

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

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

The Senate Committee on Revenue and Economic Development was called to order by Chair Ruben J. Kihuen at 12:16 a.m. on Monday, June 3, 2013, in Room 2149 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

GUEST LEGISLATORS PRESENT:

Assemblyman Cresent Hardy, Assembly District No. 19
Assemblyman Michael Sprinkle, Assembly District No. 30

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Constance Brooks, Nevada System of Higher Education
Luis Valera, University of Nevada, Las Vegas
Tina Quigley, General Manager, Regional Transportation Commission of Southern Nevada
Chris Ferrari, Associated General Contractors, Las Vegas Chapter; Nevada Contractors Association

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Bill Wellman, Las Vegas Paving Corporation; Associated General Contractors,
Las Vegas Chapter; Nevada Contractors Association
Fred Hillerby, Regional Transportation Commission of Washoe County
Sean T. Higgins, Biodiesel of Las Vegas, Inc.; Whittlesea Bell Transportation
Paul J. Enos, Nevada Trucking Association
Dan Allen, ITS Logistics
Ed Meyer, NevCal Trucking
Brian McAnallen, Las Vegas Metro Chamber of Commerce
Michael Dayton, NAIOP, Southern Nevada Chapter
Larry Carroll, American Council of Engineering Companies; Nevada Economic
Development Coalition
Javier Trujillo, City of Henderson
Kristina Swallow, City of Las Vegas
Terry Graves, Henderson Chamber of Commerce
Yolanda King, Clark County
John Madole, Associated General Contractors, Nevada Chapter; Nevada
Contractors Association
Wayne Seidel, Administrator, Motor Carrier Division, Department of Motor
Vehicles
John Swendseid

Chair Kihuen:

I will open the work session on Assembly Bill (A.B.) 46.

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

Joe Reel (Deputy Fiscal Analyst):

I will read the summary of the bill from the work session document ([Exhibit C](#)).
Also in the work session document is a listing of those who testified in support,
neutral and in opposition to A.B. 46. There are no proposed amendments.

Senator Kieckhefer:

This is an important piece of legislation. I like that we did not amend A.B. 46.
We have permissive language. I am proud to support the bill. This is needed for
the schools in Washoe County. I encourage the Washoe County Commission to
adopt this.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 46.

SENATOR SMITH SECONDED THE MOTION.

Senator Brower:

We are enabling our local elected officials to solve a local problem in the way they see fit. That is a prudent way to deal with local problems. The Washoe County Board of Commissioners is comprised of elected officials, elected by the voters of the County. Decisions like this are best made at the local level, and that is what we are allowing. This will allow the Washoe County Commissioners to make the decisions they think are best for the future of our schools. There is a compelling need and, without this legislation, there is no way for our local officials to address that need. I am happy to support A.B. 46.

Senator Smith:

We have worked on this bill for a long time. I am not confident that we will have the outcome we desire at the County Commission. We need to do what we can do at the Legislature. We need to encourage the Washoe County Commission to address this issue. This is about equity and helping our Washoe County schools gain access to funding that other counties have.

THE MOTION PASSED UNANIMOUSLY.

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Chair Kihuen:

The work session is closed. I will open the hearing on A.B. 138.

ASSEMBLY BILL 138 (2nd Reprint): Revises provisions governing the partial abatement of certain taxes. (BDR 32-113)

Assemblyman Michael Sprinkle (Assembly District No. 30):

Assembly Bill 138 allows a business to make capital investments in Nevada's institutions of higher education and apply to the Governor's Office of Economic Development (GOED) to receive partial tax abatement on personal properties paid by the business. This bill, or something similar, has been seen in the Legislature for at least three sessions. I tried to find a new angle to make the idea work better. I discussed the idea with the GOED and the Nevada System of Higher Education (NSHE). We discussed expanding the legislation to help the

research departments at the major universities and the workforce development in the State of Nevada. One new aspect of this bill allows businesses to give money to the major universities for research and development in specific areas and to community colleges for workforce development in licensing and certification programs.

