED TO DO PASS
ASSEMBLY BILL 46.

ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN GRADY, HARDY, AND
STEWART VOTED NO.)

I will close the hearing on A.B. 46 and open the hearing on Assembly Bill 308. I will turn it over to our fiscal staff, Mr. Nakamoto.

Assembly Bill 308: Revises provisions relating to the Southern Nevada Enterprise Community. (BDR S-557)

Michael Nakamoto, Deputy Fiscal Analyst:

The second bill on today's work session is Assembly Bill 308. The work session document ([Exhibit G](#)) is located on the Nevada Electronic Legislative Information System (NELIS) for the members of the public, as well as those listening on the Internet. The members of the Committee also have the work session document in their binders.

This bill was sponsored by Assemblywoman Neal and was heard by this Committee on April 2. The bill makes several changes to the Southern Nevada Enterprise Community (SNEC) Infrastructure Improvement Act. These changes include directing the SNEC Board, within the limits of available money, to develop additional neighborhood revitalization projects. [Continued to read from the work session document ([Exhibit G](#))].

There was an amendment submitted by Assemblywoman Neal and Dr. Horsford during the hearing on the bill. The changes are outlined on page 2 of the work session document ([Exhibit G](#)) and would do the following:

- The first change would be to section 1 of the bill. This section, as originally drafted, adds a new section 12.5 to the SNEC Infrastructure Improvement Act. The amendment would permit the board to develop the following types of projects, in addition to those already specified within this section. [Continued to read from the work session document ([Exhibit G](#)).]

The only other thing that I would add with respect to this bill is that it was concurrently referred to the Assembly Committees on Taxation and Ways and Means. If anybody has any questions about the work session document or the amendment, I will answer them at this time.

Chairwoman Bustamante Adams:

Are there any questions from members of the Committee on the work session document?

Assemblyman Kirner:

As a concurrent referral, was it originally based on \$200,000? It sounded like that was coming out. Does this no longer need to be referred to Ways and Means, or is there still some money attached?

Assemblywoman Kirkpatrick:

I do not want to speak for the Chair of Ways and Means, but I would bet they are going to pull it with the legislative staff still involved. There is a fiscal note to that.

Assemblyman Kirner:

There is still a fiscal note?

Assemblywoman Kirkpatrick:

I would bet so. We need to see if it is exempt, or can get an exemption.

Chairwoman Bustamante Adams:

Does that answer your questions Assemblyman Kirner?

Assemblyman Kirner:

I think so. It probably has to go to Ways and Means.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee on the work session document? [There were none.] I will entertain a motion to amend and do pass.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO AMEND
AND DO PASS ASSEMBLY BILL 308.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

Chairwoman Bustamante Adams:

Are there any questions or discussion on the motion?

Assemblyman Grady:

The motion then, as I understand it, is to amend and do pass, and refer to Ways and Means?

Chairwoman Bustamante Adams:

No, it is just amend and do pass. When the bill was put on the floor it was also concurrently referred to Ways and Means, so either way it is going to go there.

Michael Nakamoto:

The bill is concurrently referred to Ways and Means. The motion does not need to include a referral because it is already referred to that committee.

THE MOTION PASSED UNANIMOUSLY.

Chairwoman Bustamante Adams:

I will close the hearing on A.B. 308 and open the hearing on Assembly Bill 410. This is our economic gardening bill. I will turn it over to our fiscal staff, Mr. Nakamoto.

Assembly Bill 410: Directs the Office of Economic Development to create a pilot program to encourage the growth of existing businesses in this State. (BDR S-33)

Michael Nakamoto, Deputy Fiscal Analyst:

The third bill on today's work session is Assembly Bill 410. The work session document ([Exhibit H](#)) is located on the Nevada Electronic Legislative Information System (NELIS) for the members of the public, as well as those listening on the Internet. The members of the Committee also have the work session document in their binders.

Assembly Bill 410 was heard in this Committee on March 26 and was also sponsored by Assemblywoman Neal. This bill requires the Office of Economic Development (GOED), in consultation with the Center for Business and Economic Research at the University of Nevada, Las Vegas (UNLV), and other interested parties, to develop, create, and oversee a pilot program designed to stimulate Nevada's economy. The program is to be designed to provide assistance to businesses that are already located and operating in Nevada, rather than to recruit businesses from other states to relocate to Nevada. [Continued to read from the work session document ([Exhibit H](#)).]

There were two amendments submitted to this bill by Assemblywoman Neal. These are summarized, starting on page 2 ([Exhibit H](#)), and I will go through them in the order that they would amend the bill.

