

**MINUTES OF THE  
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Seventh Session  
May 3, 2013**

The Senate Committee on Government Affairs was called to order by Chair David R. Parks at 12:10 p.m. on Friday, May 3, 2013, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator David R. Parks, Chair  
Senator Pat Spearman, Vice Chair  
Senator Mark A. Manendo  
Senator Pete Goicoechea  
Senator Scott Hammond

**GUEST LEGISLATORS PRESENT:**

Assemblyman Richard (Skip) Daly, Assembly District No. 31  
Assemblyman James Healey, Assembly District No. 35  
Assemblywoman Marilyn Kirkpatrick, Assembly District No. 1  
Assemblywoman Heidi Swank, Assembly District No. 16

**STAFF MEMBERS PRESENT:**

Patrick Guinan, Policy Analyst  
Heidi Chlarson, Counsel  
Martha Barnes, Committee Secretary

**OTHERS PRESENT:**

Lindsay Anderson, Washoe County School District  
Kimberly H. Robinson, Executive Director, Truckee Meadows Regional Planning  
Agency  
Adam Mayberry, City of Sparks  
Ted J. Olivas, Director, Administrative Services, City of Las Vegas

Senate Committee on Government Affairs  
May 3, 2013  
Page 2

William Arent, Director, Economic and Urban Development Department, City of Las Vegas  
Elizabeth N. Fretwell, City Manager, City of Las Vegas  
Carolyn G. Goodman, Mayor, City of Las Vegas  
Ricki Y. Barlow, Councilman, City of Las Vegas  
Scott D. Adams, Chief Urban Redevelopment Officer, City of Las Vegas  
Paul Moradkhan, Las Vegas Metro Chamber of Commerce  
Sallie Doeblner, Past President, NAIOP, Commercial Real Estate Development Association, Southern Nevada Chapter  
Lisa Foster, Nevada League of Cities and Municipalities  
Danny Thompson, Nevada State AFL-CIO  
Terry Murphy, Downtown Las Vegas Alliance  
Marc Abelman, President, Las Vegas Arts District  
Frank Hawkins, President, NAACP Las Vegas  
Nicole Rourke, Clark County School District  
Michael W. Bouse, Manager, Code Enforcement Division, City of Las Vegas  
Javier Trujillo, City of Henderson  
Jack Mallory, Southern Nevada Building and Construction Trades Council  
Terry Graves, Chamber of Commerce, City of Henderson  
Mike Cathcart, Manager, Business Operations, City of Henderson  
Yolanda King, Clark County

**Chair Parks:**

There are five bills for us to hear this afternoon, and I will open the hearing on Assembly Bill (A.B.) 87.

**ASSEMBLY BILL 87 (1st Reprint)**: Revises provisions relating to consistency in zoning ordinances with respect to certain standards and specifications for the construction or alteration of public schools in certain counties. (BDR 22-274)

**Assemblyman Richard (Skip) Daly (Assembly District No. 31):**

Assembly Bill 87 affects Washoe County only. The situation in Washoe County is different than in Carson City where there is one government to determine zoning and land use issues. This bill does not affect Clark County because it has its own planning department within the Clark County School District. Reno, Sparks and Washoe County add slightly different requirements for parking setbacks, building heights and various other land use issues which apply to schools just as they apply to other developments.

When Damonte Ranch High School was being built within Washoe County, the planning was completed to meet all the requirements, and two-thirds of the way through the construction of the school, under the City of Reno sphere of influence, the builders were required to meet new standards. It was problematic because it was already into design and construction, but the requirements were met. We would like to standardize the process for schools so everyone is using the same standards. Everyone will have the same parking requirements, landscaping requirements, heights and setbacks.

When the bill was brought forward, it contained prescriptive measures and some agencies expressed concerns. All agencies worked collaboratively to correct the language. The Washoe County School District officials were happy their concerns were addressed, and Reno/Sparks and Washoe County agree with the language in the bill. The bill says we are going to make changes in our master plan to make it uniform when applied to schools. Once the master plan is completed, there is time to adopt the new standards by each entity. We hope the economy will improve so we can grow to need more schools. This standard will be in place until all four of the entities, including the School District, agree to a change. Any disagreement can be brought back to the Legislature for corrective language.

When I said there were too many differences, the four entities indicated that was not the case. I took their language and let them work it out among themselves, but it is now spreading to other issues where they have differences in order to streamline some existing processes.

Proposed Amendment 8724 to A.B. 87 ([Exhibit C](#)) has draft language from the Legislative Counsel Bureau, deleting language in section 1.3, subsection 2, and section 3, subsection 1, paragraph (b) "approved by the board of trustees of" and replacing it with "developed in conjunction with" the school district of the county. We are happy with the language proposed in the amendment. Some people from Washoe County Planning and Development Division can speak to the technical side of the issue if you have questions.

**Chair Parks:**

In years past, this was a contentious issue, but in Clark County with the Clark County School District completing most of the design standards, those issues are resolved.

**Assemblyman Daly:**

When A.B. 87 was first drafted, it could have been open to any county, but we narrowed it down to Washoe County because most areas do not have overlapping jurisdictions. This mechanism will streamline the processes in Washoe County.

**Lindsay Anderson (Washoe County School District):**

We worked with Assemblyman Daly throughout the process and are looking forward to having one set of standards. We are excited about the potential to build new schools, especially given our current capital situation.

**Kimberly H. Robinson (Executive Director, Truckee Meadows Regional Planning Agency):**

We worked with Reno, Sparks, Washoe County and the School District on this particular bill. It is a great collaborative effort. We support the bill.

**Adam Mayberry (City of Sparks):**

The City of Sparks also supports the bill and appreciates the opportunity to work together toward a standard for all of us.

**Chair Parks:**

I will close the hearing on A.B. 87 and open the hearing on A.B. 50.

**ASSEMBLY BILL 50 (1st Reprint):** Revises provisions relating to local government finance. (BDR 22-253)

**Ted J. Olivas (Director, Administrative Services, City of Las Vegas):**

There will be a short presentation ([Exhibit D](#)) for the Committee. I have provided a proposed amendment ([Exhibit E](#)) from the City of Las Vegas to add language and a friendly amendment ([Exhibit F](#)) from the Culinary Workers Union Local 226. I have also provided a copy of the City of Las Vegas Economic and Urban Development Projects, Fiscal Year 2012 in Review ([Exhibit G](#)). Assembly Bill 50 relates to the City of Las Vegas Redevelopment Agency only, so when we are having these discussions, think Las Vegas since it will not impact our friends in Henderson, North Las Vegas, Reno, Sparks or elsewhere.

**Assemblywoman Heidi Swank (Assembly District No. 16):**

My district includes the southern half of downtown Las Vegas, and portions are in the redevelopment area. Many of my constituents who live in the

northern portion of my district have benefited from many of the new businesses within the redevelopment district. This is where the constituents go to hang out, have fun or relax. Over the past few years, we have seen some good beginnings to bring back downtown Las Vegas. People have heard a lot about the Fremont East District, which has some great coffee shops. I had brunch there this weekend, and it was nice to sit outside and see neighbors going by. We also have Antique Alley which has developed just in the last couple of years on Main Street.

Everyone knows about the great museums, such as in the Smith Center for the Performing Arts. I asked my constituents, we have this great beginning, where do we want to go from here? People mentioned they would like to see bookstores, grocery stores and clothing stores come into downtown. We have had a good beginning and it has built a lot of excitement around downtown, but there is still a lot of work we need to do. There are still areas that need assistance. The downtown residents have watched as Las Vegas has grown over the years and developed, and while downtown has begun to look up, we would still like to see it move further along. I urge your support for A.B. 50.

