

**MINUTES OF THE  
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Seventy-Seventh Session  
May 7, 2013**

The Senate Committee on Revenue and Economic Development was called to order by Chair Ruben J. Kihuen at 2:04 p.m. on Tuesday, May 7, 2013, in Room 2134 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 Ruben J. Kihuen, Chair  
Senator David R. Parks, Vice Chair  
Senator Moises (Mo) Denis  
Senator Debbie Smith  
Senator Ben Kieckhefer  
Senator Michael Roberson  
Senator Greg Brower

**GUEST LEGISLATORS PRESENT:**

Assemblyman Paul Aizley, Assembly District No. 41

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Bryan Fernley-Gonzalez, Counsel  
Gayle Rankin, Committee Secretary

**OTHERS PRESENT:**

Kyle Davis, Nevada Conservation League  
Mary Walker, Carson City; Douglas County; Lyon County; Storey County;  
Eureka County  
Dagny Stapleton, Nevada Association of Counties  
Josh Wilson, Washoe County Assessor; Assessors' Association of Nevada

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Yolanda King, Clark County  
Linda Whalin, Lyon County Assessor  
Carole Vilardo, President, Nevada Taxpayers Association  
Jennifer DiMarzio, Nevada Press Association  
Barry Smith, Executive Director, Nevada Press Association  
Steve Hill, Executive Director, Office of Economic Development, Office of the Governor  
Terry Rubald, Chief, Local Government Services, Department of Taxation  
Todd Lowe, Director, Village League to Save Incline Assets  
Geoffrey Lawrence, Nevada Policy Research Institute

**Chair Kihuen:**

We have three bills today. I will open the hearing on Assembly Bill (A.B.) 75.

**ASSEMBLY BILL 75 (1st Reprint)**: Revises provisions governing the publication of property tax rolls. (BDR 32-486)

**Assemblyman Paul Aizley (Assembly District No. 41):**

Assembly Bill 75 allows the publication of the property tax rolls on the Internet instead of being printed in the newspaper as is required now. I have an example of what is being printed with two publications, one from 2011 and another from 2012. I want to stop printing these tax rolls and stop populating the landfills. A lot of it is recycled but a lot goes to the landfill. The amount of paper it takes to print these in Clark County is huge. The printing cost to the Assessor is approximately \$500,000 each year, \$1 million each biennium.

**Chair Kihuen:**

You said it cost \$500,000 per year. Is that county or statewide?

**Assemblyman Aizley:**

That is for Clark County. It is \$90,000 in Washoe County. The smaller counties have a lesser expense. They have asked to be included and are included. All 17 county assessors would have the option of placing the tax rolls on the Internet if this bill is passed.

**Chair Kihuen:**

They would have the option or would it be a requirement?

**Assemblyman Aizley:**

It would be an option to appear in the newspaper or on the Internet.

**Senator Parks:**

I thought I had heard higher amounts than \$500,000. Have you been provided the exact cost by Clark County?

**Assemblyman Aizley:**

The exact cost is \$518,000 for Clark County for the 2012 publication. One year was \$480,000 and one year was \$518,000.

**Senator Parks:**

Who receives the printed assessor tax rolls?

**Assemblyman Aizley:**

Anybody who subscribes to the newspaper receives these. That totals approximately 200,000 households. The newsstand papers do not include a copy.

**Senator Parks:**

I understand approximately 125,000 to 135,000 individuals have home delivery. The tax roll is provided to the persons who subscribe to home delivery.

**Assemblyman Aizley:**

I got the number of subscriptions from the paper. Four years ago, it was closer to 300,000. The last figure I got was closer to 200,000. I did not distinguish the kinds of subscriptions and deliveries.

**Senator Parks:**

Some people get 7-day delivery and other people get Sunday delivery. The papers sold at the newsstand would not get the rolls. Are the rolls printed by name format?

**Assemblyman Aizley:**

Yes.

**Senator Parks:**

If I wanted to know my neighbors' assessed valuation compared to my property, would I need to know their names or how their property was titled?

**Assemblyman Aizley:**

You can do it alphabetically by name on the property. Some property is owned by developers and some is owned by banks. You would have to search through the printed tax roll, but on the Internet, you can select differently and get to the address.

**Senator Parks:**

The assessor maintains a Web page. That would be a more convenient way. If I wanted to find out the owners' names and the assessed valuations of all the properties on my street, I would have to know my neighbors' names because they are not listed by address, and compile the information by going through the sections of the printed tax roll.

**Assemblyman Aizley:**

That is correct.

**Senator Denis:**

Is the printed version only available to people who have subscriptions, or do they print extra copies?

**Assemblyman Aizley:**

I cannot answer that question. I do not know what the newspapers produce besides these. The assessor makes them available in libraries and at the assessor's office.

**Senator Denis:**

You said the assessor makes them available. Is it the same or does the assessor print something else?

**Assemblyman Aizley:**

If the assessors were printing them, it would not be these but something similar.

**Chair Kihuen:**

Many of the rural counties and underprivileged communities have limited access to the Internet. Have you thought about how these people will access the rolls?

**Assemblyman Aizley:**

The newspapers are available in libraries and on the computer at the library. The number of newspaper subscriptions is decreasing. The rural counties have asked to be included. They can print their tax rolls in their newspapers if that works for them.

**Chair Kihuen:**

As long as people can access the Internet, they are able to look up the information.

**Assemblyman Aizley:**

People can also go to the assessor's office and request copies. There is a minimum of 10 copies available in the assessor's office. Those can be handed out to the public.

