

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

**Seventy-Seventh Session  
February 28, 2013**

The Senate Committee on Revenue and Economic Development was called to order by Chair Ruben J. Kihuen at 1:44 p.m. on Thursday, February 28, 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  
Mike Wiley, Committee Secretary

**OTHERS PRESENT:**

Claudia Vecchio, Director, Department of Tourism and Cultural Affairs  
Benjamin Q. Johnson, State Board of Equalization  
Aileen Martin, State Board of Equalization  
Geoffrey Lawrence, Nevada Policy Research Institute

**Chair Kihuen:**

We have two bills to process today and a work session, so we will start with Senate Bill (S.B.) 48.

**SENATE BILL 48**: Revises the composition of the Commission on Tourism.  
(BDR 18-289)

**Claudia Vecchio (Director, Department of Tourism and Cultural Affairs):**

I have prepared testimony ([Exhibit C](#)) on S.B. 48 which is the revision of the Commission on Tourism (NCOT) to include members from other agencies, boards and commissions within the Commission.

**Senator Kieckhefer:**

Is there something that prohibits the Commission from adding ex officio nonvoting members without a piece of legislation?

**Ms. Vecchio:**

I do not have an answer, but I will get back to you.

**Chair Kihuen:**

What is the pay for a member of the Commission?

**Ms. Vecchio:**

A member receives \$60 per meeting plus travel expenses as needed.

**Chair Kihuen:**

How many times do you meet a year?

**Ms. Vecchio:**

We will meet four times in 2013.

**Chair Kihuen:**

If the members you are adding receive pay from other boards, will they receive pay from the Commission as well?

**Ms. Vecchio:**

I do not think they will because there is no fiscal impact, but I will check.

**Senator Kihuen:**

I will close the hearing on S.B. 48 and open the hearing on S.B. 84.

**SENATE BILL 84**: Revises provisions governing the compensation of members of the State Board of Equalization. (BDR 32-547)

**Benjamin Q. Johnson (State Board of Equalization):**

I am in support of S.B. 84, and I represent board members Dennis Meservy and Chair Tony Wren who also support the bill. The Board of Equalization was spun off the Nevada Tax Commission in 1975. The Commission's function was to hear appeals of locally and centrally assessed properties. Our caseload responsibilities have increased ([Exhibit D](#)) since 1990. In fiscal year (FY) 1990-1991, we heard 93 cases; during FY 2008-2009, 1,284 cases; and for FY 2012-2013, 444 cases. In FY 2011-2012, we had 345 appeals of secured property valuations: based on these appeals increases in valuations were \$46.4 million. Decreases of \$51.5 million were based on Board actions, with a net impact of \$12.9 million for secured property.

We had 83 appeals of nonsecured property, including personal and centrally assessed properties, with increases of \$1.7 million and decreases of \$232.2 million for a net impact of \$230.4 million. The decreases were based on those appeals. We also have been charged now with conducting equalization hearings throughout the State to determine—within and between counties—if properties are assessed fairly and consistently. The next handout ([Exhibit E](#)) shows the number of days of hearings and the preparation time for those hearings.

We have difficulty attracting and retaining qualified Board members. Most of last year we had four members—one member short for our five-member Board. We require three votes to overturn a county board decision; because of our small Board and the inability to have three votes, we may have no decision. The time and complexity of serving on the Board makes it difficult to provide a fair hearing.

**Chair Kihuen:**

How did you come up with the estimates of \$27,500 for the chair and \$20,000 each for the members on page 3 of the fiscal note? Was it based on the Tax Commission and Board salaries?

**Mr. Johnson:**

That is correct.

**Chair Kihuen:**

You are saying there are difficulties finding qualified new board members. Do you think salaries are part of the problem?

**Mr. Johnson:**

We think that is one of the issues. We also have various requirements under *Nevada Revised Statutes* that we have to meet with the composition of the Board. The Nevada Tax Commission requires the members to be qualified and would rather have a seat vacant than have someone not qualified.

**Senator Roberson:**

Who is on the current Board?

**Mr. Johnson:**

There are five members. We have one board member vacating the Board, leaving us with four board members.

**Senator Roberson:**

This bill is a hard sell. You need to work harder to find qualified board members. Every dollar we spend on this is a dollar we cannot spend on education, health care or State employees.

**Senator Kieckhefer:**

Explain the caseload spikes in [Exhibit D](#). In FY 2005-2006 and FY 2008-2009, were those related to the Incline Village assessment dispute?

**Mr. Johnson:**

No, that was considered one case. The spikes had more to do with the changing market conditions.

**Senator Kieckhefer:**

The trend line is really affected by the two spikes.