**Assemblyman James Healey (Assembly District No. 35):**

My district includes the far southwest part of Las Vegas, so the question may be why am I here on a bill that is downtown and not in my district? Downtown really represents all of our districts. Every one of you on this Committee has residents who are now taking part in the new downtown. I have been in Las Vegas for 20 years this summer and have seen tremendous change and growth. Many of us know most locals who go out in Las Vegas would never consider going downtown. Most people even hesitate to go to The Strip unless they are going to work. That has changed.

When I ask my constituents where they go out to eat, they travel outside of the district to enjoy a drink, dinner with friends, brunch or entertainment. If you have not been to the Fremont Street Experience or Fremont East District in the last 6 to 8 months, I encourage you to experience the new downtown. There is energy from our fantastic tourists, but the number of locals has increased. When I am in the area now, I always run into friends or see people I know, and that never used to be the case during the last 19 years that I have been in Las Vegas. Momentum that former Mayor Oscar Goodman created continues with Mayor Carolyn Goodman and is absolutely tremendous.

With the momentum we have right now in the downtown area, the new districts, museums and the First Friday events will be packed. We need to keep this energy and momentum going. Over time this legislative body has seen and heard many requests when it comes to redevelopment, but when it was reviewed, nothing was accomplished. That is frustrating. There may be some hesitation from this Committee because you have heard it before, but I am here to tell you this redevelopment project is different. The energy and momentum is already in place and to stop it would be a travesty to our State. We need to continue from a tourism standpoint, and we need to create new ways to bring more tourism to our City.

We still have The Strip, and we still provide that Strip experience to the Las Vegas guests that people get nowhere else. People are also looking for something small and local. Tourists love to interact with locals. When people travel, they want to know where the locals eat and hang out. The new Fremont East District has become a place for the locals to hang out. I urge this Committee to understand the importance of keeping this energy because it is beneficial to each and every one of our constituents and the State economy.

**Senator Manendo:**

Have you been on the zip line?

**Assemblyman Healey:**

I have not because of back issues which require me to be careful. I have taken many of my friends to try it, so I zip through them.

**Senator Manendo:**

We did a fundraiser for the kidney transplant center and the Fremont Street SlotZilla zip line drew many people to participate in the fundraiser.

**Mr. Olivas:**

If you will turn to the Economic and Urban Development Projects, Fiscal Year 2012 in Review document, [Exhibit G](#), page 6 shows a map of the redevelopment area. It is essentially at the intersection of U.S. Highway 95 and Interstate 15. The map provided on page 7 is more detailed and identifies the boundaries of the redevelopment area.

**William Arent (Director, Economic and Urban Development Department, City of Las Vegas):**

As mentioned, this bill does not affect any other areas within the State. Relative to the map on page 7 of [Exhibit G](#), this highlights the original project area which began in 1986. We planned a new project for areas west of downtown, but this bill does not cover the new area. Assembly Bill 50 only covers the original project area noted on the map, which is approximately 3,900 acres and encompasses the core downtown and neighborhoods immediately west and east of downtown Las Vegas.

I would like to focus on what we have been doing with redevelopment and some of our successes. The City of Las Vegas has taken an approach to use redevelopment not only as a tool to address urban blight and decay, but we have also used it as an economic development tool. In that respect we are using redevelopment to attract new private capital investment and building projects to create jobs. Las Vegas has a disproportionately small share of the industrial space in the Las Vegas Valley. We have some business parks, but we really like to think of downtown Las Vegas as our urban business park. We are seeing a lot of new business activity.

Our approach for redevelopment and why we have been successful is because we are always focusing on risk. We realize these are public dollars, and we want to ensure they are invested wisely and result in real projects with real businesses moving forward. We also want to understand how the agency is to succeed financially over time. We have spent the money a number of ways and one is that we have a very limited use of front-end contributions. We have completed some small grant projects and a quick-start visual improvement program where we limit participation to \$50,000 per business. An example is the La Comida restaurant that just opened in the downtown area. We provide a multiyear commitment using cash and provide pay-as-you-go funding which ensures the business performs over time. We also did this agreement with the Buy Low Market at Edmond Town Center near H Street and Owens.

We have invested money wisely in land acquisition where we make strategic purchases and then develop with private partners. An example is the Federal Justice Tower. The project topped out, and we sold the land for more than our acquisition costs. We have been a wise steward of Redevelopment Agency funds.

We have completed large projects using tax increment financing where we pledge future tax revenue earned against a project back to the developer in the form of a note. If the project is built, we pay against the note only after taxes are paid to and received by the agency. We pay only a portion of the taxes received. An example is the World Market Center Las Vegas—the largest taxpayer in the downtown redevelopment area and in the City.

Finally, we use bonding authority for the game-changer projects, the catalyst projects meant to spur new waves of private investment and development. We used this strategy for Symphony Park and the Smith Center for the Performing Arts. In 2009, we processed a bond offering and issuance of \$85 million. That is why we are here today. We have invested money wisely, we have issued bonds conservatively, and we have sufficient revenue to cover those bonds and our overhead costs. We can still cover the smaller projects. We do not have enough flexibility. Our Redevelopment Agency is due to sunset in 2031, which is 18 years away. It sounds like a long time, but today we are not able to issue 20-year bonds. We issued those bonds in 2009 at a time when the municipal bond market was not friendly and they came at a high cost of capital, much higher than our historical cost of capital. We would like to issue some new bonds to give us more flexibility to continue our momentum.

There has been tremendous growth in the tax base, but because of the correction in the real estate economy and the recession, we saw a drop in our revenue, just like every other tax property-funded agency in the State. That revenue is still sufficient to cover our expenses today, but it is not sufficient to continue the momentum. That is why we seek an extension of 15 years through the passage of A.B. 50.

Section 1 has a requirement that the Las Vegas Redevelopment Agency cannot operate in a way that would supplant other funds available for the Clark County School District (CCSD). It also addresses a set-aside requirement whereby 18 percent of our funds are set aside for uses other than redevelopment; those two uses are affordable housing and education. The current requirement allows us to spend funding partly on housing and partly on education. We want to make sure that 15-year extension would not adversely impact our larger taxing jurisdictions, notably the CCSD. We calculated the revenue coming in during that 15-year extension and want to make it revenue neutral to the School District. We determined a concept carried out in section 1 and later on in the bill that speaks to the change of distribution: instead of 9 percent set aside



for education and 9 percent set-aside for housing, during the extension we will shift all 18 percent for education which will benefit the CCSD.

Section 1.5 addresses the term extension of this redevelopment plan area for 15 years. It also sets aside three new criteria which must be met for any agency, including ours, to receive the extension. We also have a friendly amendment, [Exhibit E](#), proposing to address language to ensure our agency would be able to meet the criteria at the time we seek the extension.

Sections 2 and 3 add reporting requirements as well as transparency. We have already created an assistant advisory committee and we hold public meetings on a consistent basis. One of the questions asked is from the Culinary Workers Union Local 226 that has provided a friendly amendment, [Exhibit F](#), to change the time for a hearing on a proposed project from 7 calendar days to 14 calendar days. We support transparency, and we support this amendment.

Section 3.5 addresses the set-aside mentioned earlier. It also shifts the set-aside from education and housing specifically to education in those back-end years, thereby making it revenue-neutral to the School District.