In order for a business to be eligible to receive tax abatement, the business must make a capital investment of at least \$1 million to a research program at the University of Nevada, Reno (UNR); the University of Nevada, Las Vegas (UNLV); or the Desert Research Institute (DRI). Additionally, a business may make an investment of at least \$500,000 to the Nevada State College or a community college within NSHE. The business must also meet other specific criteria to qualify. The business must operate in one or more of the economic development industry sectors promoted, identified or otherwise approved by the Governor's Workforce Investment Board. The business must be consistent with the State plan for economic development created by the GOED executive director. Additionally, the business must continue in operation in Nevada for a period specified by the GOED, which must be at least 5 years, and must continue to meet all the specified eligibility requirements. The business also must employ 15 or more full-time employees for the duration of the abatement.

If the capital investment is made to UNR, UNLV or DRI, the business must employ two or more graduate students from the program to which the capital investment was made on a part-time basis during Years 2 through 5 of the abatement. If the investment is made to the Nevada State College or a community college, the business must employ two or more full-time students from the institution at which the capital investment is made during Years 2 through 5 of the abatement. Hourly wages paid to the employees must be at least 100 percent of the average statewide hourly wage. The business must provide health insurance plans to its employees.

If a business meets these eligibility requirements, it may receive a partial abatement of its personal property taxes for 5 years. The total amount of the abatement may not exceed 50 percent of the personal property taxes imposed on the business during the period of the abatement or 50 percent of the amount of the capital investment, whichever is less. This bill will help new and existing industries in Nevada, provide jobs and job security for the people of Nevada and allow our institutions of higher education to have some type of revenue source for specific programs related to our different economic development sectors.

This bill is necessary. While unemployment has declined, Nevada continues to register the highest rate in the United States at 10.2 percent as of last December. What is also important, UNR is ranked 136th nationally in research investment; UNLV is 174th nationally. Across the board, Nevada is ranked fiftieth for how much we invest in research in our universities. In research funding, UNR and UNLV only spend 0.1 percent and 0.3 percent, respectively, on computer science. Assembly Bill 138 will reward businesses that invest in higher education institutions. This will provide a pipeline for businesses that need to have an educated workforce. This is a good bill with widespread support.

Senator Kieckhefer:

What type of relationship will businesses and NSHE have under A.B. 138? Will businesses be utilizing UNR, UNLV and DRI for research purposes? Can you please describe the dynamic?

Assemblyman Sprinkle:

It depends on what the business is hoping to accomplish. If the business is looking to further some type of research within its industry of expertise, then the business would probably be more inclined to give \$1 million to the universities. That money will go directly to a research program at UNR, UNLV or DRI. This will allow businesses to further research and development ideas, and they may potentially employ the same research students once they graduate.

If the business is considering a certification program, for example a diesel mechanic certification, then it could give at the lower level to an institution that provides that specific certification. In return, there will be more certified workers entering the workforce in that area.

Senator Kieckhefer:

Do you envision this as a workforce development concept or businesses collaborating with a research lab to develop at the research and development stage?

Assemblyman Sprinkle:

I am excited about the workforce development aspects of A.B. 138. One reason this concept has stalled in the past is that it only dealt with the research aspect. I did not want to remove that from the bill because it is important. This will allow businesses to give at a lower level to educate individuals in specific

programs that will allow the business to retain the workers. For a business to be eligible, it must maintain at least 15 employees. If the business fails to meet any of the criteria during the 5-year abatement period, it will lose the abatement completely and must pay back all the money the business has saved with interest. The schools will keep the original donation, however. I look at the bill as a workforce development incentive.

Senator Smith:

I am glad to see this idea again. Assembly Bill 138 is a good combination of what we need to be doing. I want to discuss the fiscal note. Can you please explain what has happened with the fiscal note for this bill?

Assemblyman Sprinkle:

In working with the Assembly Committee on Ways and Means, the fiscal note has been removed from the bill.

Senator Parks:

I like the bill. Was there a particular reason why personal property was selected over real property for the tax abatements? What was the rationale?

Assemblyman Sprinkle:

I did a lot of research as to why this idea has not progressed in the past. There were many different ideas as to how to do provide this tax abatement. The impact would be too great if we used real property tax. Using personal property is a way to provide the incentive to keep businesses in the State or attract new businesses without being too much of a burden. We tried to find a way to provide this incentive and make it palatable.

Senator Parks:

Do you have an estimate of the number of business that will take advantage of this program?