**Mr. Johnson:**

Yes.

**Aileen Martin (State Board of Equalization):**

Serving on this Board is labor-intensive compared to voluntary boards. We spend as much as 14 hours reviewing information submitted by attorneys so we

can make a fair and equitable decision. We want to be fairly compensated for the time and travel expense we incur while serving on this Board. This legislation would help the situation, and I fully support S.B. 84.

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

The previous testimony indicated that the State Board of Equalization's job to make sure property tax assessments are applied using uniform methodology across counties was a new charge. State law has always required the State Board of Equalization to do this. It was not until March 2010 that the Board adopted those regulations in response to Nevada Supreme Court rulings from 2006 and 2008 that showed the Board had failed to promulgate the required regulations.

**Chair Kihuen:**

I will close the hearing on S.B. 84 and go into work session on A.B. 68.

**ASSEMBLY BILL 68**: Revises various provisions relating to the distribution of certain taxes to local governments. (BDR 32-247)

**Joe Reel (Deputy Fiscal Analyst):**

I will give an overview in my work session document ([Exhibit F](#)) for A.B. 68, sponsored by the Assembly Committee on Taxation on behalf of the Legislative Commission's Subcommittee to study the Allocation of Money Distributed from the Local Government Tax Distribution Account.

Assembly Bill 68 makes various changes to the Consolidated Tax Distribution to local government entities. The changes include adopting the 5-year average percentage change to adjust the base distribution using the Consumer Price Index rather than the average percentage change from the prior year. In FY 2015, the annual base allocation for local governments and special districts will include all revenue distributed to that entity in a prior year. The allocation will cover both the base and the excess amounts.

The bill modifies the excess distribution formula for all 15 rural counties, applying the 1-plus formula for all counties with a population under 100,000. For Clark and Washoe Counties, the excess distribution invokes the 0.02-plus formula. The bill changes the deadline for local governments to enter into a cooperative agreement for an alternate distribution of excess revenue. The

deadline changes the agreement from December 31 to April 1 prior to the fiscal year under the agreement.

Testimony in support of the bill came from 13 individuals and representatives for local government entities, which included the Nevada League of Cities, Nevada Association of Counties and the Nevada Taxpayers Association. The City of Fernley testified neutral on the bill. We had testimony on the suggested amendment from the City of North Las Vegas in [Exhibit F](#), page 3. The following testified on behalf of the amendment from the City of North Las Vegas: Mayor Shari Buck, City Manager Timothy R. Hacker, Finance Director Gerald Zochowski and Dan Musgrove representing the City. The [Exhibit F](#) amendment adds \$25,776,000 to the base calculation for the City of North Las Vegas.

Support for [A.B. 68](#), but not the amendment, includes a letter from Boulder City ([Exhibit G](#)) as well as a joint letter from the City of Las Vegas and the City of Henderson ([Exhibit H](#)). Clark County responded in favor of [S.B. 68](#) as originally proposed ([Exhibit I](#)), and the Department of Taxation submitted its neutral response to both the bill and amendment ([Exhibit J](#)).

**Senator Parks:**

We had six committee hearings during the interim and approximately 50 additional meetings, so the end product shows all the work that went into [A.B. 68](#).

**Chair Kihuen:**

I will take a motion.

SENATOR KIECKHEFER MOVED TO DO PASS [A.B. 68](#).

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

\* \* \* \* \*

Senate Committee on Revenue and Economic Development  
February 28, 2013  
Page 7

**Chair Kihuen:**

With no further business to come before the Senate Committee on Revenue and Economic Development, the meeting is adjourned at 2:19 p.m.

RESPECTFULLY SUBMITTED:

---

Mike Wiley,  
Committee Secretary

APPROVED BY:

---

Senator Ruben J. Kihuen, Chair

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

<b><u>EXHIBITS</u></b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness / Agency</b>	<b>Description</b>
	A	1		Agenda
	B	2		Attendance Roster
S.B. 48	C	3	Claudia Vecchio	Summary from Commission on Tourism
S.B. 84	D	1	Benjamin Q. Johnson	State Board of Equalization Caseload
S.B. 84	E	1	Benjamin Q. Johnson	Time Spent by Board Members on Hearings and Preparation Time
A.B. 68	F	3	Joe Reel	Work Session Document
A.B. 68	G	2	Boulder City	Letter of Nonsupport
A.B. 68	H	2	City of Las Vegas and City of Henderson	Letter of Nonsupport
A.B. 68	I	4	Clark County	Letter of Nonsupport
A.B. 68	J	1	Department of Taxation	Letter of Nonsupport