Section 5 allows for the creation of a tourism improvement district within a redevelopment area under certain circumstances. A bill before the 2009 Legislature precluded a tourism improvement district from being adopted within a redevelopment boundary. One of our concerns has been that a project would benefit from a tourism improvement district or a Sales Tax Anticipated Revenue (STAR) bond incentive and also receive redevelopment agency funds. Putting the two incentives together would result in a lucrative incentive to our development partner.

The City of Las Vegas only has one tourism improvement district project, and we are not using redevelopment funds on that project. We agree there should be an exclusion from using both pots of money for one project. We agree to add language so it could open up a tourism improvement district project being completed within a redevelopment area. Our tourism improvement district is our downtown redevelopment area, and we want to ensure a level playing field with the rest of the State. We have been judicious about how we have used the tourism improvement district dollars. We have only approved one project, the retail surrounding the Las Vegas Museum of Organized Crime and Law Enforcement, and we have been selective.

This is not only about redevelopment but also economic development. Our economic engine is downtown, and we are seeing the business activity grow. We have over 30 start-up technical businesses open in the downtown area within the last 18 to 24 months. Twenty-two of those businesses were funded by the VegasTechFund, which is an offshoot of the Downtown Project. Additionally, this is good policy because it allows us to continue our momentum in a fiscally responsible way to ensure we have projects in the redevelopment areas that not only benefit the existing residents but bring new jobs to the area.

**Chair Parks:**

You guided us very skillfully through complicated legislation. You mentioned something about the Federal Justice Tower? Where is that located?

**Mr. Arent:**

The Federal Justice Tower is located on the corner of Las Vegas Boulevard and Clark Avenue. It is the building going up immediately across the street from the Lloyd D. George Federal Courthouse that is being privately developed. One of the benefits of the project is it will be placed on the tax rolls and revenue will come back to the Redevelopment Agency which can be reinvested back into the area. This is one of the only large construction projects happening in the Las Vegas Valley right now.

**Elizabeth N. Fretwell (City Manager, City of Las Vegas):**

The four speakers before me have summed up what we intend to accomplish in the downtown area. We have set an aggressive program to stabilize our City and to diversify our economy. Redevelopment is a key way for us to accomplish this goal. We have significant momentum, private investment, business growth and job creation. We want to see that momentum continue, and this bill will help us. Our actions over the last several years have shown our hard work, tenacity and staying focused on results can work in redevelopment areas.

Assembly Bill 50 gives us the opportunity to invest in education differently than we have in the past as a City. Some of the schools in the downtown area that serve the businesses and resident are under-performing. The funding will help afford some much-needed improvements in the schools, which is a strong component of the bill. This bill will move our community forward and help our region recover in a really smart way.

**Carolyn G. Goodman (Mayor, City of Las Vegas):**

Energy and excitement is exhibited in our offices at City Hall by people from all over the world who are interested in what is happening in the downtown core. We are the gateway between The Strip and North Las Vegas and other communities, and it has all been made possible by this redevelopment. We urge everyone to get behind this movement because we need to keep this energy and excitement going forward as we struggle to come out of the economic recession. People come into town from around the world. The new McCarran International Airport brings in about 188 flights with 150,000 tourists a week. The tourists are coming to the downtown area because they have heard so much about what is happening there. The residents are excited about the Fremont Street Experience, our museum row, which is being established, and of course what is happening on the Fremont East District with Zappos by Tony Hsieh. The best part is that these people who are coming into our community want to be part of the revitalization. These people want to buy into and be part of changing the blighted areas. It is imperative we have the tools to encourage them to come into our community.

Most important, we are looking at the diversification of the economy and the interest in the core of the City. All great municipalities have a solid core, and A.B. 50 is critical for us to continue. It is not just about fixing up old buildings, it is about creating an environment to attract new companies to move to the downtown area. It is about putting people back to work. This is economic development at its highest as we are affected by and work in concert with the Las Vegas Global Economic Alliance and the Governor's Office of Economic Development. I wish we could all live for another 150 years to see the outcome of our hard work. These are private partnerships with the public, and it is a great time to be a part of this movement. We need the passage of this bill in order to continue what former Mayor Oscar Goodman began with his City Council.

**Ricki Y. Barlow (Councilman, City of Las Vegas):**

This is something I hold near and dear to my heart as a native of Las Vegas having played in these areas, having been raised in these areas and now having the opportunity to work and legislate in these areas relative to the redevelopment area. As a young child growing up in this community, I remember the vibrant days of Fremont Street and all of the activities in and around the downtown community. I also remember the lively activity that took place when I was a little boy inside of the urban core, the historical

west Las Vegas community. Over the years, both of these areas that lie over the boundary of the redevelopment area went dormant. It was stagnant. As a staffer in 1999, I worked very closely with law enforcement in order to rid these areas of crime and negativity that transpired through the entire area.

Today, being able to serve on the City Council, I have an opportunity to see all of the hard work that went into ridding these areas of blight and static activity. It is now a vibrant, cultural corridor with elements and redevelopments taking place because of the seeds former Mayor Oscar Goodman and Council members planted. Now we are beginning to see the harvest. The area has a lot to do with the development and redevelopment that has transpired and continues to be the vehicle to redevelop and bring more business on line for our future generations.

The redevelopment area is critical because it provides an opportunity to bring in development such as Bank of America inside the urban core at the corner of Washington Avenue and Martin Luther King Boulevard. It allows us to bring in corporate headquarters such as Cox Cable at the corner of Vegas Drive and Martin Luther King. It allows us to bring in retail at the corners of Lake Mead Boulevard and Martin Luther King. All the other activity in the redevelopment project that has taken place in and around the downtown area includes: the Smith Center for Performing Arts; the Cleveland Clinic now housing the Lou Ruvo Center for Brain Health; the Fremont East Entertainment District and what we are accomplishing in that corridor; the redevelopment projects on D Street as far as the repaving of the streets and bringing in fresh landscaping; and the Martin Luther King corridor that has been completed. All these projects would not have been possible if it were not for the Redevelopment Agency.

The historic Westside School built in 1923 is the oldest standing elementary school in the City of Las Vegas. We are looking to reactivate this structure as a new watering hole for the community in the historical west Las Vegas community. All of these developments tie into the downtown core, whether it is a live or play element, this is what makes up a community.

The former Mayor, members of the Council and the executive staff through collaborations around the redevelopment area made this all possible. This was not an "I" but a "we" process. We all joined together and made this happen as a team. The team put in the work by cleaning out the negative element and bringing in the positive element with the development projects coming on line.

These projects make the City of Las Vegas great. When the City of Las Vegas looks good, the entire community looks good.

Please continue to work with us as we have been fiducially responsible with how we move forward in building collaborative efforts and making sure everyone was a part of this great development process. I urge your support of A.B. 50 so we can continue to move the positive activities and developments forward to make Las Vegas the most exciting place on earth.

**Scott D. Adams (Chief Urban Redevelopment Officer, City of Las Vegas):**

The one thread of commonality through all the comments is how important our redevelopment program has been to the economic recovery of the City, the region and the State. The last 5 years have been brutal on government finances. It has been brutal on individuals. The one thing we really need is jobs. The downtown redevelopment program, as it is now starting to take shape, is creating a large number of jobs. Just this past year, we were named by a national publication as one of the six best places in America to start up a technology company. That would have been unheard of 10 years ago. It was through many of the efforts mentioned that positioned us to create a nationally recognized economic development program. We must continue.

