

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

**Seventy-Seventh Session
May 30, 2013**

The Senate Committee on Revenue and Economic Development was called to order by Chair Ruben J. Kihuen at 2:29 p.m. on Thursday, May 30, 2013, in Room 2134 of the Legislative Building, Carson City, 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:

Barbara Clark, President, Washoe County School District Board of Trustees
Lindsay Anderson, Washoe County School District
Tray Abney, The Chamber, Reno-Sparks-Northern Nevada
Paul McKenzie, Building and Construction Trades Council of Northern Nevada,
AFL-CIO
Daryl Drake, Council for Excellence in Education
Craig Stevens, Nevada State Education Association
Jennifer Batchelder, Nevada Women's Lobby
Dotty Merrill, Nevada Association of School Boards
Jill Tolles, Parent Leaders for Education; Say Yes For Kids Committee
Michael C. Cate, Associated General Contractors; Say Yes For Kids Committee

Tami Berg, Nevada Parent Teacher Association
Jay Parmer, Builders Association of Northern Nevada
Lynn Chapman, Nevada Families
John Wagner, Independent American Party
Janine Hansen, Nevada Eagle Forum
Craig Hulse, StudentsFirst

Chair Kihuen:

Today we have Assembly Bill (A.B.) 46 to consider.

ASSEMBLY BILL 46 (1st Reprint): Revises the provisions governing the funding of capital projects by school districts in certain counties. (BDR 32-413)

Senator Ben Kieckhefer (Senatorial District No. 16):

Today we are presenting A.B. 46, which is the result of tremendous work by many parties over the past interim. This bill attempts to address a significant need in Washoe County School District regarding capital funding. Washoe County School District has a limited number of revenue sources that go in the capital construction budget. It is primarily the existing property tax rate and a small amount of Governmental Services Tax. Other counties, such as Clark County, receive capital construction money from transient lodging tax and Real Property Transfer Tax (RPTT). This helps balance the downturn in assessed values in RPTT collection. Washoe County has not had that same luxury. During the interim, we worked with many community leaders to find a solution to this problem. Due to the depressed assessed values in Washoe County, the ability to have an additional rollover bonding capacity to fund capital construction is nonexistent for the next 4 or 5 years. Assembly Bill 46 authorizes the Washoe County Board of Commissioners to levy two additional taxes to be used for capital construction. The first one is a 0.25 percent sales and use tax increase, and the second one is a 5-cent RPTT ad valorem rate per \$100 of assessed value above the existing \$3.64 cap. Accumulatively, this would generate approximately \$20 million in revenue annually that could be used to fund a program for capital construction for Washoe County Schools. This is much needed considering the age and wear on our schools.

Senator Debbie Smith (Senatorial District No. 13):

Much work and commitment has gone into this legislation over the past interim. This unique and local problem has many supporters of the local solution. It is not easy for a community to come together and commit to raising taxes. Our

community clearly recognizes the need to support funding for the infrastructure of our schools. It is our job to take care of our assets. We would do the same thing with our homes. We need to protect these assets for our taxpayers. This is the solution our community came up with to provide funding for maintenance of our schools. In this Session, we have heard about inequities of funding. The Clark County School District needs to shift kindergarten through Grade 12 (K-12) funding, and we have done that with higher education funding in southern Nevada. This is the opposite situation. If you are concerned about equity, you should be concerned about this situation.

For more than a decade, Washoe County has not had the same access to revenue streams as other school districts in Nevada. Couple that with the Great Recession, and there is no ability to raise funds to maintain or enhance these schools. As you will hear from representatives from the Washoe County School District and the community, our schools are aging. We expect our students to go to 60-year-old schools and have opportunities for the same education that students in newer, more modern schools have. Senator Denis is concerned about technology and the infrastructure needed for technology. In the old schools, it takes work to get them to the point to access technology. We have a severe situation of inequity. We have demonstrated the need for this funding, as seen by the level of community support for this legislation.

This is not a perfect bill. It has been amended, and it is enabling legislation. I do not feel confident about this getting us where we need to be. We need every opportunity to have an avenue to take care of our taxpayer-funded buildings and grounds and provide a reasonable, equitable opportunity for our students to go to school in safe and secure buildings. The students deserve to have similar opportunities that the other students experience. I encourage you to listen to the Washoe County School District presentation. It clearly demonstrates the need and the accountability the District has shown in the way it has spent previous construction dollars. If the district had not done that, you would not see the level of support from the business community asking you to pass this legislation. We have worked hard for the last few years to come up with a solution for this problem. Senator Kieckhefer and I ask for your support.