**Chair Kihuen:**

These only go out to the subscribers. If I do not subscribe to a newspaper, I do not receive the rolls.

**Assemblyman Aizley:**

That is correct.

**Chair Kihuen:**

Many underprivileged neighborhoods do not have the money to subscribe to a newspaper. I was raised in a lower-middle class community; most of my neighbors did not receive the newspaper, let alone access the Internet. Some people think if we pass this bill, there will not be transparency in government. This will limit information to people who have access to the Internet.

**Assemblyman Aizley:**

I disagree with that. I think there is more access by putting it on the Internet. I do not know how many people would have a copy of this available 6 months after publication. If a new person comes to town looking to buy a house, he or she would more readily access this information on the Internet than in the paper.

**Senator Roberson:**

Why not do both?

**Assemblyman Aizley:**

You could. The bill says it is your option.

**Senator Roberson:**

Let me rephrase. Why do we not require both?

**Assemblyman Aizley:**

I would not want to require both. I have two objectives in mind in doing this. One is to stop having my neighbors chastise me for this appearing every Saturday morning in January. They consider this to be a waste. It is a fiscal and environmental waste. The assessor and I are regularly bombarded by complaints of why we do this. For my constituents, this is not good.

**Chair Kihuen:**

Has this bill been brought up in the past?

**Assemblyman Aizley:**

During my three sessions as a Legislator, there have been variations of this.

**Chair Kihuen:**

Do you know why it has not passed?

**Assemblyman Aizley:**

It passed both Houses 4 years ago and was vetoed by the Governor. Last time, I tried to get it amended into a Senate bill. That did not work. This time it is an optional bill; we can do it either way, and it is only the tax rolls. This bill does not concern several other things that appear in the newspaper. An Assembly update to the current version of the bill requires notice printed in the newspaper that the tax rolls are available.

**Chair Kihuen:**

Do you know why the Governor vetoed it both times?

**Assemblyman Aizley:**

No.

**Kyle Davis (Nevada Conservation League):**

When I first took this job, my sister chastised me for taking a job where I will be able to save trees in the desert. This is my opportunity to save those trees

because you would see a significant paper savings by passing this bill and not printing these tax rolls. This good bill is a way to save resources and money.

**Mary Walker (Carson City; Douglas County; Lyon County; Storey County; Eureka County):**

We support A.B. 75. The original A.B. 75 only pertained to Clark and Washoe Counties. I went to our Assembly rural Legislators and asked them if it would be okay if we submitted an amendment to have it go statewide. I worked with several of our rural Republican Legislators, and we came up with an amendment. We very much appreciate Mr. Aizley for accepting that amendment. It begins in the bill at the bottom of page 2 for counties with a population of less than 100,000. The certain criteria we have to provide is publishing the rolls on the Website or in a newspaper. Ten copies of the list also have to be available to the public free of charge during normal business hours at the main administrative office for at least 60 days. Anybody get a list free of charge. In addition, we will publish an advertisement in the newspaper about where the public can get the list and identify the list URL on the Website. We tried to provide accountability and access to the public in regard to this list. We believe the current system is antiquated. The points brought up by this Committee and Mr. Aizley are correct. The way it is now, you have to subscribe to the newspaper to get the tax roll. Most people do not subscribe to the local newspapers, so they do not get the information. Assembly Bill 75 gets us out of the nineteenth century. Publishing the rolls on the Internet makes them more accessible to our citizens and presents a cost savings to our taxpayers. The rural counties would be able to save an average of \$10,000 to \$20,000; that is a lot of money for a small rural county. Publishing in the newspaper is no longer useful.

The amendment ([Exhibit C](#)) submitted by the Nevada Press Association requires that the published rolls on the Internet Website be maintained by a newspaper of general circulation. We do not believe that is good public policy. If we are to provide public records at private businesses, where do we stop? How much will it cost the taxpayers? The bill does not say this will be free. Where is the accountability of the newspapers if they fail to publish the property tax rolls on the Website? It will be confusing. Thousands of taxpayers know if they want to obtain the assessed value of their property, they go to the assessor's office.

**Chair Kihuen:**

Each of these counties you represent may save \$10,000 to \$20,000 per year on average?

**Ms. Walker:**

Yes, on average.

**Senator Parks:**

Do the counties you represent give you the individual amounts it costs each of them to print the publication?

**Ms. Walker:**

Yes. Their costs varied between \$8,000 to \$18,000, depending on the number of parcels and cost per newspaper. I have three counties' costs in my letter ([Exhibit D](#)). I can get the detailed information of the others for you.

**Senator Parks:**

That would be helpful.

**Dagny Stapleton (Nevada Association of Counties):**

We support the bill and echo the testimony of Ms. Walker. This would be a cost savings for the counties.

**Josh Wilson (Washoe County Assessor; Assessors' Association of Nevada):**

My comments may help to answer some of the members' questions. When I took office in 2007, Washoe County paid \$54,000 to circulate 58,225 copies of the tax rolls. In 2011, we paid \$41,000 to circulate 37,000 copies and in 2012 we paid \$35,600 to circulate 27,053 copies. As the circulation goes down, so does the cost of publishing the roll. In addition to that, we print extra copies to send out to other county assessors and the library. Senator Roberson asked why we cannot do both. That is exactly what happened to this bill last Session. It started as an effort to minimize the publication in the paper and substitute that with the Internet. The final bill ultimately required us to do both. We now publish on the Internet and in the newspaper. I had to reduce staff in my office from 85 in 2007 to our current staff of 59. This money could be better utilized throughout the office.



