

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

**Seventy-Seventh Session
May 16, 2013**

The Senate Committee on Revenue and Economic Development was called to order by Chair Ruben J. Kihuen at 2:40 p.m. on Thursday, May 16, 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

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Douglas C. Gillespie, Sheriff, Clark County

Chair Kihuen:

We will start the work session considering Assembly Bill (A.B.) 61, A.B. 66 and A.B. 496. We will not consider A.B. 75 today.

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

Joe Reel (Deputy Fiscal Analyst):

Assembly Bill 61 is sponsored by the Assembly Committee on Taxation on behalf of the Office of Economic Development. This bill was heard in the Senate Committee on Revenue and Economic Development on May 7. The work session document ([Exhibit C](#)) outlines the bill's provisions.

SENATOR SMITH MOVED TO DO PASS A.B. 61.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kihuen:

We will move to 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)

Mr. Reel:

Assembly Bill 66 is sponsored by the Assembly Committee on Taxation on behalf of the Department of Taxation. This bill was heard in the Senate Committee on Revenue and Economic Development on May 7. The work session document ([Exhibit D](#)) includes Proposed Amendment 8917.

Senator Kieckhefer:

I submitted an amendment that accomplishes two things. It incorporates the provisions discussed during the testimony by Todd Lowe, who is one of my constituents. It extends the 7-day notice period to 30 days, and in section 2, it makes clear that the mandatory language of this tax applies only to changes in assessed valuation that take place in future fiscal years. If the Board of Equalization were to make an amendment to a value from 2012, they would have to follow the certified notice requirements.

SENATOR BROWER MOVED TO AMEND AND DO PASS AS AMENDED A.B. 66 WITH PROPOSED AMENDMENT 8917.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Kihuen:

We will go to A.B. 496.

ASSEMBLY BILL 496 (1st Reprint): Makes various changes relating to the Clark County Sales and Use Tax Act of 2005. (BDR S-1068)

Mr. Reel:

Assembly Bill 496 is sponsored by the Assembly Committee on Taxation. This bill was heard in the Senate Committee on Revenue and Economic Development on May 2. It is referred to as the More Cops bill. Various individuals who testified for and against this bill are listed in the work session document ([Exhibit E](#)). There is also a proposed amendment by Senator Parks ([Exhibit F](#)).

Chair Kihuen:

Senator Parks will explain his amendment.

Senator Parks:

I have a proposed amendment, [Exhibit F](#). Out of courtesy to Assembly Speaker Marilyn Kirkpatrick, I want to get an approval from her on this amendment, but I have not heard anything back. I have had meetings, and I have met with local governments and Sheriff Douglas C. Gillespie and his staff regarding what he envisions for his agency given his severe financial condition. The second page of the amendment is a projection of revenue that would be generated by a 0.15 percent increase in sales tax over the next 4 years with a 3 percent inflation factor. The proposed amendment would not change anything in the existing A.B. 496. It would amend A.B. 496 to include a sunset or adjustment provision on the proposed 0.15 percent increase in sales tax. This sunset or adjustment provision would extend the additional 0.15 percent revenue until September 30, 2017, unless the Nevada Legislature takes action to either increase or decrease the rate or change the sunset date at the 78th Session or the 79th Session. The second part is a follow-up to the first reprint of the bill requiring additional reporting. This amends A.B. 496 to require the additional

reporting be submitted to the Interim Finance Committee for analysis and review in addition to the current filing of all reports with the Department of Taxation.

Chair Kihuen:

Have you had a chance to talk to Sheriff Gillespie about this amendment?

Senator Parks:

I have not. I hoped to hear from Speaker Kirkpatrick, but the Assembly Floor session ran late. I have not had an opportunity to discuss this. The Las Vegas Metropolitan Police Department does receive approximately 73 percent of the additional sales tax revenue. Metro is the predominant recipient of this revenue. In previous discussions, Sheriff Gillespie indicated he wanted to move \$30 million in the next budget year, including \$25 million to change the funding source for 250 of his police officers and put them under the More Cops revenue fund. I understand that would be carried out for the balance of the future life of the More Cops funding source.

Senator Roberson:

Does Sheriff Gillespie have an opinion on this amendment? He may not have had much more time than us to absorb it. It is important to me to know his response to this amendment.

Douglas C. Gillespie (Sheriff, Clark County):

If I understand this from an operational standpoint, would the 0.15 percent be enabled for 4 years? At the conclusion of those 4 years, we would come back to the Legislature and have a discussion about the tax continuing or sunseting.

Senator Parks:

The amendment proposes the 0.15 percent be extended for 4 years. Future Legislators could take whatever action to increase or decrease that amount or remove it. It does not affect the current 0.25 percent.

Mr. Gillespie:

From my standpoint, that would be better than not receiving the 0.15 percent. I have discussed the \$30 million deficit we have with all of you and our plans for these funds. This would help us for the 4-year period. It would not help us as much from a planning standpoint as the current language in the bill because we could rely upon the initial sunset of Year 2025. This is better than not receiving any of the funds.