**Paul Moradkhan (Las Vegas Metro Chamber of Commerce):**

I support A.B. 50. We support the bill because of the economic development benefits associated with these proposed provisions outlined with the extension of the Redevelopment Agency. This bill will support continued efforts by the City staff, Council and Mayor, local businesses and entrepreneurs to develop, reinvest and reenergize our City's urban core. The efforts currently underway in the downtown redevelopment area have seen significant progress, and the Las Vegas Metro Chamber of Commerce believes that legislation such as A.B. 50 will allow these efforts to continue. These efforts not only benefit the businesses in the redevelopment area but also the local residents and tourists who come to downtown to shop, spend money and seek entertainment. In addition to the economic developments of A.B. 50, the Metro Chamber of Commerce acknowledges that this bill also brings additional transparency to the redevelopment process by requiring data to be reported annually. It is good public policy to require reporting of all Redevelopment Agency revenue and expenditures. The Chamber asks for the Committee to support the ongoing collaborative partnerships by supporting A.B. 50.

**Sallie Doeblner (Past President, NAIOP, Commercial Real Estate Development Association, Southern Nevada Chapter):**

As a commercial real estate development organization, NAIOP is in favor of A.B. 50. As an industry that has suffered greatly in the past several years of economic downturn, we applaud any efforts for responsible redevelopment and support the ability to continue the positive trend in that direction. As we struggle to recover, any continued development means job creation in southern Nevada in many industries, not only with design and construction but with all the employees in the small and large businesses housed in those buildings. Our members are also residents here, and we support the creation of a vibrant community for our families, our residents and for those future residents of Las Vegas. On behalf of NAIOP, we encourage you to support A.B. 50 so the City of Las Vegas can continue to capitalize on the momentum of positive growth and redevelopment.

**Lisa Foster (Nevada League of Cities and Municipalities):**

We are here to support our members' efforts to improve and enhance the downtown area of Las Vegas and the Redevelopment Agency through A.B. 50.

**Danny Thompson (Nevada State AFL-CIO):**

We are very excited about the work done in the downtown area and in the City of Las Vegas to revitalize the area and make it a wonderful place to live, work and play. This is a shining example of a redevelopment agency that has worked hard and done a great job. Today, I am offering a friendly amendment from the Culinary Workers Union Local 226, [Exhibit F](#), which changes the time period from 7 days to 14 days for a project in order to provide additional time to digest complex issues. All parties have agreed to the amendment.

**Terry Murphy (Downtown Las Vegas Alliance):**

Our organization is proud that we have grown from a few members during the recession, incorporated in 2008 and have grown to over 50 members with 38 board members plus affiliate members. Our smallest business member has only one half-time employee, and our largest business member represents some of the largest downtown hotel-casinos as well as Forest City Enterprises, Inc. We are a diverse group with some nonprofit organizations. We support A.B. 50. We anticipate 20,000 people throughout the Las Vegas Valley will attend First Friday, so the happenings downtown are important to everyone. We conducted a random sampling survey throughout southern Nevada and found that 96 percent of those who visited downtown Las Vegas had an enjoyable

experience. We do not think we would have seen that response 5 years ago or even 10 years ago.

**Marc Abelman (President, Las Vegas Arts District):**

I encourage your support of A.B. 50. As our community sees the explosive growth of what the Redevelopment Agency has done, it is important to continue the momentum. I am a recipient of the Visual Improvement Program grant program. I would have had a façade on my building, but it would not have happened as quickly without the help of the Redevelopment Agency. A new business just opened called the Velveteen Rabbit that was also helped by receiving grant funding. Our two businesses developed this part of Main Street in the Arts District, which continues to inspire our neighbors to raise the bar and take pride in our community. There is an exciting energy happening in the downtown area. In addition, the rest of the community nationally and beyond is looking to our community to bring businesses to this area.

**Chair Parks:**

Could you tell us a little about your business and where it is located?

**Mr. Abelman:**

We are an interior design firm that moved from an industrial area to the Arts District because the creative component is an important dimension to be added to the community and returned to my business. As I became involved in the community, it has consumed me because there is an amazing energy. My business is exploding, and we are hiring more people—which is another great component.

**Frank Hawkins (President, NAACP Las Vegas):**

I am here in support of A.B. 50; however, we raised some issues when this bill was heard in the Assembly. The clarifications remain relative to the small business loan section of the bill. Our concern from the perspective of the NAACP is that the capped loans are for small businesses. We do not want to see a big developer receive grant money, then turn around and get a loan when it has little or nothing in the game. If the business is from out of state and the deal fails, we are all stuck with what it tried to create. I was a City Councilman from 1991 to 1995 in the City of Las Vegas.

We also made comments regarding the public notice, and the change from 7 days to 14 days is a good compromise. The big concern is the creation of

jobs. We know we like and need buildings, but part of the original Redevelopment Agency goal was not only to revitalize the community but also to put those in the community to work.

The City of Las Vegas agreed to a bill during the last Legislative Session, and I compliment the City on its employment plan. But within the employment plan and also *Nevada Revised Statutes* (NRS) 279 regarding employment of residents from the community, a big sticking point has caused a conflict between the NAACP and the unions. When you have public money, everyone should be able to work. When a project begins, the developer gets money from the City, signs a signatory contract with the unions and nonunion subcontractors, and residents of the redevelopment areas want to apply for jobs. They are being told they have to join the unions.

The same issue on the jail downtown that led to a lawsuit was the first loss for the project labor agreement in 100-plus tries. I am arguing for the fact that everybody should have the opportunity to work. The redevelopment was set up, not only to revitalize the area but to put people to work. Some taxpayers might pay more taxes than others, but everybody should have the opportunity to work on a job. I am asking this Committee to fix that problem with the bill. I have spoken to officials from the City, and we will continue to work on it.

Some years ago the State law was unclear, so the City supported a bill that was vetoed by the Governor. I want to raise this issue because it really needs to be addressed in order for everyone to work collectively and in harmony. Sometimes it appears we are working against each other.

Another big issue is the 9 percent set-aside. I know how important it is for the City of Las Vegas to get an extension of 15 years. I supported the redevelopment and understand its mission; however, giving away 9 percent of the redevelopment funding is like taking money from the poor and giving it to the Clark County School District. The School District is richer than the schools located inside the redevelopment areas. I have been on the Clark County School District Bond Oversight Committee for over 10 years. The City is willing to give away all of the redevelopment money in 2031 to the CCSD, which is ridiculous. The Clark County School District wants to eliminate the bond oversight. If we now take redevelopment money in the redevelopment area of east Las Vegas and west Las Vegas, are the older schools to have more portables than any other schools in the area? The money should have a requirement clearly stating



that the School District cannot divert money it has set aside for school improvements in the redevelopment area to utilize only redevelopment funds for those schools.

In closing, everybody should be allowed to work in the redevelopment area and I am vehemently opposed to the redevelopment funds going to the Clark County School District when it has schools in the redevelopment areas that are falling down. The Legislature made the CCSD rebuild two schools, Wendell P. Williams and Kermit R. Booker Sr. Elementary Schools. Giving the CCSD all of the redevelopment funding is against redevelopment in my opinion.

**Nicole Rourke (Clark County School District):**

We want to thank the officials of the City of Las Vegas for working with us on the set-aside language in A.B. 50. We appreciate their work to reduce the impact of the Redevelopment Agency extension on the CCSD revenues and to include school sites within a 1-mile radius. This expansion allows us to set aside funds to be used for repairs and renovations in additional schools.

**Chair Parks:**

The word supplant pops up often in bill language, and I see it in this bill. To answer some of the questions posed by previous witnesses, do you have a particular methodology as to how you would account for the funds so they would not supplant other dollars?