Chair Kihuen:

Thank you. I want to commend both of you for working in a bipartisan manner on this legislation. It does not affect our districts in southern Nevada, but we appreciate you presenting this together.

Barbara Clark (President, Washoe County School District Board of Trustees):

We are here to talk about the critical issue facing our School District and the need for capital funding to maintain our schools. All of us here have one common mission: to have the best-educated students in the Nation. A skilled and educated workforce benefits us all. The importance of school buildings has been recognized as a fundamental element of society. Approximately one-quarter of our Nation's population, including our youngest citizens, spend the majority of their days in school buildings. That equates to 13,000 hours of their lifetimes in school buildings. Studies indicate a connection between school facilities and academic achievement. A recent study found a significant negative relationship between the age of the school building and achievement. The data indicated as the age of the school building increased, the achievement test scores decrease. A 1991 report by the American Association of School Administrators indicated that nearly 5 million students in the United States attend classes in 13,200 classrooms deemed inadequate for meeting the necessary standards to prepare students for today's workforce.

Technology is an ongoing issue in school buildings. When the 2002 school bond rollover hit, an administrator indicated he thought revitalization would increase student achievement through technology upgrades. The revitalization is a visible expression of the community and the District's commitment to our students and staff in an older school.

There are 93 schools in the Washoe County School District and more than 200 buildings maintained by the District covering more than 7 million square feet of building space. If we do not have sustainable funding, we would have to use operating funds. Using operating funds would cripple reform efforts and the ability to meet our goals to graduate every child by name and face.

Lindsay Anderson (Washoe County School District):

I am here in place of Superintendent Pedro Martinez, who often says we wish we were here talking about student achievement. We are proud of the student achievement gains made in the Washoe County School District. This could derail us in the coming years if we do not find a solution to maintain our schools.

I want to reference some items in the presentation ([Exhibit C](#)). In 2002, when our voters approved our rollover bond, we used that money and generated more money than we thought we could. We kept every promise we made during that campaign. In some cases, we exceeded the promises we made to our voters.

Over 10 years, the bond generated over \$500 million that we spent on the items identified to the voters. We feel like we have a proven track record to be good stewards of this money for the future. The original plan was to get the rollover bond reauthorized. Because of the decrease in Real Estate Transfer Tax revenues, we do not anticipate bonding against that revenue until approximately 2018 to 2020, depending on the rebound of those revenues. As the rollover bond is our only source of major revenue for capital projects, we do not have any other way to generate capital funding. Slide 8, [Exhibit C](#), shows every other school district in the State has access to a separate source of capital funding except for Washoe County. That is what we want to fix.

When we decided to sponsor A.B. 46, it became clear we would need to demonstrate the need. We estimate over \$300 million worth of basic maintenance is needed in our district schools over the next 10 years. These are not technology upgrades; these are electrical systems, HVAC systems, windows and flooring in our aging schools. We have identified those needs in a matrix on slide 11 of [Exhibit C](#) that shows how we would spend that money. I wish it was for new schools and overcrowded schools or for improved technology to increase student achievement, but this is for the basics. If we do not get this funding, then we face a tough decision. We will have to pull money out of our general fund, which is not what we want to do. We try to put as many of those dollars back in the classroom. The last thing we want to do is be forced to choose if we can hire a teacher to lower class size or replace a roof. We do not see any other options. We have worked with members of our community, and they are here today in support. Over the past 2 years, we have gathered people in meetings to talk about raising taxes. It is difficult to get people to the meetings, but we have had a dedicated group of community supporters behind us to talk about this issue.

Assembly Bill 46 would increase sales and use tax in Washoe County by 0.25 percent and RPTT by 5 cents per \$100 of assessed value. We will also bond a small amount of Governmental Services Tax we already receive to generate approximately \$20 million per year. That is what we have seen as the needs show each year. Historically, repairs at our schools have cost us \$20 million per year. That is how we came up with that number.

Slide 15, [Exhibit C](#), shows the organizations that endorse this bill. This broad cross section of people includes The Chamber, Economic Development Authority of Western Nevada, Builders Association of Northern Nevada, Parent

Leaders for Education, Nevada Parent Teacher Association, Realtors and the *Reno Gazette-Journal*. We have done our homework to get support for this bill. For everybody we asked to endorse this bill, we did a formal presentation. Our community stood up in support of this bill.