**Chair Kihuen:**

Have you had a chance to review the amendment, [Exhibit C](#), from the Nevada Press Association?

**Mr. Wilson:**

I have not had a chance to review it with the Assessors' Association. I can confidently state that the Association is opposed to the amendment. In addition to the reasons stated by Ms. Walker to which we agree, this 10-point display ad could turn into stand-alone publication by the requirement to include other information, such as how property taxes are computed and how tax abatements are applied. All of this information is available on our Website. The amendment will increase the costs to county assessors. Assemblyman Aizley's goal is to reduce costs.

**Senator Parks:**

Can you describe the document format you send electronically? What happens to it from the time you send it to the newspaper?

**Mr. Wilson:**

It is sent in electronic format. The newspaper develops a proof for us to review prior to printing; we give approval before it is printed.

**Yolanda King (Clark County):**

We are in support of this bill. The actual cost to Clark County this past year was \$582,000. Over the years, that has come down; in prior years, the cost exceeded \$1 million. The number of people subscribing to the newspaper has gone down substantially.

I looked at the amendments. On page 2 of [Exhibit C](#), this information in *Nevada Revised Statutes* (NRS) is already required for the County to provide. If you look at the explanation of how property taxes are computed, if there are installment payments, a citation says on or before May 5 some of this information has to be published in a newspaper of general circulation. This seems to duplicate information. Clark County provides much of this information on our Website in addition to publishing the requested information

**Senator Parks:**

Can you reference the parcel number and address data on your Website?

**Ms. King:**

Yes. There are a few ways to get to the Treasurer's Office Website on the Clark County Website. If you are in the Finance Department Website or the Recorder's Office Website, links take you directly to the Clark County Treasurer's Website or the Assessor's Office Website. On the Assessor's Website, you can search in a number of ways. If you know the owner's name, you can search by name. It is easiest if you know the property address. Once you get to the parcel information, there is tax rate information, previous owners and assessed values.

**Linda Whalin (Lyon County Assessor):**

I would like to respond to the questions you had for small counties. In the past, we have paid approximately \$32,800 to publish our assessment rolls. The newspaper publishes approximately 3,250 rolls. The population in Lyon County is 52,000. The assessment roll comes out in Mason Valley, and the more-populated areas of Dayton and Fernley are ignored. It is approximately \$100 for each roll. We keep 100 in our office, and we have never had anyone come in to see one. The assessment roll is easily accessed on our Website by parcel number, address and name. Lyon County has been struggling with financial difficulties. When our Commissioners heard this bill was forthcoming and we would not have to print it, the \$7,600 budgeted for the printing was cut from my service and supplies budget. This means I can provide for schooling, which is required by statute for my appraisers. I will have \$600 to maintain my copiers and printers. I will have \$2,800 for gasoline to do our reappraisal. If I have to pay for this printing, I will not have any paper to buy assessment notices. This is how this small amount affects a small county. We are in financial straits. I encourage you to keep the bill as it is. We cannot afford to pay our phone bill.

**Chair Kihuen:**

Did you read the amendment, [Exhibit C](#)? Are you in support of the bill?

**Ms. Whalin:**

Yes, I support the bill. I am opposed to the amendment.

**Chair Kihuen:**

You mentioned that each tax roll print costs \$100.

**Ms. Whalin:**

It did previously.

**Chair Kihuen:**

What is the breakdown? Why is it so much?

**Ms. Whalin:**

I do not know. We have had to make huge cuts. I have been losing staff. When I started working for the Assessor's Office in 1983, we had 13 staff members; I am down to 7 now. Last year, I was asked to cut \$45,000. I had to look everywhere I could. I looked at this huge printing bill, talked to other assessors and asked them how much they spend on printing the rolls. Lyon County is so small; we only need to have 3,250 rolls printed. I asked why ours is so expensive and yours is not. I was advised to go to the State Printing Office. We figured out we could cut it to \$17,000. This will be mailed out to 32,000 parcel owners. The newspaper said it can do it for \$7,600. This money means a lot to a small county.

**Senator Kieckhefer:**

Did you say your Board cut your budget by \$7,000, assuming this bill would pass?

**Ms. Whalin:**

Yes. They assumed that.

**Senator Kieckhefer:**

It has failed for the past 10 years.

**Ms. Whalin:**

I understand. I told them not to cut these funds from my budget.

**Senator Kieckhefer:**

I am sympathetic to your position, but your board presumes too much.

**Senator Brower:**

You reminded me of an anecdote I want to share. This is an important issue. I get the transparency and notice issues. As a Committee, we must endeavor to get this right. In a past life, I served as the Inspector General for the U.S. Government Printing Office (GPO). The GPO prints every piece of paper

that the federal government uses. As Inspector General, my duties included rooting out waste, fraud and abuse within the agency. I recall being called to Capitol Hill on one occasion to meet with a committee chair who was a member of Congress. He had noticed that every day, thousands of copies of the Congressional Record were printed by the GPO during the night shift and delivered to Capitol Hill. Thousands of copies were promptly thrown into the recycling machine and never made it to the actual Congressional Offices. All twentysomething and thirtysomething staffers were looking at the information they needed to see online. This committee chair who thought he stumbled upon a great example of waste in government asked me what I would do to fix this problem. I said to him "nothing." He said it was my job; this is an incredible waste of government resources. I said, "I don't disagree with you, but Congress requires that GPO print these thousands of copies of the *Congressional Record* every night and deliver them to Congress. So when you change the law, we will stop printing them."