- The first amendment would amend section 2 of the bill to give more specificity among entities in Washoe County and Clark County, relating to the duties for the pilot program. The first of these amendments would change the definition of "center," which was originally defined in the bill as the Center for Business and Economic Research at UNLV. [Continued to read from work session document ([Exhibit H](#)).]

I would also note, before I conclude, that this bill has been declared as eligible for exemption by the Fiscal Analysis Division. If anybody has any questions about the work session document or the amendment, I will answer them at this time.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee on the work session document? [There were none.] I will entertain a motion to amend and do pass.

ASSEMBLYWOMAN PIERCE MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 410.

ASSEMBLYMAN HORNE SECONDED THE MOTION.

Chairwoman Bustamante Adams:

Are there any questions or discussion on the motion?

Assemblyman Kirner:

Is this another one that goes to Ways and Means? Is it appropriate to amend and do pass or to refer without recommendation? How do we go through that process?

Chairwoman Bustamante Adams:

Just like we did with the other bill.

Assemblyman Kirner:

This is not concurrent, so that is why I am asking.

Michael Nakamoto:

It would be the decision of the Committee whether they wish to refer it or not, whether there is a recommendation of do pass or not. That would also be part of the motion. In other words Assemblyman Kirner, you could do it either way.

Chairwoman Bustamante Adams:

So right now the motion is to amend and do pass. We could take a vote on that or if you prefer we could do an amend and do pass, and refer to Ways and Means.

Assemblyman Horne:

I believe that because this has a fiscal note, Ways and Means is going to grab it. Things with fiscal notes are going to get grabbed whether we refer them or not. That is the role of fiscal staff and Chairwoman Carlton. We can vote this as the motion is stated, amend and do pass. It will go out and be caught up in that net.

Chairwoman Bustamante Adams:

I agree. Any questions Assemblyman Kirner?

Assemblyman Kirner:

Not so much a question. I think this is a bill that my colleague has worked on very hard, and it sounds like it has a lot of positive things on it. Personally, I am concerned about the fiscal note as we begin to add these things up. That is just a general concern that I have. I do appreciate the work that she has done. This is a great science.

Chairwoman Bustamante Adams:

She will have an uphill battle in Ways and Means, but we are grateful that you are there. I will call for the vote.

THE MOTION PASSED UNANIMOUSLY.

I will close the hearing on A.B. 410 and open the hearing on Assembly Bill 466. I will turn it over to our fiscal staff, Mr. Nakamoto.

Assembly Bill 466: Revises provisions relating to governmental financial administration. (BDR 32-236)

Michael Nakamoto, Deputy Fiscal Analyst:

The last bill on today's work session is Assembly Bill 466. The work session document ([Exhibit I](#)) is located in the Nevada Electronic Legislative Information System (NELIS) for the members of the public, as well as those listening on the Internet. The members of the Committee also have the work session document in their binders.

Assembly Bill 466 was heard in this Committee on April 4 and was sponsored by the Committee, with the primary testimony given by Assemblywoman Kirkpatrick.

Assembly Bill 466 requires the Director of the Department of Administration to prepare and submit a tax expenditure report to the Governor and Legislature on or before November 10 of each even-numbered year. The report must include the following information for each expenditure:

- A description of the tax expenditure. [Continued to read from work session document ([Exhibit I](#)).]

There was a fiscal note submitted by the Department of Administration, which was testified to by Mr. Mohlenkamp at the bill hearing. At this time there has not been a declaration of the bill's exemption by the Fiscal Analysis Division. If anyone has any questions about the work session document or the amendment, I will answer them at this time.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee on the work session document?

Assemblyman Kirner:

Like the bill we just passed, this one also has a pretty substantial fiscal note. Unlike the bill that we just passed or referred, I think the savings on this thing are going to well offset the fiscal note on it. Whereas the other one tends to be more of a pilot program, I think this is an expenditure that will pay dividends.

Chairwoman Bustamante Adams:

I will entertain a motion to do pass.

ASSEMBLYMAN HICKEY MOVED TO DO PASS
ASSEMBLY BILL 466.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairwoman Bustamante Adams:

I will close the hearing on A.B. 466. I will take public comment at this time. [There was none.] The meeting is adjourned [at 2:11 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Irene Bustamante Adams
Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: April 9, 2013

Time of Meeting: 1:34 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 46	C	Michael Nakamoto	Work Session Document
A.B. 46	D	Michael Nakamoto	Proposed Amendment
A.B. 46	E	Assemblyman Hickey	Proposed Amendment
A.B. 46	F	Department of Taxation	Unsolicited Executive Agency Fiscal Note
A.B. 308	G	Michael Nakamoto	Work Session Document
A.B. 410	H	Michael Nakamoto	Work Session Document
A.B. 466	I	Michael Nakamoto	Work Session Document