Chair Kihuen:

Is there an expiration date or a sunset on the tax?

Ms. Anderson:

There is not. Other school districts have revenue sources that do not expire. The need to maintain our buildings does not expire.

Senator Brower:

I think you said the bill would raise taxes. This bill would not raise any taxes. This bill would enable the Washoe County Commission to raise the taxes, if the members deem it prudent.

Ms. Anderson:

That is correct. I apologize for any miscommunication.

Senator Brower:

It is important to understand this is a local issue and local elected officials need to make a decision. They cannot make a decision without the Legislature passing legislation. The amended version of this bill will enable the local elected officials—the Washoe County Commission—to have a two-thirds majority vote, and they decide if it is necessary to raise the taxes. It would not mandate they do anything. Is that right?

Ms. Anderson:

That is correct.

Senator Brower:

Thank you for the clarification.

Chair Kihuen:

How much would you need to fix all the schools?

Ms. Clark:

We have an estimate of over \$500 million to do everything we need on an ongoing basis over many years. Typically, we do about \$20 million a year if we are not building new schools or refurbishing existing schools. This is for maintenance.

Chair Kihuen:

Are any new schools being built?

Ms. Clark:

No.

Ms. Anderson:

Slide 11, [Exhibit C](#), has columns that show building systems over a spanned period of time. The first two columns, labeled "Expired" and "Expired but Serviceable," list all items that need to be replaced now. That is the bulk of our backlog. We could do over \$100 million worth of maintenance now if we had the resources.

Tray Abney (The Chamber, Reno-Sparks-Northern Nevada):

We strongly support this bill. I know you are not used to hearing that from me in this building. We talk about spending current dollars efficiently and effectively before any taxes are increased. We think the School District has done that. If you look at what District officials have spent over the last 10 years when they authorized the bond, you will find they did everything they promised with that money and more. We are stuck in a situation now where we have no money left in capital dollars to fix ongoing needs. As Ms. Anderson said, we are not talking about computers, whiteboards or new schools. We are not talking about anything fancy with bells and whistles. We are talking about boilers, roofs, windows, door locks and basic needs that a school requires to operate.

This bill authorizes the Washoe County Commission to look at increasing the broad-based taxes we have available in Washoe County. Everybody should be invested in our children's education; everybody should have skin in the game. By using those two taxes, everybody will. Businesses and individuals will pay. You can pay a little now, or you can pay a lot more later. If we do not spend this money, the boilers still have to be repaired. All these components will get older and more expensive to repair the longer we wait. This is in the interest of our students in Washoe County, the business community and economic

development. When business owners and chief executive officers come to Reno and look at moving to our community, they want to know about the schools their children and their employees' children will attend. When they look at the schools, we want to make sure the basic components are functioning properly.

We do not take this lightly. Taking more money out of the private economy and out of people's pockets is a serious discussion we had with The Chamber's board of directors. This bill for this specific need and these specific taxes is the way to go. We urge you to support this.

Chair Kihuen:

You support the bill. Do you support the tax increase?

Mr. Abney:

Absolutely.

Paul McKenzie (Building and Construction Trades Council of Northern Nevada, AFL-CIO):

I echo Mr. Abney's statements. We see a positive economic impact as this will create jobs. With the limited amount of funds the School District had, school repairs over the past few years was the primary source of income for many of my members. There was not any other work out there. My members have reported to me they wish there was more money to do that work—not because they want the jobs—because they got the opportunity to go into the schools and see the conditions. They realize the needs and the work that needs to be done. We support this bill. We promise the Washoe County School District we will be with them when they go to the Washoe County Commission to ask for this tax increase. We ask you give them the power to do that.

Senator Brower:

I am happy to hear you mention the second part. I do not want anyone to think this is a make-work project. That is not what this is. You have to visit the schools, as many of your members did, to understand the need. I would like to think most of my colleagues, if not all, visit the schools in their districts. I have been to just about every school in my district. You have to go to all of them, not just the ones that look good, but the ones that are old. You need to look at these schools. Only when you do that do you understand the need. When you do that, you understand the inequity that exists between the have and have-not schools. There is a difference for those kids. One of the oldest schools in our

district is close to my home. The real reason for this bill is that the work has to be done. If it creates some jobs, that is great.