The point of my story is I am not sure it makes sense to continue to do this, but we also need to seriously consider points from the opponents as to the need for the public to have access to this information. As we consider the various pros and cons, we stay mindful of the cost and whether this is a wise use of government resources in the twenty-first century.

**Chair Kihuen:**

I wonder about our *Senate Daily File* books. Some of us who have been here a few sessions remember having our bill books on top of our desks. I look forward to hearing the opposition.

**Carole Vilardo (President, Nevada Taxpayers Association):**

We support the bill. It would be nice to say we could do everything we want. Senator Brower made a good point in his comments. These monies are critical to local governments. You know how critical the lack of funding has been to the State. Many publications stopped printing. Look at the bills you have this Session that require agendas be posted on the Internet. In the 75th Session, the Senate Committee on Finance changed the Department of Taxation's budget for mailing, and no more tax notices were sent out. The Department of Taxation sends me the quarterly notice of when tax notices are ready because we deal with 73 associations. I send that quarterly notice out to the associations and tell them to please distribute to your members because no funding exists to mail these notices at the Department of Taxation.

We rely on the Internet more. I wish more people read the newspaper. Personally, I like hard copies, but we are not headed in that direction. We have talked about this with people downloading items and having easier access to information. One bill makes it easier for us to access agendas and regulations moving through the Legislature now. In the last three sessions, the Legislature has effectively maximized the use of existing resources by minimizing those things no longer used the same way. In addition to accessing information for individual counties, another way to access your property tax bills is to go on the Department of Taxation Website, click on local government and view all the publications. This will take you to all 17 county assessor and treasurer Websites. You can put in a name or parcel number, get the information and compare prior billings.

This bill acknowledges revenue constraints and assists local governments. The Internet is the wave of the future. The Legislature has acknowledged this because of what you have required the State to do. What is good for the State is equally good for local governments. I urge you to support this.

**Jennifer DiMarzio (Nevada Press Association):**

I am opposed to A.B. 75. We have heard the testimony. This bill may appear to be a money-saving matter for the counties and the assessors' offices across Nevada. Although everyone in this room is likely to find accessing his or her tax roll on the Internet to be more convenient, it is not that simple. The Press Association agrees that Nevada is moving toward an Internet online world, but we are not there yet. This bill does not provide adequate mechanisms and protections to successfully make the transition to providing public notice in an online-only manner. As written, A.B. 75 fails to meet the requirements for valid public notice in several areas.

Valid public notice requires notice be published by an independent third party and archived in a secure and publicly available format, providing the public the ability to retrieve the notice years after the fact. It must be verifiable so the public may verify that it remains unaltered once published—and accessible by all segments of society. Assembly Bill 75, as written, fails to meet these four requirements. The major problem is that this bill would allow the counties to self-publish public notice of the tax rolls. This directly violates the first element of valid public notice, which requires notices be published by an independent third party and not by the government entity itself. This element ensures government accountability.

As Barry Smith will explain, the Nevada Legislature voted in the 76th Session to allow the counties to begin self-publication online of quarterly financial statements. If you check today, two-thirds of the counties are not doing so. They are asking for the same leniency here, and who is to ensure that they comply this time? Next, A.B. 75 fails to meet the second and third elements. It does not provide a mechanism to ensure information is not altered following the initial publication or to allow for permanent archival of these important records. The fourth element A.B. 75 fails to meet is that the notice be accessible by all segments of society. Access to the Internet is limited. Many poor minorities, rural and senior communities cannot readily view Internet notifications.

Overall, this bill does not improve the process or the transparency. The tax rolls need to be both printed in the newspapers and made available online. It is not a question of either/or; it should be both, possibly for a transition period.

The Nevada Press Association's draft of a proposed amendment in [Exhibit C](#) would address these concerns. This amendment would require notice via the mail or newspaper and the Internet. This would increase public notice and allow proper testing of the adequacy of Internet notice before online-only public notice is implemented in Nevada. It would require public notice via the Internet be made by a newspaper of general circulation in the county. This will ensure that the first element in the valid public notice is met by an independent, third-party publication and not self-published by the government. It would require that Internet publication be permanently archived and verifiable as to dates of publication and that the data remain in the form as initially published on that Website. This ensures the public notice is permanently archived and verifiable as to its accuracy.

The amendment supplements the requirements for the public notice that must be published in a newspaper to ensure that all of Nevada's residents—including minorities, elderly, underprivileged families and those who live in rural districts—receive adequate notice of the tax rolls, their appeal rights and any applicable deadlines or other requirements for appeal. Thank you for your consideration of our proposed amendment.

**Senator Kieckhefer:**

On the four requirements of valid public notice that you list, does that come from a reference source?

**Ms. DiMarzio:**

It comes from a variety of legal sources. I am a First Amendment attorney with access to many books in my office. If you want citations, I can look those up.

**Barry Smith (Executive Director, Nevada Press Association):**

I want to address a few things and give an overview. These are public notices. The tradition is that public notices are published in the newspaper. We are making that transition. Our point is that yes, information should be on the Internet, it should be in the newspaper and spread as widely as possible. This bill saves money. It does not increase transparency; it reduces transparency. If that is the policy decision and the goal is to save money, that is what it would do. If the idea is to be as transparent as possible, that is not what it does. There is quite a bit of discussion of what already exists on the Websites of the various counties and assessors. None of that is in this bill. This bill does not require that at all. It requires the list to be there. It provides that good service. It does not set out anything for regulation of how to present, retain or archive this information at all. With this, what you would get if you went to the Website is a long alphabetical list of property owners and assessed valuation. The advantages to the Internet being described are available and useful.