Assemblyman Sprinkle:

I was asked the same question in the Assembly Committee on Taxation. Unfortunately, I do not know. Governor Brian Sandoval supports the concept, and the GOED is excited about marketing this incentive. The universities see this as a good marketing tool too. The different regional economic development authorities are also very excited to have this in place. Businesses often look at many similar states when deciding where to relocate to or open a new office.

The businesses look at the educational opportunities and programs offered in the states as well. Many times, Nevada misses bringing new businesses to our State because we do not offer programs like the one proposed in A.B. 138 and other states do. This has potential to bring new companies to the State.

Chair Kihuen:

Are smaller colleges, such as the Great Basin College and the College of Southern Nevada, included in this bill?

Assemblyman Sprinkle:

Yes.

Constance Brooks (Nevada System of Higher Education):

The NSHE supports A.B. 138. As NSHE moves toward alignment with the economic development plans of the State, we view this as positive legislation to help in that effort. We have great relationships with the business community, and this will strengthen them.

Luis Valera (University of Nevada, Las Vegas):

The University of Nevada, Las Vegas, supports the bill. I want to echo Ms. Brooks' comments.

Chair Kihuen:

The hearing on A.B. 138 is closed. When all of the Committee members are back, we will entertain a motion on the bill. I will open the hearing on A.B. 413.

ASSEMBLY BILL 413 (2nd Reprint): Revises provisions relating to taxation.
(BDR 32-1010)

From my understanding, most of the parties who were involved came to an agreement. Assemblyman Hardy, please give us a broad overview of the bill.

Assemblyman Crescent Hardy (Assembly District No. 19):

Assembly Bill 413 proposes to allow an additional tax rate imposed on gasoline and special fuels based on the indexing tax rates levied against the federal, state and local taxes. In Clark County, if approved by ordinance on or before October 1, the rates would increase on indexed amounts for 3 years, from 2014 to 2016. The indexing would be allowed to continue in 2017 and beyond only if

the voters approve it in the November 2016 general election. This does not apply only to Clark County.

I have provided a Fuel Indexing Chart ([Exhibit D](#)) that is the easiest way to follow what the bill does. I will read from the Chart explaining sections 1.1, 1.3, 1.5, 1.7 and 8 of A.B. 413. Section 1.1 of the bill applies to Clark County. The indexing will be evaluated every 5 years by the Clark County Commission, which can slow the indexing or stop it completely. Bonds cannot be issued over a 5-year period based on the Producer Price Index. We can utilize the formula Washoe County currently uses. Section 1.3 of bill applies statewide, and section 1.5 applies to all counties except Washoe County.

This is not a simple bill. We have reached a resolution where all things can work together.

Senator Kieckhefer:

I am looking at how the tax is enacted in sections 1.3 and 1.5. Are we expecting voters in counties other than Washoe to vote on two separate questions in 2016 to raise the gas tax?

Assemblyman Hardy:

Yes.

Senator Parks:

Does this bill take into consideration the fact that one county might vote in favor and another might not? How would that be handled overall?

Assemblyman Hardy:

Each county will have the opportunity to vote for the county portion of this tax. It is broken up statewide. Based on what has been happening in Washoe County, approximately 1 cent will go to the State Highway Fund and about 2 cents will go to the county. Each county will have the opportunity to approve or reject the county fee. The State fee is based on a statewide vote.

Senator Parks:

Would there be multiple votes on each ballot for the State and local taxes?

Assemblyman Hardy:

Yes. We decided to have multiple votes because we heard from a number of counties that need extra funds for highway departments but have not reached the 9-cent cap. This will allow the voters to decide how to fund roads and highway programs for the State and their county. For every \$1 the State spends on transportation projects, we receive 80 cents in reimbursement from the federal government. We are losing a lot of money because we have no funds to continue to expand the highways.

Tina Quigley (General Manager, Regional Transportation Commission of Southern Nevada):

I have a presentation ([Exhibit E](#)) explaining the need for this indexing effort. The streets and highways programs in southern Nevada are funded by two sources of revenue. First is the motor vehicle fuel tax, which brings in about \$60 million per year. The second source is sales tax. The streets and highways programs are allocated about \$36 million per year from sales tax revenues. The fuel tax is a 9-cent tax on each gallon of gas bought. It was set at 9 cents in 1995, and it is a dwindling source of revenue. The purchasing power of the fuel tax revenue has decreased by about 58 percent based on the Producer Price Index. Additionally, vehicles have become more efficient and people are buying less fuel.