Chair Kihuen:

When business owners visit Washoe County to potentially move their businesses here and they visit the schools, first impression is everything. It is important to bring in new industry to our State.

Daryl Drake (Council for Excellence in Education):

The purpose of our group is to support education in Washoe County. The history of our group goes back several years to S.B. No. 154 of the 74th Session, which established the Washoe County Schools Construction and Revitalization Advisory Committee on which Senator Smith served. Committee members analyzed the capital needs of Washoe County School District as well as the inadequacy of the capital funding mechanism in place. This was prior to the decrease in assessed valuation in Washoe County. The members of the Council for Excellence in Education have followed along with the capital needs and the funding capability to satisfy those needs. We support this bill and are sensitive to increases in taxes to our citizens and to businesses. We feel this is essential to the School District.

For the last 25 years, I have been a commercial real estate broker in Washoe County. I have been sensitive to the need for and importance of having capital reserves to maintain the functionality and the liveliness of real property that form the tax basis. We have 7 million square feet of improvements in Washoe County School District. The funding mechanism in place has been inadequate. This will provide \$20 million a year, which is inadequate to meet the basic \$309 million over the next 10 years for capital projects. Our Council is in support of A.B. 46 and the increase in taxes.

Craig Stevens (Nevada State Education Association):

We echo everything that has been said here. I would add that the shape of our schools sends signals to educators and students as to the priorities of their community. We always talk about wanting to attract the best and brightest educators. We want our students to be in school so they graduate. One of the best ways we can do that is to show we care about our schools, students and educators. That is how we invest in a quality education. It is not just the educator in the classroom but what we surround them with. We support A.B. 46.

Jennifer Batchelder (Nevada Women's Lobby):

I was born and raised in the Reno area, and I attended some of these schools. You do not have to go inside these schools to see they need repair. You just have to drive by them as I do on a daily basis. We fully support A.B. 46.

Senator Brower:

I want to make it clear to everybody listening and watching. We are not talking about raising money to tear down old schools and build new schools. As much as many of us who have been in these schools believe that is what should happen, we are not talking about that. We know that kind of money does not exist, and taxpayers do not want to pay that kind of money. We are talking about the very basics. It is what you do not see that has to be there in functioning condition for kids to not be rained on inside and to be cool or warm, depending on the season. They need to have a learning environment that works.

Dotty Merrill (Nevada Association of School Boards):

The Nevada Association of School Boards represents all 17 school boards in Nevada. When our executive committee and board of directors received the information about the Washoe County School District, it was easy for our school trustees to see that this is a unique situation. The community and Washoe County have come together with a unique solution. It has been revised but is still a unique solution. We fully support this plan and encourage you to pass A.B. 46.

Jill Tolles (Parent Leaders for Education; Say Yes For Kids Committee):

I am here to support this bill. I have seen the need. We had a Public Schools Week press conference this January and went to Roy Gomm Elementary School, which is one of the older schools in the District. The boiler that broke down that morning is on the 329-page list of expired items. The boiler was serviceable that day, but the temperature in the multipurpose room and the main office was 50 degrees. One of the parents shared the story about how she and her husband moved their manufacturing company here from California. They almost did not relocate because their real estate agent showed her the best schools in the area. They went to Roy Gomm School, and she said to her husband, "This is it?" The need is great.

What will happen if A.B. 46 does not pass? Many schools will not get the revitalization needed. Eventually, when those reserves run dry, where will the School District take the money from? Washoe County has faced

\$123 million worth of cuts in the last 5 years and is anticipating another \$32 million shortfall in the upcoming school year. Nevada is already at the bottom of per pupil funding in the United States. We cannot afford to take any more out of the classroom to pay for the buildings. Please pass A.B. 46.

Michael C. Cate (Associated General Contractors; Say Yes For Kids Committee):

We all realize the importance of this bill and the probability for major problems within the Washoe County School District if it does not pass. Much revitalization that has been promised to the taxpayers in Washoe County will not happen if this bill does not pass. Given this situation, our school board will have to make some critical decisions. It is not fair to the people who were promised revitalized schools, and it is not fair to the kids in those schools that are in dismal shape. We need to move forward with what is happening. In the 76th Session, the bond reserves were reduced from 100 percent to 25 percent. That opened up more bonding capacity. The last bond issue was \$40 million. Those dollars need to be spent as designated so those schools do not fall further backward. Please vote for A.B. 46. It is depressing that this goes to the Washoe County Commission. That is like pushing a rope uphill. We will have to fight that battle together. I hope Senator Brower and others are there for that fight.