Why these public notices go through a third independent party is important. That is where the accountability comes in. There is no accountability in this bill. Two years ago, cities and counties said these quarterly financial statements are a big expense. We would prefer to print a small notice in the paper and post them on our Websites. I did some checking recently and two-thirds of the cities and counties are not doing it. This is a big issue for us. This is an accountability issue. How do you require them to do it? It is up to you to make that policy decision. The cost savings is there. It was exaggerated in some instances. I am familiar with Carson City where it cost \$8,500. I am sympathetic to the budget dilemmas that the counties face. However, I have a concern about what happens if you do away with a public notice such as this one. Public notices are under attack constantly because they cost too much.

What if it costs too much for the county to supply the Internet site? I heard testimony that Lyon County may not have a phone. Those serious budget concerns need to be dealt with. If you cut public notice, the transparency and accountability you provide the public on these issues is important to me and it should be to everybody. There was an indictment this past December in Los Angeles County involving an assessor who was trading lowered assessed

valuations for campaign contributions. I do not mean to imply that such a thing is happening in Nevada or that we have dishonest assessors.

What I see in Nevada is a requirement that those assessments be published, that the transparency is there. The reason we have this kind of transparency, the requirement these tax rolls be put in front of the public, is a deterrent to that kind of fraud. If you want to talk cost savings, my point is that transparency always saves money for government. Closing it up and making it more difficult for the public to see what is going on costs money.

**Chair Kihuen:**

Thank you for being accessible. You have taken the time to sit down with me to address our concerns prior to this hearing.

**Senator Brower:**

I should note the anecdote I shared earlier says more about congressional dysfunction than the heart of this public notice issue. In that former context, we were not talking about depriving the public of notice, we were depriving members of Congress from stacks of paper they were not reading. You properly place the emphasis on the public notice. Any bill that could reduce transparency is a concern to all of us. I did not follow the accountability piece, and I hope you can clarify that for me. Governments publish things every day that are not in the newspaper. I did not follow you at that point.

**Mr. Smith:**

The distinction is between public notice and public record. Public records abound. Everything not declared confidential is a public record that you can look up at city hall and its Websites. On the assessment rolls, the reason those notices must be published is a January 15 deadline for appeals. This is the reminder. It tells people that this is important. It is so important that the government needs to publish it; property tax is not something you should look up for yourself.

**Senator Brower:**

Yes, it does. Thank you. I was confused by the reference you made to the Los Angeles case. How would that situation be prevented by publication as opposed to Internet access?



**Mr. Smith:**

I cannot say for sure that it would. California does not require the publication of these assessment rolls. There is a deterrent factor when you say these valuations must be published. The concept behind notices and transparency is that the wider the dissemination, the better chance you have that someone will say, "What is this, what is going on?" It is one thing to say this has to be published in a newspaper as opposed to if you want to come and look at our government Website, feel free.

**Senator Brower:**

You made some compelling points regarding notice and transparency.

**Senator Parks:**

I come from an accounting background and accountability requires verification. What verification would a newspaper provide in publishing these rolls?

**Mr. Smith:**

The verification on public notices is not of the content of the notice. It is of the publication of the notice and signed affidavit from the newspaper that this publication is its true and accurate form on this date. I am talking about that accountability.

**Chair Kihuen:**

My concern with the bill has been reaching out to the rural counties. We sat down and talked about this and about the underprivileged communities. Their access to the Internet is limited. Many of the senior citizens do not know how to use the Internet, but they read the newspaper.

**Assemblyman Aizley:**

I have experience publishing in the local newspapers. For more than 20 years, I published the summer bulletin for the University of Nevada, Las Vegas. The bulletin was thousands of copies going out to potential students. We prepared the publication in our office. It was printed and sent back to us for proofing. We did the proofing and the newspaper printed it. The verification is not there with the papers' current processes. We had our accountability. If anything in the amendment would improve transparency or make for a better publication or better process, I would be happy to look at that. Expense is an issue. I do not believe the University of Nevada, Las Vegas, publishes a summer bulletin. It is done on the Internet. We are going that direction. A million dollars is a lot of

money to spend in Clark County. There are many other uses for it. We have an alternative way to get information out to as many people as possible on the Internet.

**Chair Kihuen:**

Is there anything on the Nevada Press Association amendment in [Exhibit C](#) that you are okay with or that you support?

**Assemblyman Aizley:**

I reviewed it. The Association is saying the newspaper is the way to get the information to the elderly, who cannot use computers. Most elderly people cannot read this small font. Newspapers are not serving the elderly by printing this. On a computer, you can enlarge the font, and it is more accessible.

**Chair Kihuen:**

I will close the hearing on [A.B. 75](#). I will open the hearing on [A.B. 61](#).

**[ASSEMBLY BILL 61 \(1st Reprint\)](#):** Makes various changes relating to economic development. (BDR 18-291)

**Steve Hill (Executive Director, Office of Economic Development, Office of the Governor):**

[Assembly Bill 61](#) addresses some of the practical experience we have had in the last 2 years following passage of A.B. No. 449 of the 76th Session, which changed the way we do economic development in the State and changed NRS 231. The statute reads that both myself as Director and the Board of Economic Development are responsible to make recommendations whether abatements should be granted to companies that apply. The statute is not clear as to how that decision is made. We approached the Attorney General's Office the first time this came up about year and a half ago. The Attorney General came back with an interpretation of the statute, more as a recommendation than an opinion.