Senator Roberson:

We have all been working on this issue together. This amendment is very late in the process. I prefer we pass the bill as received from the Assembly.

Senator Denis:

I agree that much has been done on this bill. I know Senator Parks is familiar with this issue and has been working on a solution. We want to provide for the police statewide. Senator Parks is concerned about some issues, and this amendment addresses those issues. It allows us to see what is going on and it pushes the dates back. I am open-minded on this, but I trust what Senator Parks has put together. I support the amendment.

Senator Brower:

I also trust Senator Parks. I have served with him a long time. He works hard and has a lot of knowledge. In this circumstance, the bill without the amendment makes sense as it allows the goal of the bill to be effective. The bill without the amendment is the product of a lot of hard work for Las Vegas Metropolitan Police Department and its fiscal staff. This amendment is well intended, but it is too late and would not make sense to change this bill. I do not think it would be logical to change it. I would prefer to process the bill as is without the amendment.

Chair Kihuen:

Senator Parks and Senator Denis have been working on this issue. Sheriff Gillespie, Chuck Callaway and Senator Parks have been meeting for the last few months to come to an agreement. Senator Parks has had several concerns with the bill. Is Speaker Kirkpatrick in support of the amendment? I know it is happening at the last minute.

Senator Parks:

I just received word from Speaker Kirkpatrick, and she is fine with the amendment. This amendment was created because as we move forward over the next few years, we are likely to see some significant changes. The Initiative Petition 1 will be moving forward to a vote. We are looking at other ways of addressing our revenue needs. Sales tax is a major factor, and it is a regressive tax. Increasing our sales tax to 8.25 percent puts Nevada as one of the highest sales tax states in the Country. That is why I submitted this proposed amendment.

INITIATIVE PETITION 1: Imposes a margin tax on business entities in this State.

Chair Kihuen:

I want to commend Sheriff Gillespie and Mr. Callaway for being so patient. Several of the Committee members have had concerns with the bill. You have been patient in addressing those concerns, particularly with Senator Parks. Most of us in this Committee have relied heavily on his insight and experience. Sheriff Gillespie worked on this issue before some of us got elected. I want to commend Senator Parks for the work he has done.

Senator Roberson:

I would like to call for a short recess so we can discuss this.

Chair Kihuen:

Okay, we will take a 1-minute recess. Sheriff Gillespie, do you have any further comments?

Mr. Gillespie:

I do not want to muddy the waters any more than they have been regarding this bill. I do not know how much this supports other entities that would receive this funding and their ability to hire people for an extended period of time. This amendment was submitted late, and I was not given any opportunity to review it or have a discussion with Senator Parks. I would prefer the bill be processed without the amendment. As the Sheriff of Clark County, I have a significant financial burden to overcome. This bill is needed in its original form with or without the amendment.

Senator Roberson:

I have a great deal of respect for Senator Parks, and I appreciate he knows a lot about this issue and has studied it. I do not begrudge Senator Parks for submitting an amendment to this bill. Three members of this Committee did not know about this amendment until 5 or 10 minutes ago. Out of respect and courtesy for the Sheriff and his department, I would ask that the version of the bill that passed out of the Assembly be passed out of this Committee today. We can talk more about this amendment and whether there is a necessity to amend the bill on the Senate floor. Because of the lack of notice on this and the lack of communication with the Sheriff's office, I request we pass the original bill today and still have the ability to amend the bill on the Senate Floor. I will make a motion if you will accept it.

Chair Kihuen:

Thank you for your recommendation. Out of respect for Senator Parks and his service and all the work and experience he has put into this bill, we should take this amendment into serious consideration.

Senator Roberson:

I do not disagree. I suggest we spend the next few days between this Committee hearing and when this bill gets to the floor to have that discussion. I would like to ask Senator Parks if he is open to that.

SENATOR BROWER MOVED TO DO PASS A.B. 496.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION FAILED. (SENATORS DENIS, KIHUEN, PARKS AND SMITH VOTED NO).

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Senator Brower:

The motion is to amend and do pass. Is that with Senator Parks' amendment?

Chair Kihuen:

That is correct. Thank you for the clarification.

Senator Kieckhefer:

I will support the motion. I want this bill to move forward. I had an opportunity to say what I prefer, but I will go for this motion.

Senator Brower:

I will echo my colleagues' comments. We often talk about how much we respect our colleagues who may propose something we do not agree with. We do not always mean it. I think we all mean it when we say we respect Senator Parks' work on this issue and his experience and expertise. Some of us prefer the bill without the amendment, but I will support this motion.

SENATOR DENIS MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 496.

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SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Kihuen:

That is the last bill on the work session. This meeting is adjourned at 3:17 p.m.

RESPECTFULLY SUBMITTED:

Gayle Rankin,
Committee Secretary

APPROVED BY:

Senator Ruben J. Kihuen, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	2		Attendance Roster
A.B. 61	C	1	Joe Reel	Work Session Document
A.B. 66	D	4	Joe Reel	Work Session Document
A.B. 496	E	2	Joe Reel	Work Session Document
A.B. 496	F	2	Senator David R. Parks	Proposed Amendment