On page 3 of [Exhibit E](#), you can see that in the past 10 years, the Regional Transportation Commission (RTC) of Southern Nevada has had about \$136 million per year to invest in streets and highways programs. Moving forward, we will have about \$22.4 million per year. This is due to the drop in revenue from the motor vehicle fuel tax and because RTC of Southern Nevada has bonded as much as possible against available revenues.

Page 4 of [Exhibit E](#) shows the decrease in purchasing power. Based on the Consumer Price Index, we have lost about 36 percent for the purchasing power of the 9-cent fuel tax. The Producer Price Index shows a 58 percent loss in purchasing power.

The RTC of Southern Nevada collaborated with all the local jurisdictions, the Nevada Department of Transportation and Clark County to identify the transportation needs of southern Nevada over the next 10 years to continue expanding and growing our economic base. Page 5 of [Exhibit E](#) shows the unfunded needs the group identified. Page 6 of [Exhibit E](#) shows the total cost

for the unfunded needs is approximately \$4.5 billion. We realize it is not realistic. We further identified the critical needs projects, and that cost totals approximately \$807 million. Critical needs projects would help develop our region economically. We do not have enough funding for the critical needs projects.

As you can see on page 7 of [Exhibit E](#), the \$22.4 million funding RTC of Southern Nevada does have will build one interchange, 1 mile of roadway in each jurisdiction or one beltway segment without bridges. That does not include the land acquisition associated with any of those projects.

Direct jobs are associated with the indexing proposed in [A.B. 413](#). Approximately 6,500 direct jobs would be created along with approximately 11,000 induced and indirect jobs.

Assemblyman Hardy:

A few proposed amendments will be presented. One of the proposed amendments is a consensus agreement from all the parties involved. I support the consensus amendment. I have no position on the other amendments.

Senator Smith:

I appreciate the information. We have all heard a lot about this issue in the last few months. There are not a lot of questions, but I think we are all well aware of the issue and need.

Chair Kihuen:

Several people have worked hard on this issue.

Chris Ferrari (Associated General Contractors, Las Vegas Chapter; Nevada Contractors Association):

The Associated General Contractors represent more than 650 union and nonunion contractors, suppliers and professional firms. We are in strong support of [A.B. 413](#). We will present the friendly consensus amendment ([Exhibit F](#)) on behalf of the Associated General Contractors, Las Vegas Chapter; Nevada Economic Development Coalition; Las Vegas Metro Chamber of Commerce; American Council of Engineering Companies; and the Associated Builders and Contractors. Bill Wellman will explain the amendment.

There is limited funding remaining for infrastructure in southern Nevada. Without the proposed indexing, there will be significant challenges for anything related to infrastructure in Clark County. Assembly Bill 413 is supported by the trucking industry, the Las Vegas Metro Chamber of Commerce, contractors, the Nevada Economic Development Coalition and others.

Bill Wellman (Las Vegas Paving Corporation; Associated General Contractors, Las Vegas Chapter; Nevada Contractors Association):

One of the concerns of the Nevada Trucking Association had regarded the international fuel tax agreements. The trucking industry pays its way by miles traveled rather than by fuel. There is a double tax if you buy fuel in Nevada and drive most of the miles in California where the tax rate is significantly higher and a refund mechanism is not permitted on the indexed portion of fuel. We agreed there should be some sort of refund mechanism for the trucking industry if truckers can demonstrate they are driving those miles in other jurisdictions. We support the refund accordingly. The purpose of the consensus amendment, [Exhibit F](#), is to address the refund mechanism.

Las Vegas Paving is Nevada's largest transportation contractor. We purchased more than 2 million gallons of taxable fuel per year on average for the last 3 years. We are impacted by this proposed legislation, and we accept that. As is obvious, the economic recession has significantly impacted the construction industry. Revenues for Las Vegas Paving have decreased approximately 60 percent, and labor needs have decreased approximately 46 percent, which translates to about 500 employees. That is why we need the indexing proposed in A.B. 413. We need to put people back to work.

Enabling Clark County to index fuel will generate an estimated \$700 million of revenue over the next 3 years. It will translate into job creation. There is an ancillary benefit of rehabilitating and supporting existing infrastructure in need of improvements. The revenue will also help build new infrastructure and capacity improvements to enable communities to grow and sustain the Nevada economy. We support A.B. 413.