Part of the correction for this was contained in [Assembly Bill 38](#) that talked about whether we were having a meeting or a hearing as we consider abatements. The Legislature changed the word in [A.B. 38](#) from "hearing" to "meeting." There was intent behind that change that was not enacted. There is a different meaning behind "hearing" than there is in "meeting."

**ASSEMBLY BILL 38 (1st Reprint):** Makes various changes concerning the abatement or deferment of certain taxes imposed on a new or expanded business. (BDR 32-296)

When we have a hearing, it looks more like a court environment. The way this is processed now, I have a hearing; the company presents the information to me at the hearing; I recess the hearing; we go to the Board meeting and we have the company come back for the Board meeting and present the information again. The Board gives me advice and recommendations, and we close the Board meeting. I reopen the hearing and make the decision whether the company should get abatements or not. There are two problems with that. The process is difficult. The first issue began in A.B. 38. We recommend the statute language be changed from "hearing" to "meeting." We would have a public meeting, and that would be the Board meeting.

The second issue is it is poor public policy for a single person to assume the ultimate responsibility as to whether these companies obtain abatements. That should be the responsibility of the Board of Economic Development, and that was probably the intent from the Legislature in the 76th Session, but in writing the language of the bill, that has not turned out to be the case. Our recommendation in section 1 is to assign the responsibility for abatements in excess of \$250,000—including the last 2 years and the next 10 years for any company—back in the hands of the Board as it was with the Commission on Economic Development in the past. The \$250,000 threshold is the total for the 12-year period. It would be approximately \$20,000 a year over that period of time. We approve very few that small, but at that level, we did not think it needed to go to the Board.

In section 3 of the bill, the language around the makeup of our Board of Economic Development allows for either the Director for the Department of Employment, Training and Rehabilitation (DETR) or that Director's designee to be on the Board. The Director of DETR agrees to accept this assignment, so we ask that this change be made. The next change clears up a conversation that transpired at the Board over several meetings. The Lieutenant Governor and the Secretary of State, by statute, have the ability to appoint a designee to represent them at Board meetings. The question then came up as to whether that designation was intended to be on a meeting-by-meeting basis or over the full term of the appointment. The Attorney General has ruled that statute

indicates a meeting-by-meeting basis and not over the full term. It is our recommendation that the designations be for the full term of the appointment.

Section 4 provides for the Executive Director of the Economic Development office to void contracts with regional development authorities. Statute allows the Director to eliminate the designation as a regional development authority where we typically sign 1-year or 2-year contracts; this would pair the ability to remove the designation with the ability to stop payment on that contract.

Section 6 deletes the requirement in NRS 231 to have a State plan for inland ports for purposes of the Inland Port Authority Act. It retains language that allows us to continue work to develop inland ports when we feel that opportunity exists. The statute was put in place by A.B. No. 182 of the 76th Session. We did a study to determine opportunities for inland ports in Nevada. That study returned with a good deal of logistics and operations opportunities. For a couple of important reasons, the analysts felt Nevada was not likely to host the actual term "inland port," which usually includes quick access to ports, rail facilities, airports and highway transportation. It makes sense to truck produce or products until you reach a 400-mile or 500-mile barrier away from those ports; we are closer than that. The term "inland port" may not apply in Nevada.

Section 7 applies to the Catalyst Fund. A good deal of language in statute talks about what type of entity can make an application for Catalyst Funds. The bottom line of the intent of that language and our recommendation to make this clearer is to eliminate the language and insert "that cities and counties are the organizations that can make an application for the Catalyst Fund." The Catalyst Fund is a two-step process where the business owner works with the regional development authorities and makes an application to the local government jurisdiction where the owner wants to expand or locate the business. That local government reviews the information and makes an application to our Office and our Board. This is helpful in clarifying the definition of local government as intended.

There were some questions about whether the definition could be a library district or a fire department or a broad variety of possibilities, but we think the intention was cities and counties. The other change in section 7 intends to clarify what is stated earlier in the statute but not stated again in the area that deals with the Catalyst Fund. Earlier, the statute states that any contracts

signed by our Office in excess of \$100,000 require our Board's approval. We sign contracts with local governments. We want to make that same requirement apply to the Catalyst Fund.

Section 9 eliminates two entities that have been in place for some time but have not met recently. These are the Interagency Committee for Coordinating Tourism and Economic Development in NRS 231.015 and the Advisory Council on Economic Development in NRS 231.025. Created as a part of A.B. No. 449 of the 76th Session, the intent was the Advisory Council would be a transition oversight council. It has the ability to help in the future, but it has yet to meet, which is a statute requirement. It does not make sense to have councils in statute with requirements to meet when they are not meeting. That is a summary of A.B. 61.

**Senator Kieckhefer:**

If we want Economic Development to be as high up in importance as we keep saying, why do we want to allow our Constitutional Officers to designate on a full-time basis individuals to sit in for them. Should they not be invested?

**Mr. Hill:**

That is a policy decision. They are invested.

**Senator Kieckhefer:**

I am not saying they are not. I am not suggesting they are not invested. I want to be clear. People change.