**Ms. Rourke:**

We run a process called the Facility Condition Index to determine the condition of our schools, which fluctuates. The Index tells us what repairs need to be made for each school. Relative to the supplant measure, we have experience in working with federal dollars and supplant provisions through those funding sources. Our finance office would be certain to keep these funds separate and determine what would be used where.

**Senator Hammond:**

Section 3 relates to more transparency. Could you explain the reasoning behind wanting to strengthen the reporting requirements? Have there been concerns in the past? Can you provide more detail?

**Mr. Arent:**

Most of the reporting conducted by our Redevelopment Agency is performed on an annual basis and submitted to the Department of Taxation. We have a comprehensive annual financial report, and we submit our final budgets. We want to ensure the reporting is clear to fiscal agents throughout the State and to the community. We have also adopted a Citizens Advisory Committee that meets in public. We want to ensure we are handling new programs, specifically the revolving loan fund, so the public has an understanding of what we are doing before the hearing or public meeting. We follow the Open Meeting Law in order to give the public a chance to see what we are doing and how we are underwriting our projects. Since we believe we are functioning in a sound fashion, we are happy to disclose the information to the public.

**Senator Hammond:**

It sounded as if there might have been inadequacies, and that some projects did not receive the scrutiny the public needed in order to understand where the money was going. Is that a fair assessment?

**Mr. Arent:**

It is more of just wanting to understand the complexity of the projects. I could quickly describe five different ways we spend money through the agency and five different funding vehicles, with some as simple as grants which are easy to understand. The more complex issues, such as when we issue bonds, tax increment financing and notes, are not familiar to the community. We want to ensure the community has an opportunity to understand what we are doing. A revolving loan is not something we have done in the past, and we want the community to understand it.

**Senator Hammond:**

Mr. Moradkhan addressed the section I am referencing. Is there a reason you mentioned that particular section, and what did it address?

**Mr. Moradkhan:**

The Las Vegas Metro Chamber of Commerce supports transparency efforts. The City is being proactive. The reason I highlighted that particular section in my testimony is because the bill is a good economic development plan. It is also a good transparency plan. The Chamber believes that when taxpayer dollars are spent, any efforts the agency can make to report in different ways for the community to understand what is happening is good public policy. We applaud

the City for its additional efforts. As Mr. Arent stated, the agency reports information now, but producing an annual report will be easier for folks to understand as one of the proactive stances.

**Senator Hammond:**

The public policy we are being asked to address is to extend the Redevelopment Agency's life for another 15 years. I need to understand if there have been problems in the past with public money. Going forward, will this address any such problems? Whenever we are dealing with public money, there needs to be lots of transparency. It sounds like the Chamber is satisfied, but I had to ask the question.

**Chair Parks:**

I will close the hearing on A.B. 50 and open the hearing on A.B. 25.

**ASSEMBLY BILL 25 (1st Reprint)**: Revises provisions governing special assessments for the abatement of certain conditions and nuisances. (BDR 21-252)

**Mr. Olivas:**

This bill relates to the abatement of nuisances. The Legislature has clearly defined the process we go through for identifying nuisances and how we deal with them in NRS 268. Similar provisions for counties are provided in NRS 244. There are three sections of this bill. When it was heard in the Assembly, Clark County proposed a friendly amendment to make sure we were consistent in how we dealt with nuisances. Changes to NRS 268 and NRS 244 will ensure the processes remain consistent throughout the State.

Section 1 relates to general nuisances and is clearly defined in the language of the bill. Section 2 relates to chronic nuisances and the process required to impose an assessment; section 3 indicates the same procedure is in place for abandoned nuisances. The different types of nuisances are clearly defined in NRS. The abatement process requires us to put together an ordinance to include notice requirements, timelines and how to recover the costs for abating the conditions. One item refers to performing work by hiring a contractor and receiving bids; the low bidder is chosen and performs the work. We pay the contractor on behalf of the homeowner and try to recoup those costs so we can also assess civil penalties. The ordinance allows for the hearing to be appealed.

There are liens submitted for the work performed by the contractor chosen as the lowest bidder and civil penalties assessed. Based on the language in NRS, we have to wait for 12 months to lien the property to collect the civil penalties. The purpose of the bill is to provide a more timely recordation of these liens and to streamline the process by providing the potential for a hearing officer to process these nuisance properties more quickly.

Assembly Bill 25 adds a new requirement saying anything performed by the hearing officer affords an opportunity for the person to appeal to the governing body. The right of appeal is available throughout this process. The bill also allows us to lien the property, recover damages and civil penalties, and reduces the waiting period for filing a lien.

**Michael W. Bouse (Manager, Code Enforcement Division, City of Las Vegas):**

Ninety-nine percent of the abatement cases in the City of Las Vegas are a result of citizen complaints. We perform little proactive enforcement in the City of Las Vegas. The process begins when we receive a complaint. We send an officer out to the property to conduct an investigation and document the violation. Following this visit, we prepare a notice to the property owner. The statute requires a specific notice with mandatory content, but our official notice is really an advisory notice to the property owner. We call this first notice a correction notice. This notice is sent to the property owner and the lender of record for the property, if applicable. The notice advises the property owner he or she is in violation of the municipal code and gives him or her 10 days to take voluntary corrective action or additional fines and penalties or costs may be imposed.

At the end of the 10-day period determined by the corrective action notice, if the property is still out of compliance, then a notice and order is issued. This order mandated by statute has specific requirements. At the expiration of the voluntary compliance period and the notice and order, if the property is still out of compliance, the City of Las Vegas has a bidding process where contractors will take a look at the property and provide bids to correct the violations. We choose the lowest responsive bid and send a final notice, not required by statute, called a 10-day-before abatement notice. This notice informs the property owner and the lender that the property needs to be brought into compliance; if not, the notice advises that the City will bring it into compliance and here is how much it will cost. In addition, the property owner will be subject to civil penalties. The 10-day-before abatement notice is the final notice

sent to the property owner. On the eleventh day following this notice, the chosen contractor will go to the property to perform the work and bring the property into compliance.

I have photographs ([Exhibit H](#)) to show the preabatement state of a property and postabatement once work has been performed on the property. These photos provide an idea of the typical nuisance abatement cases we address. Example No. 1, shown on Slide 8, was an accessible, open, single family dwelling with lots of trash and weeds. We had the property cleaned up and the dwelling boarded. The out-of-pocket expense to the City in this case was about \$2,800. Example No. 2 was a similar situation, and that case incurred out-of-pocket expenses to the City of \$1,500.

Language provides for the governing body or its designee to perform specific acts in NRS 268.4122 through NRS 268.4126. The designee of the governing body can order the property owner to clean the property. The designee can hear appeals and allow the City to go onto the property and clean it up. The last step in the process is the approval of the expense report and the authorization to file a lien against the property for civil penalties. No language now allows the designee this authority. Only the governing body has the authority.

The problem is that we are receiving phone calls from lenders or real estate agents who have vacant property in foreclosure. We are being told there is a very short period of time to foreclosing, typically within a matter of days or a week. We receive calls that the property is in escrow and agents have just found out about the code enforcement lien. The lien must be removed or reduced in order to close escrow or the deal is going to fall through. Under the NRS provisions, only the City Council can impose the lien, so only the City Council can reduce the lien amount.

Because of the Open Meeting Law requirements, the earliest I can get you scheduled before the City Council is 3 weeks, and it is sometimes longer. I have been told this was a deal breaker on several occasions. We are trying to streamline the process by having the City Council assign a designee to hear these cases, such as a hearing officer, so when I get those time-sensitive calls I can contact the City Council designee and have a hearing conducted within a matter of days rather than a matter of weeks. That is what we are asking for through the passage of A.B. 25.