Fred Hillerby (Regional Transportation Commission of Washoe County):

It was never the intent of the proposed legislation to impair bonds RTC of Washoe County has already issued. Washoe County has indexed fuel taxes for 4 years. I have a proposed amendment ([Exhibit G](#)) to address sections 1.7, 1.8 and 1.9. The proposed amendment only illustrates the change in section 1.7,

but it would be repeated exactly in sections 1.8 and 1.9. The proposed amendment, [Exhibit G](#), clarifies that any bonds already issued cannot require a rebate. The funds have already been committed to repay these bonds and taking money away in the form of a rebate would impair the bonds. The RTC of Washoe County supports [A.B. 413](#) but wants to ensure we do not impair the bonds we have already issued.

Sean T. Higgins (Biodiesel of Las Vegas, Inc.; Whittlesea Bell Transportation):

We support [A.B. 413](#) with the proposed amendments. We used the definitions for biodiesel found in [S.B. 399](#), which this body passed and the Governor signed, in our proposed amendment ([Exhibit H](#)).

[SENATE BILL 399 \(3rd Reprint\)](#): Revises provisions relating to special fuels.
(BDR 51-1052)

The proposed amendment in [Exhibit H](#) would create a new section for biodiesel at the same rate as special fuels. The substantive change would add a new paragraph to section 1.1, subsection 1 allowing a board of county commissioners to impose any or all of the taxes authorized upon its discretion. The board does not have to impose any and all of the indexed fuel taxes, but it can determine which ones to impose. We supported [A.B. 413](#) in its original form when it included similar language to what we propose today. We are asking for that language to be included. The RTC of Southern Nevada agrees with my proposed amendment, as do the other parties involved.

Paul J. Enos (Nevada Trucking Association):

The Nevada Trucking Association supports [A.B. 413](#), especially with a refund mechanism to help interstate trucking companies based in counties with an index but that use fuel outside of the State. This will create a level playing field for interstate carriers based in Clark County. The bill will also start to address an inequity created in Washoe County. We will not impair any current bonds. We cannot impair them, by law. The inequity in Washoe County cannot be addressed until the bonds have fully matured. In Clark County, this will stop the same problems we have seen in Washoe County from arising. The refund mechanism will stop the inequity from being created.

Interstate truckers who buy fuel in a Nevada county with indexed fuel taxes and use the fuel out of State are paying double. The effective tax rate in Washoe County is 40.5 cents with the 27-cent State tax and the 13.5-cent

local tax. When our truckers go to California, they only get credit for 27 cents. The refund mechanism will stop the same inequity from occurring for Clark County carriers.

The trucking industry has committed to paying for the refund program at the Division of Motor Vehicles (DMV) through a \$100 refund-processing fee. The DMV estimates it will see about 22,000 refunds requested in Clark County, resulting in about \$2.2 million. I do not think we will reach those numbers initially, since we only anticipate a cost of about \$504,000 in that first year of indexing for money the RTC of Southern Nevada is not collecting from truckers asking for a refund. The refund only applies to miles traveled outside the State. Any fuel purchased in Clark County and used in the State will stay in Clark County. This is akin to how contractors receive a refund for the diesel they use off road. It is a similar mechanism.

Dan Allen (ITS Logistics):

The ITS Logistics supports A.B. 413. The trucking industry supports our roads and fuel taxes. Unfortunately, we are taxed based on usage, not where we buy fuel. There is an inequity because we pay for our fuel in Washoe County. California does not recognize the indexed price of fuel. My counterpart in California pays a rate of 44.5 cents for fuel tax, and I pay 58 cents because there is no refund mechanism. I am happy to support the bill with the consensus amendment, [Exhibit F](#), allowing the Clark County carriers to receive a rebate for the fuel they use outside of State and set the stage for similar equitable treatment in northern Nevada.

Ed Meyer (NevCal Trucking):

The situation you have heard about costs NevCal Trucking approximately \$2,500 per day in extra expenses. That figure will increase on July 1 when the index is raised. I have no way to cover the extra costs except to buy fuel out of State. It will eventually make economic sense to move my fueling facility out of Nevada, in which case Washoe County will lose taxes for approximately 4,000 gallons of fuel a day.