**Mr. Hill:**

Our recommendation is a step in that direction. The consistency of the participation would be there. You need to understand that the abatement process is somewhat complex. It is one of the major issues we deal with at Board meetings. The policies we put in place to help drive the economy in Nevada are not something you can drop in on and then leave. We think this would provide consistency in the process. If the Legislature would like to change it further and mandate participation by Constitutional Officers, you may need to have that conversation.

**Senator Kieckhefer:**

Does this eliminate the regional development authorities or just as the applicant for the appropriation from the Catalyst Fund?

**Mr. Hill:**

I may not have explained that one very well. Assembly Bill 61 does not eliminate regional development authorities; in the future, I do not anticipate having to implement our recommendation in this bill. Right now, the statute gives me the responsibility to appoint regional development authorities. It also gives me the ability to rescind that designation. In the event of rescinding the designation, it does not allow me to void the contract with that regional development authority whose designation we have cancelled.

**Senator Kieckhefer:**

Thank you.

**Chair Kihuen:**

In section 3, subsection 5, if the Lieutenant Governor, the Governor or the Secretary of State appoints someone, that appointment would not be for one particular meeting to cover an absence; such an appointment will be for the entire term.

**Mr. Hill:**

Yes, that is correct.

**Chair Kihuen:**

Since the Governor serves as the chair, his appointee will be the chair of the Board of Economic Development. Regarding inland ports, eliminating section 6, subsection 1, paragraph (a), subparagraphs (1) and (2), you indicated there are not any positive signs in this industry given the circumstances in Nevada.

**Mr. Hill:**

I should rephrase if that is the impression I made. There is a technical definition of an inland port. Having that requirement does not meet the opportunities in Nevada. We still have a tremendous number of logistics and opportunities in this State. The requirement to look into the opportunities of having inland ports in Nevada helped us to identify those opportunities. The study said, based on what the definition of an inland port is, that does not exactly position Nevada's opportunities. We do have broad-reaching logistic opportunities, including transportation and delivery.

**Chair Kihuen:**

I will close the hearing on A.B. 61 and open the hearing on A.B. 66.

**ASSEMBLY BILL 66 (1st Reprint)**: Revises the manner in which the State Board of Equalization must provide notice of a proposed increase in the valuation of property. (BDR 32-301)

**Terry Rubald (Chief, Local Government Services, Department of Taxation):**

The purpose of Assembly Bill 66 is to amend the notice requirements in NRS 361.395. Any action by the State Board of Equalization which results in an increased assessed value requires a notice to the taxpayer by certified or registered mail. You should have a spreadsheet in your package. On this spreadsheet, you will see information about the number of parcels throughout the State. There are approximately 1.2 million parcels. If all of them had to be equalized at the same time and that equalization was an increase in value, the cost of notice by certified or registered mail is over \$8 million. Such a cost would be prohibitively expensive and have a chilling effect on equalization action. Basically, the statute says the Board would only be able to equalize downward, not upward.

By comparison, the cost to send first class notices would be approximately \$600,000. We are not proposing to not notify taxpayers. Taxpayers who appeal their property values to the State Board of Equalization will continue to be noticed of their hearings and decisions by certified mail. We do that now and will continue to do so. This proposal is to reduce the cost to notify taxpayers of increases to value caused by a broad equalization decision by using regular first class mail. That is how taxpayers are sent notices by county assessors annually when advised of their assessed value. This is a similar process should the State Board of Equalization have to increase the value through equalization.

**Senator Kieckhefer:**

When was there a statewide noticing of an increase in property value?

**Ms. Rubald:**

I cannot recall a statewide notice.

**Senator Kieckhefer:**

Would this apply to a countywide notice and a statewide notice?

**Ms. Rubald:**

This just applies to actions of the Board of Equalization. County boards could equalize across the county. We have had equalization actions by the Board of Equalization that were less than statewide.

**Senator Kieckhefer:**

This would not capture actions that are less than statewide?

**Ms. Rubald:**

It would. This would apply to any broad equalization action where the Board of Equalization could be asked to equalize between jurisdictions or between types of property. This is different from the appeal process where individual properties are brought forward.

**Senator Kieckhefer:**

In my district, this would apply to equalization in Incline Village?

**Ms. Rubald:**

Yes.

**Senator Brower:**

Is the Board of Equalization planning on doing such a notice in the future?

**Ms. Rubald:**

No. This is an observation we made because we have a lot of equalization actions. An equalization action last fall by the Board of Equalization could have involved parcels across the State. That is when it was brought to our attention. If the Board had decided to go upward, it would have been costly.

**Senator Brower:**

The Board of Equalization decided not to do so?

**Ms. Rubald:**

That action involving the Washoe County Assessor is in litigation, and the process is halted.

**Senator Brower:**

When the process continues to move forward, is this bill intended to make the mailing easier should the Board decide to move forward?



**Ms. Rubald:**

Yes, in the event the Board of Equalization would decide to increase values, this would lower the cost if the Board has to notice for an upward valuation.

**Senator Brower:**

The notice we are talking about requires the taxpayer to do certain things upon receipt of the notice. The taxpayer has a certain number of days to respond or appeal. Is that right?

**Ms. Rubald:**

The notice of the action of the Board of Equalization has to be given at least 10 days in advance. That notice still happens. The difference is between certified mail and first class mail. The taxpayer will be fully noticed. The difference that certified mail gives in allowing the Board of Equalization to confirm the receipt of the notice is what we are giving up.