Chair Kihuen:

Assuming this bill passes and goes to the Washoe County Commissioners, how soon can they vote or consider this?

Senator Kieckhefer:

I do not think there is a restriction on when the Washoe County Commission could act based on the effective date of the legislation. My interpretation is that the Washoe County Commissioners could take action as soon as it is appropriate.

Ms. Anderson:

They can take action as soon as the bill is passed. They have to take action by January 1, 2014. There is a 6- or 7-month window where Commissioners can consider this measure.

Tami Berg (Nevada Parent Teacher Association):

We have close to 18,000 members statewide. We support A.B. 46 statewide. Those who live in Las Vegas have expressed their support for Washoe County's

predicament over bond money for capital projects. I hope this Committee will unanimously pass this bill so it can enable the Washoe County Commission to fix the inequities in the Washoe County Schools.

Jay Parmer (Builders Association of Northern Nevada):

We have worked with the School District on school bonds and on the Washoe County Schools Construction and Revitalization Advisory Committee to find revenue sources for our schools. The downturn in the economy and the property tax cap have made it difficult for the School District. Our organization voted to support A.B. 46 and support the Washoe County School District in the effort to raise money to maintain our schools. Our entire community benefits from good schools. This broad-based tax plan allows everyone to participate in maintaining good schools because good schools build good communities.

Good things are happening in Washoe County schools. I attended the awards ceremony with my son for the Galena High School graduating class of 2013. The seniors were offered \$5.5 million in academic scholarships. That is a significant number for a school that size. We need to continue helping the School District maintain the schools so the environment is conducive to a good education.

Lynn Chapman (Nevada Families):

I will start with a quote. Franklin D. Roosevelt said, "Taxes are paid in the sweat of every man who labors." That is our labor, and we are paid for that labor. The problem stems from much of it being taken through taxes. I started off with that quote because my husband's employer is a manufacturing company in Washoe County that just laid off almost two-thirds of the employees. We are getting close to retirement, and it is a scary time for people. People will be hurt by increases in property taxes and sales tax. Seniors will be hurt by this, many of whom are on fixed incomes. My husband has not received a raise in 8 or 9 years, so we are still living on the same amount of money we were living on back then. It is difficult to do. I have a 42-year-old home in Sparks that needs a new roof. I have had to budget and put a little money aside. I cannot afford to do it each paycheck, but I am still putting money aside for the past few years. Many seniors have to make home repairs somehow, and now you talk about increasing the tax on our property. This is going to put a burden on many people who are living on the edge. Increasing the sales tax is going to make it difficult. I am concerned because there is no sunset in this bill; but what would a sunset do—it is always ignored. We do not need the

two-thirds majority vote. It seems like you want to get as much money as you can from the people. The people do not have a lot of money. We are trying to hang on.

I graduated from Sequoia High School in Redwood City, California. The main building that was refurbished in 1927 is still in use. That is because the people there budgeted and made sure they had money to fix the school. The high school my dad went to in New York is over 100 years old and still going strong. I find it odd that we have 30-year-old schools that are crumbling. What kind of builders do we have? I have a problem with all of this. I hope you think long and hard because the seniors are going to be hit hard with this.

Senator Roberson:

You mentioned we are getting around the two-thirds requirement. This enabling legislation requires a two-thirds vote of the Washoe County Commission. I anticipate that you will see two-thirds of each House vote for this bill, regardless of whether it is required. That is not a valid concern. I generally share your concern with the level of taxation, but it sounds like there is not much else to do to find revenue to fix these schools. Everyone agrees they are in a crisis. Do you have another solution? Is there something else we should do, or do you think this is not a priority?

Ms. Chapman:

There are priorities, but I budget for priorities in my home. That is how we have gotten through tough times. We have owned our home in Washoe County for 28 years. We have had many bonds. The solution is to budget. This will hurt many families. I know it will be difficult for the schools.

Senator Roberson:

When you say we need to budget, what does that mean? Are you saying the School District has not budgeted well? Is it the fault of someone to whom we can point a finger? Or is the reality that these schools are old and need to be fixed, and if we do not find the revenue to fix them, it is a hardship on children and families in Washoe County?