Brian McAnallen (Las Vegas Metro Chamber of Commerce):

The Las Vegas Metro Chamber of Commerce supports the bill and consensus amendment, [Exhibit F](#), including provisions limiting the rebate not to exceed 20 percent of the amount collected from those taxes. We want to maximize the greatest amount of bonding capability for the RTC of Southern Nevada. You

have seen the list of unfunded projects. These projects are important to our businesses and our community so employees can get from home to work and we can keep a good quality of life in southern Nevada for tourists, residents and future economic development growth. Many interested parties have worked on this proposal a long time. This is critical to southern Nevada.

Michael Dayton (NAIOP, Southern Nevada Chapter):

I want to echo the comments of Mr. McAnallen. The Southern Nevada Chapter of NAIOP supports A.B. 413.

Larry Carroll (American Council of Engineering Companies; Nevada Economic Development Coalition):

The construction industry and engineering firms have been hit severely by the economic downturn. Professional engineering firms have seen unemployment rates of approximately 65 percent. Assembly Bill 413 proposes a method to provide funds for transportation projects needed for economic development. We need to provide safe transportation systems. It will lower the cost of commuting and hauling goods. It will also help maintain and attract engineering talent that is necessary to carry our State forward for economic development. The Nevada Economic Development Coalition formed about a year and half ago to support different economic development issues throughout Nevada. The first issue was fuel tax indexing. We represent small and large firms. The Coalition reached out to stakeholders in the community to keep them apprised of the issue. Everyone has been supportive or neutral on the issue. The American Council for Engineering Companies and the Nevada Economic Development Coalition fully support A.B. 413.

Javier Trujillo (City of Henderson):

The City of Henderson strongly supports A.B. 413.

Kristina Swallow (City of Las Vegas):

The City of Las Vegas supports A.B. 413 for the reasons presented.

Terry Graves (Henderson Chamber of Commerce):

The Henderson Chamber of Commerce supports A.B. 413. I would echo the comments that have been made.

Yolanda King (Clark County):

Clark County supports A.B. 413. The Board of County Commissioners unanimously approved a resolution in support of the bill.

John Madole (Associated General Contractors, Nevada Chapter; Nevada Contractors Association):

I was invited to a meeting where A.B. 413 was explained. We left agreeing to disagree on what is in the bill. In 2007, there was a statewide effort to enact a State gas tax to avoid some of the problems you have heard about today. Hundreds of thousands of dollars were spent to explain to people that something needed to be done. It did not pass. Washoe County has its own gas and diesel tax which is indexed. This bill, which was introduced on March 20, languished for 65 days before anything was mentioned about including Washoe County. The Nevada Contractors Association has monitored the bill, but was continuously told it is strictly a southern Nevada bill.

I support everything this would do for southern Nevada; however, I do not support the sections concerning Washoe County. The language "NRS 373.066" on page 20, lines 30, 35 and 44 and page 21, lines 4, 13 and 18 set up a rebate for diesel fuel taxes paid by the people using the roads in Washoe County. An inequality is regretful, but we did not create it. We are talking about taking millions of dollars away from Washoe County. There are needs for the funds. Washoe County is building roads that have been talked about for 30 years. They are finally able to build them because of the funds from the indexed tax. This is not the time to take away that money.

I disagree with some of the testimony presented today. I support allowing Clark County to index gas taxes. This has been great for Washoe County. It has built roads and put people back to work. We expect Clark County to have similar results. It is of no concern of Washoe County if you want to set up a system in Clark County to rebate the truckers. I am asking you to delete the references to NRS 373.066 and let this be strictly a Clark County bill.

Senator Smith:

Do you know what kind of dollar figure we are talking about for Washoe County?

Mr. Madole:

I have not seen specific figures, but I am told it is \$2 million or \$4 million.

Senator Smith:

Does anyone else know?

Mr. Enos:

Initially, there would be no effect because the bonds have already matured. If you look at the impact to Washoe County for 3-cent increments on bonds going forward, the DMV estimates \$180,000 would be refunded to Nevada-based trucking companies buying fuel in Washoe County and traveling out of State. If it increases to 6 cents, you would double that figure.