**Senator Brower:**

My concern regards the recipient who also loses a comfort level that the notice is being delivered. For certified mail delivery, a signature is required. For first class, if the person is out of town or perhaps does not live in that residence year-round, there is a chance that the notice requisite time period for action could lapse for the resident who has no idea that the notice was provided. With certified mail, that is not possible.

**Ms. Rubald:**

With certified mail, the post office delivers a notice to residents to pick up the certified mail. If they are out of town, they are not there to sign off on the receipts. We get complaints from residents who have to go to the post office to pick up their certified mail; they would rather receive it directly at their homes.

**Senator Brower:**

With something as important as a property tax decision, most taxpayers would welcome the certainty of certified mail, even if it meant a trip to the post office. This is an interesting idea. I am all for making life easier for our agencies as they carry out their duties while saving money too. This seems to be an important notice.

**Ms. Rubald:**

Yes, it is.

**Senator Brower:**

I am going to listen to the testimony. I appreciate your presentation, and I will think about this.

**Todd Lowe (Director, Village League to Save Incline Assets):**

I have written testimony in opposition to A.B. 66 ([Exhibit E](#)).

**Geoffrey Lawrence (Nevada Policy Research Institute):**

I would like to echo all the comments from Mr. Lowe. Part of the story with the State Board of Equalization's order for Washoe County to reappraise properties in Incline Village for fiscal years 2004, 2005 and 2006 is the prospect of a potential retroactive tax increase. Nearly a decade later, we have concern with any property owner in the State who could be subject to a retroactive property tax increase that long after the fact. Property owners should get the most notice possible to mobilize any opposition to such an effort. I encourage the Committee to consider the conceptual amendment offered by Mr. Lowe and make this applicable to prospective actions for the future.

**Mr. Wilson:**

I expressed concerns in the Assembly prior to the amendment offered by the Department of Taxation whereby I read the bill to limit the noticing requirement. That has been fixed. There will be some level of notice.

Why would it be any different than an individual case receiving the certified notice versus a decision affecting many people. At the end of the due process, which is the Board of Equalization, I send out notices in December, and a taxpayer chooses to appeal or not appeal. Those appeals are heard during February. If the residents choose to appeal further, they go to the Board of Equalization which hears from March through October. This equalization action could happen in October, so where does a taxpayer go then? The administrative process is spelled out. This is very important given a tax liability associated with any of these increases proposed by the Board of Equalization.

There seems to be much discussion about equalization offered by Mr. Lowe. I think he is right. I would like to see NRS 361.395 amended to resolve this quandary between who is responsible for equalization among the counties. Is it the Nevada Tax Commission pursuant to NRS 361.333 or the State Board of Equalization pursuant to NRS 361.395? I heard the Attorney General discuss it at many Board of Equalization hearings. While I agree, I do not feel any taxpayer

should be liable for an increase in an assessment on a nearly 10-year-old roll. I do not know where any local government identifies this money to refund. Discovering 10 years after the fact that a body did not fulfill its statutory duty could cause adjustments to thousands of parcels across the State. My primary discussion to the Assembly was to provide some level of notice. The Department of Taxation did amend its bill to provide first class mail.

**Chair Kihuen:**

Ms. Rubald, do you have any thoughts on the amendments proposed by Mr. Lowe on the timeline?

**Ms. Rubald:**

The change originally proposed did not involve the 10-day notice that is in law. We have not had any complaints until I heard Mr. Lowe's complaint today. If the Legislature wishes to expand the notice period, we would comply.

**Senator Kieckhefer:**

From a policy standpoint, is there anything wrong with giving property owners 30 days or 45 days rather than 10 days?

**Ms. Rubald:**

No. By the time these issues get to the State Board of Equalization, it is already well into the budget year. The things that occurred last fall were well after the years in question, if not the last budget year. If we were attempting to keep current within the fiscal year, it might be a problem. In the examples given from 10 years ago for 35 days or 45 days, it does not make much difference.

**Senator Kieckhefer:**

What about the concept of prospective versus retroactive?

**Ms. Rubald:**

I always assume legislation would be prospective.

**Senator Kieckhefer:**

We assume that too; it does not always work out that way.

**Senator Brower:**

With respect to the prospective issue, that is a little bit different. On one hand, if we passed this bill with a prospective provision, one could say that

prospectively applies to mailings. Here we are talking about prospective mailings dealing with past tax years. We need to get the nuance right if we work on an amendment. Let the record reflect that the prior witnesses are agreeing with my recognition of the potential glitch. If you understand that to be the issue at stake, we look forward to working with you on an amendment that reflects that.

**Ms. Rubald:**

Thank you. I will work on that.

**Chair Kihuen:**

I am closing the hearing on A.B. 66. The meeting is adjourned at 3:47 p.m.

RESPECTFULLY SUBMITTED:

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Gayle Rankin,  
Committee Secretary

APPROVED BY:

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Senator Ruben J. Kihuen, Chair

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

| <b><u>EXHIBITS</u></b> |                |   |                          |                    |
|------------------------|----------------|---|--------------------------|--------------------|
| <b>Bill</b>            | <b>Exhibit</b> |   | <b>Witness / Agency</b>  | <b>Description</b> |
|                        | A              | 1 |                          | Agenda             |
|                        | B              | 3 |                          | Attendance Roster  |
| A.B. 75                | C              | 2 | Nevada Press Association | Proposed Amendment |
| A.B. 75                | D              | 1 | Mary Walker              | Letter of Support  |
| A.B. 66                | E              | 2 | Todd Lowe                | Testimony          |
|                        |                |   |                          |                    |