Ms. Chapman:

It is difficult. I do not know who would be blamed. In my home, it would be me because I am the one who budgets and figures out how to make ends meet. Higher taxes will make it hard to purchase things, and I do not purchase much.

I hope people will not be taxed out of their homes with the increase in property taxes. Money could have been used differently in the past.

Senator Roberson:

Thank you. I appreciate your concerns. We are looking for solutions. If someone has a better solution, I am all ears.

Senator Smith:

I want to follow up with Senator Roberson about "what would you do." We are not talking about a home. We are talking about dozens of schools. They are not crumbling because of neglect or age. We have some fine schools that are older, but they need windows, parking lots, roofs, locks, bathroom remodels and wiring so our children have the opportunity to access technology. I get the budgeting part. You need a revenue stream to budget; otherwise, you allocate money that is already budgeted for the classroom. I would like to know your solution.

Ms. Chapman:

I need new windows, new flooring and a new roof. Many homes in the area that are 42 years old or more need these improvements. In 1997, we had a \$355 million bond issue that passed. At that time, the District was talking about putting in wiring. A few years later, we had another bond. The people have been invested in the children. We have done what we could. I have purchased candy that I did not want to eat from children going door to door for the schools. We have families, homes and things we need to pay for in our own homes to keep us safe and secure.

Senator Smith:

You are correct about that. This frustrates me, and I am going to say it once in this Committee. I am a taxpayer, and I also have a family. I have a 35-year-old home, and I am retired on a small income. I do not like the insinuation that the people who make these decisions are not family people who also worry about their homes and how to pay their bills. I ask you to be considerate of that. I am a taxpayer just like you. We may differ on how we think taxpayer dollars should be spent. Our economy needs good schools, and our community needs well-cared-for schools that will attract people to move to those communities. We heard a previous testifier say she had someone who did not want to move to a particular neighborhood because the school did not look adequate. That is what makes our community stronger. I know it is not easy to ask people to pay

more. I take that very seriously, but we are all taxpayers. It is not you the taxpayer or me the taxpayer. We are all taxpayers.

Chair Kihuen:

You will not get much sympathy from the Committee. Can we agree on one thing—that our schools do need help.

Ms. Chapman:

I understand that. A lot of people are hurting out there. We have also been insulted by being told that we need to be invested in the children, when we have been invested in the children. We have done our part. I understand what Senator Smith said. I am not mad at any of you. I understand that you have a tough decision to make.

Chair Kihuen:

When you talk about hurting people and people not supporting this, have you done any type of poll to back up that claim? Looking at the panel, there are Republicans and Democrats, conservatives and liberals, business and labor groups, and education groups from all backgrounds. It seems the people want this. The people of Washoe County want to pay a little more and have good schools for their kids. Where did you get this information?

Ms. Chapman:

I talk to people all around the Reno and Sparks area. I ask the people if they want to pay more. They think maybe they could pay more, but they cannot afford it or they are out of work. I have talked to many people who are out of work. I do not know how they make it.

Chair Kihuen:

Thank you, Ms. Chapman. We appreciate you coming to testify. We respect your point of view, and you are always welcome here.

Senator Brower:

Thank you, Ms. Chapman. We appreciate your input. We are talking around this issue. If this bill were to pass and the Washoe County Commission imposed the increase in taxes the bill allows, how much more in taxes would you pay in a year? Have you calculated that?

Ms. Chapman:

I have not. I know what I paid last year. It is difficult. My husband does not get a raise, and we are still living on the same amount of money year after year. It is hard to budget because everything else is going up too—gas for the car and heat for the house; I keep my heater off most days during the wintertime, and it is very cold.

Senator Brower:

I do that too. My wife complains all the time.

Ms. Chapman:

I make a lot of soup, and we eat soup 3 days a week. I do anything I can to save money. We do not have it.

Senator Brower:

Same here. Do you know what the additional cost is?

Ms. Chapman:

No; it gets tighter and tighter.

John Wagner (Independent American Party):

I have heard testimony from people supporting this saying that everybody is behind this. If everybody in Washoe County is behind this, then why are you not going directly to the people to get this done? We had a similar situation a few years ago. There was a citizens committee of which I was a member. We looked at the schools and the conditions. I supported a bond election to improve our schools and it passed. We are paying for it now. Washoe County needs to do the same. The last committee meeting in which I testified had a \$300 million project. Now I am hearing it is \$500 million. This keeps going up, and it has not passed yet.