Wayne Seidel (Administrator, Motor Carrier Division, Department of Motor Vehicles):

The DMV did calculate preliminary numbers. The number for the first round of indexing at 3 cents in Clark County would result in refunding about \$504,000. If you look at Washoe County's numbers and account proportionally, the potential refund amount is about \$184,000.

Senator Kieckhefer:

There is a large discrepancy between \$2 million to \$4 million and \$184,000. Is there a way to reconcile that discrepancy?

Mr. Madole:

At the stakeholders meeting I attended last week, we suggested having a study over the next 2 years to determine definitive numbers. We expressed a willingness to do that, but no one else agreed. I would suggest repealing the sections that include Washoe County, and we can talk about it in 2 years.

John Swendseid:

I serve as bond counsel to both Clark County and Washoe County. The amendment introduced by Mr. Hillerby, [Exhibit G](#), amends section 1.7, but sections 1.8 and 1.9 would be similarly amended. The amendment directly addresses the comments of Mr. Madole. The new language, in green on [Exhibit G](#), indicates A.B. 413 will not affect taxes under NRS 373.066 during the term of any bonds secured by those taxes or any bonds that refund those bonds as long as the term is not extended. Washoe County issued bonds this year that will mature in 20 years. For 20 years, there will be no change in the way the tax system works in Washoe County and no refund to the truckers because the funds are tied up with the bonds. It is only after 20 years that changes can be made in Washoe County. I think that was indicated by Mr. Enos

and Mr. Hillerby. I do not think this will affect money available in Washoe County for quite a while.

Senator Kieckhefer:

Does the rebate program included in A.B. 413 only affect Clark County over the next 20 years?

Mr. Swendseid:

It would affect only Clark County over the next 3 years. After the election in 2016, it may affect other counties. It will not affect Washoe County during the term of any bonds that are presently outstanding, which is 20 years.

Senator Kieckhefer:

Would there be any potential revenue loss to Washoe County over the next 20 years?

Mr. Swendseid:

Not as long as the bonds are outstanding, unless Washoe County pays off the bonds early and the debt is retired.

Senator Parks:

Would this affect any new bond issues with additional revenue?

Mr. Swendseid:

No, as long as the new bonds were within the term of the existing bonds, they would not be affected. If Washoe County issued new bonds that do not mature after 2033, the bonds would not be affected. If Washoe County issued bonds that matured after 2033, then the bonds would be affected.

Senator Roberson:

Mr. Madole, do the comments from Mr. Swendseid satisfy your concerns?

Mr. Madole:

I do not want to include Washoe County in A.B. 413 at all. We worked tirelessly on the bill, and if it will not affect Washoe County for 20 years, why do we need to include that language? There is no reason to include Washoe County in the bill.

Senator Roberson:

Are you still opposed to the bill even with the amendments?

Mr. Madole:

Yes.

Mr. Seidel:

The DMV worked with RTC of Southern Nevada to prepare a preliminary cost estimate. It looks similar to a fiscal note. There are two parts to the cost estimate. Programming for the original indexing included in [A.B. 413](#) has an estimated cost of \$200,000. The programming for the refund component amended into the bill is estimated to cost \$800,000. We estimate it will cost \$1.3 million per year for 24 full-time employees to process the estimated maximum 22,443 refund applications. The trucking industry will support the program with a \$100 processing fee to develop the refunds. According to the bill, the DMV will develop regulations and work with the parties to develop the program. It is similar to the Motor Fuel Tax Refund program where we refund any fuel used off highway, such as mining operations or construction. For that program, the DMV processes about 100 applications per month, 1,200 per year. Those applications take about 1.4 hours to process. We modeled the refund program in [A.B. 413](#) after the Motor Fuel Tax Refund program. The DMV is neutral on the bill.

Chair Kihuen:

We have three amendments for [A.B. 413](#)—one proposed each by Mr. Higgins, [Exhibit H](#); Mr. Hillerby, [Exhibit G](#); and the consensus amendment, [Exhibit F](#). Assemblyman Hardy, how do you feel about the proposed amendments?

Assemblyman Hardy:

We need to include the consensus amendment, [Exhibit F](#), and Mr. Hillerby's amendment, [Exhibit G](#), which was part of the consensus discussions. I do not have an opinion on Mr. Higgins' amendment, [Exhibit H](#). We also need to include language requiring a two-thirds majority vote of the Clark County Commission to enact the tax increase. The RTC of Southern Nevada will pay the initial programming costs for the DMV. There should be language stating interstate truckers will pay a \$100 application fee for the refunding mechanism to help pay for the refunds and pay for staffing. It could create a type of enterprise fund where the DMV could reduce the application fee once all the costs are satisfied.