We understand transparency is important to the Legislature and to the City as well, so we have provided a reporting mechanism where all the actions of the City Council designee would be reported to the Mayor and City Council on a quarterly basis. The report would specify the address of the property, the name of the property owner, the amount of out-of-pocket expenses assessed against the property and the civil penalties. Once the City Council takes action by approving the filing of a lien for either out-of-pocket expenses or for civil penalties, we are required to wait 12 months before we have anything recorded against the property through the Recorder's Office.

The problem we have with the 12-month delay is the City Council takes action, we record the lien to recover out-of-pocket expenses, the lien for civil penalties has been approved but cannot be filed and someone new purchases the property. The purchaser sometimes knows about the liens and sometimes not. The purchaser may know about the out-of-pocket expense lien, which is typically around \$2,500, but is seldom aware of a pending civil penalty lien that is capped at \$19,500. The situation we encounter is that someone has purchased property in good faith and knew about a couple of thousand dollars for some cleanup work owed to the City. Months later, the owner finds out a lien has been recorded against the property in the amount of civil penalties.

To alleviate some of the identified unintended consequences, we are asking to shorten the 12-month period to 180 days to get the information recorded sooner. Buyers can be informed of the situation sooner. A new property owner can go before the City Council or the designee and request a reduction of those civil penalties. The City Council has reduced those civil penalties as much as 90 percent on a consistent basis. Shortening the time period allows the potential property owners the option of getting the lien amounts reduced.

**Chair Parks:**

I was involved with nuisance abatements back in the 1980s, and a complaint is filed with the municipal court, but my activity dealt with justice court. At what point would that take place relative to the process?

**Mr. Bouse:**

We use the judicial process any time the property is occupied. The abatement cases we are discussing are typically vacant, either vacant lots, vacant houses or vacant buildings. If a property is occupied, then we are required to request access to the property. If access is denied, we have to go to court to obtain an

administrative warrant to search the property. If we find violations, we have to go back to court to obtain an administrative warrant to conduct the abatement, and then the court will review the costs to be assessed against the property owner. If the property is occupied, it is a judicial process; if it is unoccupied, it is the administrative process we are discussing with A.B. 25.

**Ms. Foster:**

The League of Cities and Municipalities provides support for this bill.

**Senator Manendo:**

In reference to special assessments, can code enforcement go after banks that may own the property?

**Mr. Bouse:**

Yes. The banks are treated as property owners, and we have assessed civil penalties against bank-owned properties if they are not maintained.

**Senator Manendo:**

How difficult is it to recoup those costs from banks rather than people who are just struggling? The neighborhoods I see in my district have bank-owned properties that are not tended. Granted, the people have moved out, but the bank should be taking responsibility for that property. It is on the news all the time where reporters will go to a property to show eyesores. Local governments are doing what they can, and the banks continue to disregard the pleas of the community to clean up these properties. Have you been able to recoup any costs after abating a bank-owned property?

**Mr. Bouse:**

The answer is yes and no. We have a vacant foreclosed property registration, and if a property is in foreclosure and vacant, the lending institution is required to register the property with the City. Currently, there are 2,500 vacant properties listed on the registry. If the property is listed on the registry and we have had to conduct abatement work, we have been successful in recovering the cost of that work.

However, not all lenders are on the registry. Typically, when we go to lien a piece of property, the property is vacant, the bank is not maintaining the property and not paying the property taxes. The lien gets recorded against the property and an NRS process begins where the lien amount, along with the back

taxes, is placed on the Assessor's tax rolls. It sits on the roll for a year, the Treasurer provides notification, there is a 2-year redemption period and the property can then go to public auction in order to recoup the back taxes and liens. In our jurisdiction, that process takes 4 years and 10 months to complete. Ultimately, we hope to recover those costs, but often it is not as expeditious as we would like.

**Chair Parks:**

I will close the hearing on A.B. 25 and open the hearing on A.B. 417.

**ASSEMBLY BILL 417 (1st Reprint)**: Makes various changes relating to redevelopment. (BDR 22-234)

**Assemblywoman Marilyn Kirkpatrick (Assembly District No. 1):**

Assembly Bill 417 is a bill I worked on during the interim when I was the Chair of the Assembly Committee on Government Affairs. The City of Henderson will also testify on this bill due to an amendment proposed when the bill was heard in the Assembly Committee. I would like to provide information regarding the revolving loan piece of the bill.

Assembly Bill 417 requires the legislative body of a community to create a revolving loan to be administered by the redevelopment agency to make loans at or below market rates to expand or improve small businesses. There is a definition in section 2 of a small business, and in this instance, "small business means a business that employs not more than 25 persons." Section 3 requires each legislative body to create a revolving loan account in the treasury of the community, and at the end of each fiscal year that fund will be carried over. Section 4 authorizes the redevelopment agency to make loans at or below market rates to new or existing small businesses. Section 5 sets up the minimum loan requirement application process. Section 6 requires the redevelopment agency to report to the Legislative Commission by November 30 of each year for the next 5 years.

Since 2005, I began each session with a redevelopment bill to rein in how redevelopment was handled. Utah has a good redevelopment process that encourages small businesses to come through the redevelopment agency to help the agency foster economic development. Redevelopment was meant to clean up blight. Redevelopment and economic development are two very different pieces, and many times they become convoluted to become one in the same.



When the bill was heard in the Assembly Committee on Government Affairs, there was concern from local governments they would have to set up revolving loans. This bill does not say the local governments have to fund revolving loans if they have no money in their redevelopment agencies. It is fair for those entities that have redevelopment agencies to have a component. Utah has been quite successful in allowing smaller businesses to receive assistance to build in redevelopment areas.

The cities of Denver, San Diego and Nashville are successful in their redevelopment projects because they have the small niche stores. It is not because they have the large chains and it is not because the large developer received help. People like to wander through those smaller areas. The Gaslamp District in San Diego does not have any chain stores; every store is unique and brings in clientele. Allowing each local government to set up the criteria for the revolving loan process allows redevelopment to remain unique to every single city. If a redevelopment agency exists, A.B. 417 requires a revolving loan to be set up to assist those businesses coming into the area. Those are the basics of the bill. The City of Henderson worked on an amendment during the interim on how to reestablish the base, so city representatives will address that issue.

**Senator Manendo:**

Representatives from the City of Henderson sat down with the Henderson Legislative Caucus to talk about the various bills they are tracking, and I wanted you to know that was taking place.

**Assemblywoman Kirkpatrick:**

I am willing to kill my own bill if I have to change the definition of a small business because it is important to keep a specific definition. Within NRS, it says 150 persons, and in other places, it says 50 persons. I determined 25 to be the most successful.

**Javier Trujillo (City of Henderson):**

Essentially, we are seeking to reset the base year of a redevelopment agency whose area has fallen 10 percent below the base year assessed valuation ([Exhibit I](#)). Our portion is addressed in section 13.5, subsection 1, paragraph (b), subparagraph (2); this provision allows for a reset of the redevelopment area base when an ordinance is adopted pursuant to subsection 5. Section 13.5, subsections 5, 6 and 7 are the beef of this legislation. Subsection 5 allows for

the criteria needed to adopt this ordinance. It would only be applicable to redevelopment areas within Clark County where the current year assessed valuation is 10 percent below the base year assessed valuation.