As far as old schools go, I lived in San Francisco. My children attended the same elementary school as their grandmother. If schools are old, it does not make them bad. Part of the problem is with the school boards not keeping up with school maintenance. Maybe it is time to change some of the school board members.

Senator Roberson:

Mr. Wagner, do you have anything to back up that accusation you just made against the Washoe County School Board? Do you know that, or are you throwing it out there?

Mr. Wagner:

I am throwing it out there.

Senator Roberson:

I respect your honesty.

Mr. Wagner:

I do think that is the problem. There should be a maintenance schedule. If you need a new roof, you buy the new roof. You do not wait until everything crumbles at once and then say you need this big hunk of money now.

Senator Denis:

We talk about budgeting and how you budget for your house versus how you budget for repairs at these schools. If you do not offer special education classes or if you do not have safe schools, you get sued. In your own home, you can decide to turn off the heat. If we do not turn on the heat in the schools, I can guarantee you the school district will be sued. Districts are spending money going to court on this type of issue. I understand budgeting. Schools are mandated; your home is not mandated; you can decide not to do anything in your house. We cannot do that in the schools. Comparing a home to a school is not a fair comparison.

Senator Kieckhefer:

Do you live in Carson City? Is that what you were referencing with your previous bond experience?

Mr. Wagner:

Yes, I do live in Carson City. I live close to Carson Middle School, where there was a lockdown yesterday. The bond election we passed provided a single point of entrance to Carson Middle School. When they mentioned a kid loading a gun in the bathroom, I knew that was not true because no one carries a gun in and loads it in the bathroom. They locked down the school immediately, which was good. Nobody could get in or out. They cleared out the school yard to the other building. As far as school safety goes, the school yards are open to the public.

I passed two schools to come here. Bordewich Bray Elementary School has two sides open to the school yard.

Senator Kieckhefer:

You recognize the value of making an investment in the capital infrastructure. I want to point out that Carson City has a sales tax rate available to the school district to fund capital construction projects. Washoe County does not have that. In this bill, we are asking to bring Washoe County up to the same level as Carson City in its ability to raise money for capital infrastructure. I appreciate that you recognize the need to invest in those areas.

Mr. Wagner:

We went to the people to ask for it. We did not have other people make the decision.

Senator Kieckhefer:

You have an imposed rate. You asked the people to approve going above the existing sales tax rate. That sales tax rate is not available in Washoe County. A revenue stream is available for school construction in Carson City that does not exist in Washoe County. That was outside of a bond rollover.

Mr. Wagner:

Ours was a bond election that I supported. I think the Carson School District did a good job with the money it had.

Janine Hansen (Nevada Eagle Forum):

I was born and raised in Washoe County and spent most of my adult life there. I have two daughters and three grandchildren in Washoe County. I am concerned about the condition of the schools. I have testified on education issues throughout my volunteer years at this Legislature. My son-in-law has a business in Washoe County, and he is the only one left. My other son-in-law has been out of work for many months. He did finally get a job. The economy is struggling in Washoe County. It is also struggling in Elko, but not as bad.

I have concerns about this bill because I feel that session after session that I have been here, this body has continued to reject fundamental education reform. As a taxpayer, I do not want to fund more education projects. Choice in education has been rejected for the last 10 to 20 years. Teacher education has not been the focus of reforming education. Phonics has been rejected for as

long as I can remember. Our economy does need good schools. I agree with Senator Smith. When I look at Florida reforms, that state had an increase of two grades in 10 years of student achievement. We would be more willing to fund schools if we had some fundamental change.

We know most taxes are passed by Republicans and Democrats, and that is why I am an Independent American. We all know the process starts here even though this process goes to Washoe County. We know you are responsible for providing that the process goes to Washoe County. The average person is not engaged in the process. We have worked hard on Citizen Lobbyist Seminars around the State in order to help people to become engaged in this process. I did seminars in Clark County, Pahrump, Carson City and Elko. We do this because most people are not able to keep up with what goes on here or in their local communities.

We have leadership people involved in coming here who support this. Other people are not engaged—not because they would not like to be—because they are overwhelmed in their work, they are struggling to keep their heads above water and they are taking care of their children. We encourage those people through our alerts to become engaged. We know many people have concerns about this. When I send out my alerts, I often get feedback and some people disagree with me. I had a person contact me, and when we had a long conversation about this issue, I gave her that message. If we ever saw that this body was interested in fundamental education reform instead of making sure the unions get what they want, then we might be more willing to fund education.