Additionally, 1 percent of the indexed taxes collected will go to the DMV to pay for future staffing and programming needs.

Senator Roberson:

This is critical for southern Nevada, the transportation and construction industries, and the creation of thousands of jobs. We have heard three amendments. I would like to adopt the consensus amendment, [Exhibit F](#), and Mr. Hillerby's amendment, [Exhibit G](#), and further amend the bill to require a two-thirds majority vote from the Clark County Commission to enact the increase.

Russell Guindon (Principal Deputy Fiscal Analyst):

Assemblyman Hardy is proposing a conceptual amendment to allow for provisions for the trucking industry to pay an application fee of up to \$100 to fund the administration of the program. The Legal Division may need to add additional authority to allow the DMV to develop regulations, collect this fee and administer the program. Staff has discussed setting it up as an enterprise fund so the money received can be used to administer the program. Otherwise, I am concerned that the funds would be subject to the 22 percent cap imposed on the DMV. We need to allow the Legal and Fiscal Divisions to add the necessary provisions to make this work.

Mr. Seidel:

We collect 1 percent of the indexed tax in Washoe County. That 1 percent pays for operation and maintenance. It does not underwrite the program. This program—the indexing and the refunds—is a local county tax and responsibility. If the county wanted to do the refunds, they could do it themselves. The DMV has the best information, and we would use that information to work with the parties to create the refund mechanism for the trucking industry. There is nothing related to the 22 percent cap. This will be a self-funded program.

Mr. Guindon:

Will there be no need to make it an enterprise fund and dedicate the funds to the program to keep it outside of the 22 percent cap requirement?

Mr. Seidel:

I believe an enterprise fund is similar to how the DMV funds the tag plant/license plate factory and the Pollution Control Programs for Clark County and Washoe County. If there were a surplus in the fund, it would go back to

Clark County as the underwriter of the indexing and refund programs. Between Clark County, RTC of Southern Nevada and the trucking industry, any surpluses would go back to Clark County as part of the County's indexed fuel tax. Typically, an enterprise fund has a minimum contingency fund that would be set to sustain the staffing for the program.

Mr. Guindon:

We need to ensure there is enough authority in the motion for the Legal Division and Fiscal Division to work with the DMV to adopt this program and develop regulations to allow for the assessment against the trucking industry to pay for the administration of the refund and indexing program.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS AS AMENDED A.B. 413 WITH THE CONSENSUS AMENDMENT, [EXHIBIT F](#); THE AMENDMENT PROPOSED BY MR. HILLERBY, [EXHIBIT G](#); THE CONCEPTUAL AMENDMENT PROPOSED BY ASSEMBLYMAN HARDY TO REQUIRE A TWO-THIRDS MAJORITY VOTE BY THE CLARK COUNTY COMMISSION TO ENACT THE INDEXING; AND GIVE THE LEGAL AND FISCAL DIVISIONS AUTHORITY TO WORK WITH THE DMV TO DEVELOP REGULATIONS ALLOWING FOR THE DMV TO ADOPT THE PROGRAM AND ASSESS AND COLLECT A FEE FROM THE TRUCKING INDUSTRY TO PAY FOR THE ADMINISTRATION OF THE REFUND AND INDEXING PROGRAMS.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chair Kihuen:

I will now entertain a motion on A.B. 138, which we heard earlier this meeting.

SENATOR SMITH MOVED TO DO PASS A.B. 138.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chair Kihuen:

The meeting is adjourned at 1:49 a.m.

RESPECTFULLY SUBMITTED:

Caitlin Brady,
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. 46	C	2	Joe Reel	Work Session Document
A.B. 413	D	1	Assemblyman Cresent Hardy	Fuel Indexing Chart
A.B. 413	E	8	Tina Quigley	Presentation
A.B. 413	F	1	Chris Ferrari	Proposed Consensus Amendment
A.B. 413	G	1	Fred Hillerby	Proposed Amendment
A.B. 413	H	4	Sean T. Higgins	Proposed Amendment