The Committee can review the spreadsheet in [Exhibit I](#) for all redevelopment agencies within Clark County and their current assessed valuation and any percentage change. We highlighted two of the redevelopment agencies for falling 10 percent or more below the assessed valuation. We are not seeking an extension or want to affect the life of the redevelopment area. We are seeking the ability to reset and use the remainder of the redevelopment area. The reset can be adopted by ordinance by the redevelopment area's agency, the legislative body, or the City Council, but it can only be done once per redevelopment and is irrevocable.

In section 13.5, subsection 6, if the redevelopment area receives a reset, this language provides for the area to become subject to an 18 percent set-aside for education. The funds will be used to improve or preserve existing public educational facilities serving the redevelopment area. We also added language that requires a report to be submitted to the Legislative Counsel Bureau by November 30 of each year.

Finally, section 13.5, subsection 7 has a provision that protects existing bondholders. These two areas in Henderson have no existing debt or bondholders. We put this language in the bill at the request of members of the Assembly Committee on Government Affairs. The Committee wants to ensure if a redevelopment area was reset, the existing obligations were protected. The language provides that any funds collected by the redevelopment area will first go toward servicing all existing obligations.

**Chair Parks:**

You indicated your interest is in the last part of the bill while Assemblywoman Kirkpatrick's interest is in the beginning of the bill.

**Mr. Trujillo:**

We will only fund the revolving account if there is money available in the redevelopment area. We understand there has to be funding available for us to use this tool. I have provided a copy of a map ([Exhibit J](#)) to the Committee for review of the current redevelopment areas. The Eastside is the largest redevelopment area and without the reset, that tool is rendered obsolete and

makes it difficult for the redevelopment area to bring in large projects. This is a tool to create jobs and rid the area of blight.

**Jack Mallory (Southern Nevada Building and Construction Trades Council):**

The City of Henderson worked with us to address the concerns we had with A.B. 417 in its original form. We are in full support of the bill and of using a revolving loan account rather than simply giving someone a handout. This is a way to protect public interest and to assist new, emerging small businesses.

**Mr. Hawkins:**

I support A.B. 417; however, I would like to provide additional information. The language is not clear whether someone could be the recipient of a loan and a grant at the same time. There are also different references to the 18 percent set-aside. If the 18 percent set-aside goes to the Clark County School District, which the NAACP does not support, there will be no money to fund the loan account. If the City of Las Vegas takes an additional 18 percent, it would be a total of 36 percent of redevelopment money. If 18 percent goes to the CCSD and 18 percent is used for loans, then the remaining 64 percent can be used for additional redevelopment projects.

Three jurisdictions or more have redevelopment areas, and it would be nice to have a standardized application process. For example, the banks may have different forms, but certain information is the same. This was not addressed in the bill.

The bill says the loans may only be given within the redevelopment area, but in the past, that has not always been the case and redevelopment money has been used outside of the redevelopment area. The NAACP wants to ensure that never happens. I support the definition of a small business that employs no more than 25 persons. That is crucial for the success of the small business. If another measure is used, there could be thousands of employees and the business could be considered a small business making millions of dollars.

The bill addresses regulations to be adopted in section 5, subsection 3, paragraph (a), subparagraph (3), sub-subparagraphs (I), (II), (III), (IV) and (V). Unlike redevelopment where grants are given, will there be a cap or percentage of what can be loaned? Typically in banking, there is an 80-to-20 or 70-to-30 ratio, and the borrower must come up with 30 percent, 20 percent or 10 percent depending on what type of loan product is being used. I do not see

where credit reports or financial statements are being required because the redevelopment agency is becoming the lender.

Section 13.3, subsection 2, paragraph (c) reads "This subsection does not apply to future development of the property unless an additional loan, or additional financial incentives with a value of more than \$100,000 ... ." I am not sure I understand what this means, although I still support the bill. There is a need for small businesses to receive financial assistance.

Section 13.7, subsection 1, paragraph (b), subparagraph (2) says "Educational facilities within the redevelopment area." I do not understand why there is a concerted effort to give public money, assigned to a redevelopment area, to the Clark County School District with no strings attached. The School District will surely divert money and use the money for other things because I have served on the Bond Oversight Committee for 10 years.

In section 13.7, subsection 4 says, "not more than 50 percent of that amount may be used ... ." I support the bill, but there have to be checks and balances when giving money to the Clark County School District.

**Senator Spearman:**

It appears you have identified some issues with the Clark County schools. Where does that information come from?

**Mr. Hawkins:**

Two or three sessions ago there was a move to take money from the City of Las Vegas. The original redevelopment area for east Las Vegas was from downtown to Eastern, from Charleston to Owens and maybe Lake Mead. The original redevelopment area in west Las Vegas was downtown west to Rancho and all the way to Carey, which is the borderline for North Las Vegas. The City of Las Vegas continues to expand the redevelopment area. The challenge is that someone in the Assembly decided to punish the City of Las Vegas and took money from the City to give it to the Clark County School District.

**Senator Spearman:**

You used a verb, punished. Is that documented anywhere?

**Mr. Hawkins:**

It is in the record of the Legislative Session.

**Senator Spearman:**

Is it in the record that the Legislature wanted to punish the City of Las Vegas? Or is it in the record that Legislators took a particular action and it has been construed as punishment. There is a difference.

**Mr. Hawkins:**

Yes, it has been construed as punishment.

**Senator Spearman:**

If it is construed as punishment, you would have to say allegedly, right?

**Mr. Hawkins:**

Yes. The 9 percent was originally set aside for affordable housing. I am a person who builds affordable housing. The bill from the prior Legislative Session addressed taking 9 percent and giving it to the Clark County School District. As far as I know, the 9 percent has not been distributed because there was no clear mechanism to distribute the funds. When money is given to the Clark County School District, what prohibits the District from using that money in a budget shortfall? I know the schools in the redevelopment area of east Las Vegas and west Las Vegas are some of the oldest and in the worst conditions. I am concerned the Clark County School District will divert the money already marked for schools and use redevelopment funds. What do we have in place to stop that from happening?

**Senator Spearman:**

Do we have someone here from the Clark County School District who can elucidate exactly what happened?

**Mr. Olivas:**

The City of Las Vegas has a unique requirement allowing 18 percent of the redevelopment area revenue to be used for affordable housing. At the time the referenced legislation was passed, there was a problem in southern Nevada with affordable housing. Last Session, a bill sponsored by Senator Joseph P. Hardy allowed us to use 9 percent of that 18 percent funding for affordable housing and 9 percent for the Clark County School District. We determined there was concern about the schools in downtown Las Vegas. We know we still have an education problem and that is why we are proposing to use 18 percent for education during the extension period. When we talk about redevelopment, we are skimming off the top of revenue that would otherwise go to the

Clark County School District. This is a way for us to make them whole and divert funds downtown where the money is needed.

**Senator Spearman:**

We are here to discuss S.B. 417. Somehow we got off on education and I wondered how it was germane to this conversation. I was not here two sessions ago and needed to hear the facts.

**Chair Parks:**

I was not on this Committee when the 18 percent number was derived.

**Ms. Rourke:**

When the City of Henderson delivered a similar presentation in regard to its redevelopment area, the City decided to model language after the 18 percent set-aside adopted by the City of Las Vegas. Each section of the statute defers to a particular redevelopment area. We were very grateful because the property taxes that would normally be sent to the School District in the form of revenue are diverted to the redevelopment area. It brings the majority of funding back to the District in order to repair and renovate facilities within those areas.