Senator Smith:

I appreciate your comments. I have been in Nevada 30 years as a parent, and long before I was elected, I was involved in these issues. I want those children to have the same security that other children have. There is a difference in what our buildings have to offer. Are you aware of how much money Florida put into its school system when it passed reforms? Florida seriously invested in its schools.

Ms. Hansen:

I am aware of that. If we were to invest money in education, we should do it similar to what Florida has done. I see reform in Washington, D.C., that has scholarships for children whose families are making less than \$21,000 per year. Washington has funded these scholarships, and the children have exceeded all

expectations up to an 83 percent graduation rate as compared to Washington, D.C., public schools on one-third of the money. There are tremendous reforms that lower the cost of education and improve the options for our children. Milwaukee had a similar situation. It gave educational scholarships to low-income children. Many other states do it now. My brother was the president of the State Board of Education in Nevada. Before he moved to Arizona, he was part of the national school choice movement, advocating in those areas and spending a lot of time working to reform education. If we are to spend money, those are important places. I have not seen that happen in Nevada.

One of the resolutions from the National Education Association is that no public school will be sold for a private school. I heard that option was removed for charter schools in Nevada. I might be incorrect in what I heard on the Senate Floor. There is so much to be done in Nevada to make changes. There are many reforms we have failed to pursue. When former Senator Maurice E. Washington was here, he worked on many choice and education reforms, including charter schools. I have been involved in the homeschool movement for many years, and I have seen how much can be done for very little. We have a fundamental philosophical disagreement on how to provide the best education for our children. I think we have failed them. We have failed to teach phonics. We have failed to provide choice. We heard testimony in the Committee about a man who has a private school in Silver Springs where enrollees pay \$125 a month. These are children who were failed by the public school system. They are there to get what they need.

Senator Smith:

I agree, and I understand. Philosophical differences aside, when a state such as Florida invests \$700 million into its K-12 education system in one legislative session and we hold Florida up for those reforms, we have to talk about the other side of that. We have passed more legislation on behalf of charter schools this Session than the entire time I have been here, and this is my sixth Session. We have done a tremendous amount of work to benefit charter schools this Session.

Ms. Hansen:

I acknowledge the reforms and the charter schools. There is more reform and choice in education, and that is good. We have a fundamental disagreement. It is a good thing you have somebody to sit up here and examine the issues.

Senator Roberson:

We are working hard to pass education reforms. Senator Hammond's charter school bonding bill has passed both Houses. That is a terrific piece of legislation. We passed the Governor's recommended revolving loan fund for charter schools. Senator Barbara K. Cegavske and I sponsored an opportunity scholarship school choice bill. I am hopeful S.B. 445, which is the Governor's opportunity scholarship bill, will be passed by both the Senate and Assembly. Many of us do believe in education reform and more opportunity and choices for parents and families. We are working hard to fight those battles. We need to give the people of Washoe County and the Washoe County Commission the opportunity to find some revenue to help their schools. I respect your opinion, and I appreciate you taking the time to testify.

SENATE BILL 445: Establishes the Nevada Educational Choice Scholarship Program. (BDR 34-907)

Ms. Hansen:

I was there testifying on those choice bills. Thank you for those.

Craig Hulse (StudentsFirst):

I do not have to testify neutral on this today because we do not get involved in tax policy. I would like to speak about the policy behind the bill and the rationale of equity in our State Policy Report Card. That is how we grade states. We ask for charter facility funding for equitable facility funding for our public school kids. This is a case of equity here. Washoe County is disadvantaged compared to the other 16 school districts and what they have to offer. I want to put that on the record as something that is a concern to us. If you are pushing for charter school facility funding in this State, you need to provide the basic needs for your kids. It will be hard to move forward without their needs being met. This bill is a great start.

Senator Smith:

Can we have someone from the Washoe County School District tell us how much this tax increase will cost the average citizen?

Ms. Anderson:

Our estimates are approximately \$8 per month for both the property and sales tax increase.

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Chair Kihuen:

I will close the hearing on A.B. 46. I will roll the work session to the next Committee Meeting. This meeting is adjourned at 3:46 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	3		Attendance Roster
A.B. 46	C	16	Washoe County School District	Critical Capital Funding Needs Presentation