**Mr. Olivas:**

We did include a provision in A.B. 50 to allow us to divert funds and ended up deleting that language when the bill was heard in the Assembly Government Affairs Committee. As Mr. Arent mentioned, we have the Visual Improvement Program and essentially cut a check. We would like to loan the money, then get the money back and use it for other projects. This bill will allow us to do that. The bill provides a methodical approach for creating, implementing and administering these funds. This is how you get there. We support A.B. 417.

**Chair Parks:**

We will research the comments made by Mr. Hawkins prior to our work session on this bill.

**Mr. Hawkins:**

Mr. Olivas did not address the bill sponsored by former Assemblywoman Barbara Buckley, although he did talk about what the City wants for downtown. I am talking about the schools outside of the downtown area in east Las Vegas and west Las Vegas. Last Session, there was a bill proposed to build a school for gifted pupils in the downtown area. I hope he is not talking about taking

redevelopment money and building a gifted school downtown without including the older schools within the redevelopment area.

**Terry Graves (Chamber of Commerce, City of Henderson):**

I agree with the testimony provided by the City of Las Vegas on A.B. 50. We could easily add the City of Henderson into those comments. We also agree redevelopment is important in revitalizing the obsolete areas of Henderson. Redevelopment supports economic development and company job growth. Much has been done in the older parts of Henderson with redevelopment, and this bill will allow the continuation of these projects. The City of Henderson and the Henderson Chamber of Commerce work closely on economic development and redevelopment issues. The Henderson Development Association is a division of the Henderson Chamber of Commerce. Assemblywoman Marilyn Kirkpatrick accepted our amendment on the bill.

**Senator Spearman:**

One of the persons who testified alluded to the fact that some small businesses or others are basically becoming lenders. If you access the U.S. Small Business Administration Website ([Exhibit K](#)), you will find information on a microloan program that assists small businesses to start up and to expand. The Small Business Administration provides the information to put the lender in closer geographic proximity to the microloan borrower. Based on this information, it is legal.

**Chair Parks:**

I received a letter of support for A.B. 417 from Stan Olsen ([Exhibit L](#)). I will close the hearing on A.B. 417 and open the hearing on A.B. 418.

**ASSEMBLY BILL 418 (1st Reprint)**: Revises provisions relating to the distribution of proceeds from certain taxes ad valorem. (BDR 31-1087)

**Mike Cathcart (Manager, Business Operations, City of Henderson):**

Assembly Bill 418 addresses a distribution factor for a specific property tax being levied in Clark County. Throughout NRS, there are many distribution factors for revenues: sales tax, property tax and money to add more police officers. All of these revenue items require distribution methods. The one being addressed in A.B. 418 has to do with a 5 cents per \$100 ad valorem assessment approved by the Legislature in 1991. It was an optional tax for counties to put in place through the vote of their county commissions.

Clark County put this ad valorem in place. It must be used specifically for capital construction needs, such as buildings and transportation. The money is not to be used for operating expenses.

The distribution method utilized an anchored number and was the basis of the 1991 proportional share of the Supplemental City-County Relief Tax (SCCRT). The SCCRT is a sales tax, but the tax we are talking about distributing is a property tax. In 1991, the anchored number for the City of Henderson was less than 3 percent of the proportional share. When we moved toward the Consolidated Tax (CTX) Distribution method, the SCCRT was no longer reported at the municipal level. If we wanted to update the distribution factor put into place in 1991, we would be unable to do so because we do not receive those numbers at the municipal level. The SCCRT comes in at the county level through the CTX distribution. These are some of the problematic issues with the 1991 distribution method. The method has been in place for more than a decade, and we were using these revenues for capital construction needs.

In 2002 and 2003, local governments and Clark County looked at the distribution method and realized it was not sharing the revenue proportionally or equally across the entities that were producing the revenue through a property tax. In 2003, a 10-year interlocal agreement was put in place that shared this revenue based on the assessed valuation proportional share for the participating entities. The 10-year agreement expired in 2012, so we have reverted back to the 1991 SCCRT proportional share from the collection of sales tax. In 2013, the distribution amount changed dramatically among the entities. We worked with other governmental entities and let them know we wanted to put the concept of that interlocal agreement into State law. This is the reason you are hearing A.B. 418. This bill will permanently change the distribution method to the proportional share of the assessed valuation for the participating entities. This is a more balanced way of viewing this revenue stream.

Section 1, subsection 2, paragraph (c) indicates two new subparagraphs because over time 60 percent of this revenue has been diverted to the State Highway Fund so the local participating local governments only receive 40 percent of the revenues. The 40 percent distribution is addressed in subparagraph (1) and the 60 percent distribution is addressed in subparagraph (2).



The first 30 percent will be distributed to Clark County as a countywide services rate enabling building projects and transportation projects. The remaining 70 percent of the local government share will be distributed based on the proportional share of assessed valuation between the cities and unincorporated townships within the County.

**Senator Spearman:**

If the money is redistributed and some of the funding is taken away from the County, how will that impact basic services and County operations?

**Mr. Cathcart:**

If this bill passes, we will go back to what all entities received in 2012 and revert to the levels of distribution used when the interlocal agreement was in place, although we have increased the service rate from the interlocal agreement. The countywide service rate at the end of the agreement was 25 percent, and we are asking for 30 percent in this bill. The County should come out a little bit ahead of where it was in 2012.

**Chair Parks:**

I see in both the old and new language that 60 percent of the proceeds go to the State Treasurer for deposit into the State Highway Fund. How did that get into this bill?

**Mr. Cathcart:**

Percentages were phased in over a 6-year period. Revenue was being diverted in order to fund transportation projects within each county.

**Mr. Olivas:**

We support A.B. 418. The updated language in the bill is an appropriate way to distribute the funds. The bill negatively affects the City of Las Vegas, but this is the right way to address the proportional share of assessed valuation.

**Yolanda King (Clark County):**

We support the bill. We are happy to have worked with the City of Henderson to address our concerns with regard to providing capital funding for those facilities that benefit all of Clark County residents, regardless of whether if they are in an unincorporated entity or located in the City. In terms of the impact for Clark County, there is a small negative impact.

Senate Committee on Government Affairs  
May 3, 2013  
Page 34

**Chair Parks:**

I will close the hearing on A.B. 418. We have concluded our work for today's meeting, and we are adjourned at 2:32 p.m.

RESPECTFULLY SUBMITTED:

---

Martha Barnes,  
Committee Secretary

APPROVED BY:

---

Senator David R. Parks, Chair

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

<b><u>EXHIBITS</u></b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness / Agency</b>	<b>Description</b>
	A	1		Agenda
	B	9		Attendance Roster
A.B. 87	C	2	Assemblyman Richard (Skip) Daly	Proposed Amendment 8724
A.B. 50	D	14	Ted J. Olivas	Presentation
A.B. 50	E	1	Ted J. Olivas	Proposed Amendment from the City of Las Vegas
A.B. 50	F	1	Ted J. Olivas	Proposed Amendment from the Culinary Workers Union Local 226
A.B. 50	G	32	Ted J. Olivas	City of Las Vegas Economic and Urban Development Projects Fiscal Year 2012 in Review
A.B. 25	H	17	Michael W. Bouse	Presentation
A.B. 417	I	2	Javier Trujillo	A.B. 417—Reset of the Base Year
A.B. 417	J	1	Javier Trujillo	City of Henderson Redevelopment Areas and Their Related Nevada Senate Districts
A.B. 417	K	2	Senator Pat Spearman	U.S. Small Business Administration Website
A.B. 417	L	1	Stan Olsen	Letter of Support