

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Eighth Session
April 2, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 8:06 a.m. on Thursday, April 2, 2015, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman John Ellison, Chairman
Assemblyman John Moore, Vice Chairman
Assemblyman Richard Carrillo
Assemblywoman Victoria A. Dooling
Assemblyman Edgar Flores
Assemblywoman Amber Joiner
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblywoman Shelly M. Shelton
Assemblyman Stephen H. Silberkraus
Assemblywoman Ellen B. Spiegel
Assemblyman Lynn D. Stewart
Assemblyman Jim Wheeler
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None



GUEST LEGISLATORS PRESENT:

Assemblyman Tyrone Thompson, Assembly District No. 17

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Eileen O'Grady, Committee Counsel
Aubrie Bates, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Jacqueline R. Holloway, Director, Department of Business License, Clark County
Mike Cathcart, Business Operations Manager, Finance Department, City of Henderson
Karen Duddleston, Deputy Director, Department of Planning, City of Las Vegas
Karen Michael, Business Portal Administrator, Division Administrator, Office of the Secretary of State
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce
Tray Abney, Director of Government Relations, The Chamber of Commerce of Reno, Sparks, and Northern Nevada
Bob Webb, AICP, Planning Manager, Planning and Development Division, Community Services Department, Washoe County
Jacqueline Reszetar, Director, Environmental Health, Southern Nevada Health District
Yolanda T. King, Chief Financial Officer, Department of Finance, Clark County
Adam Mayberry, Manager, Community Relations and Government Relations, City of Sparks
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Dagny Stapleton, Deputy Director, Nevada Association of Counties
Buffy Brown, Senior Research Specialist, Administrative Division, State Gaming Control Board
Ron Knecht, State Controller, Office of the State Controller
James W. Smack, Chief Deputy Controller, Office of the State Controller
Michelle Romero, AICP, EDFP, Redevelopment Manager, Economic Development and Redevelopment, City of Henderson

Javier Trujillo, Director of Intergovernmental Relations, City Manager's Office, City of Henderson

Rory Robinson, Assistant City Attorney, City Attorney's Office, City of Henderson

Ted J. Olivas, Chief of Staff, Office of Administrative Services, City of Las Vegas

Mark R. Vincent, Chief Financial Officer, City Manager's Office, City of Las Vegas

Warren Hardy, representing City of Mesquite

Rocky Finseth, representing Henderson Chamber of Commerce

Victoria Carreon, representing the Guinn Center for Policy Priorities

Ryann Juden, Chief of Staff, Office of the Mayor/City Council, City of North Las Vegas

Craig M. Stevens, Director of Intergovernmental Relations, Government Affairs, Community and Government Relations, Clark County School District

Lisa Foster, representing Boulder City

Chairman Ellison:

[Roll was called and rules and protocol were explained.] We have a guest here with us this morning. Would you like to introduce your guest, Assemblywoman Joiner?

Assemblywoman Joiner:

Thank you, Mr. Chairman. It is spring break right now, so I am happy that my daughter, Eleanor, could join us today. Thank you for allowing her to be here.

Chairman Ellison:

Thank you. We will begin with Assembly Bill 364.

Assembly Bill 364: Revises provisions relating to the state business portal. (BDR 7-696)

Assemblyman Tyrone Thompson, Assembly District No. 17:

I represent the core part of North Las Vegas and parts of unincorporated Clark County. Thank you Assembly Committee on Government Affairs, and our junior legislator, Eleanor, for allowing our group to present Assembly Bill 364. This bill will revise provisions relating to the state business portal. This bill is a collaborative effort of the Governance Reform Committee from the Southern Nevada Forum where three community forums were held with the last two yielding approximately 300 attendees. We carefully vetted issues and voted on areas of immediate focus and concern. I served as co-chair with

Senate Majority Leader, Michael Roberson. Our committee has literally been working on this piece of legislation for over one and a half years.

Our group, which consisted of elected officials, business leaders, community members, and local government entities, looked at components of governance reform based on simplicity, transparency, and fairness. It was clear that governance reform was important to business leaders, state agencies, and local governments, and there was a desire for reform to occur in this legislative session.

The discussions and priorities were focused on several areas that have resulted in numerous bill draft requests. The majority of the discussions in our committee focused on business licensing and governance of boards; hence the creation of A.B. 364. The bill is targeted at streamlining the business licensing process throughout the state. Even though this bill was the result of the Southern Nevada Forum, as you will hear, it will benefit the entire state. Uploaded to the Nevada Electronic Legislative Information System (NELIS) is an amendment ([Exhibit C](#)) that we will be working on and talking to you about.

I want to say that this piece of legislation was crafted due to the diligent work of professionals in this field. I am so impressed and grateful for the collaborative nature in which they worked. We had local municipalities and the Office of the Secretary of State working in a unified effort. They truly modeled the spirit of shared vision and were goal oriented in this endeavor.

At this time, I would like to introduce Jacqueline Holloway, Director of Clark County Business License in Las Vegas. To the left of me is Mike Cathcart, Business Operations Manager from the City of Henderson. Next to him is Karen Duddleston, Deputy Director, Department of Planning from the City of Las Vegas. They are going to walk you through the bill. It is a very comprehensive bill, but they have been working on this for quite some time.

**Jacqueline R. Holloway, Director, Department of Business License,
Clark County:**

I would like to thank Assemblyman Thompson and his committee for helping us put together the efforts we have before you. I would like to go over the purpose of the amendment ([Exhibit C](#)) and what we were trying to accomplish at a high level. First, we are trying to create efficiencies throughout the state local licensing process by reducing duplication in certain areas to make it easier for businesses to do business in the state of Nevada. Secondly, local agencies in health districts will be able to coordinate with the state through the use of a common business identification number and common business registration information. That will be very important for us and will streamline the process

for our customers and citizens as they are applying for business licenses in the state of Nevada.

Also, we have the opportunity to enhance the application process for businesses to submit applications electronically and vertically. Our goal was to be able to coordinate from the state to the local level, and back from the local level to the state. We are moving into an area where we really want our consumers, customers, and businesses to be able to apply online and be able to reduce the licensing cycle time to get the licenses out faster and more efficiently.

Lastly, we are attempting to embrace new technology for the online facilitation of the licensing and permitting processes. At this time, I would like to turn it over to Mike Cathcart with the City of Henderson and Karen Duddleston with the City of Las Vegas. They will walk you through certain areas and sections of the bill.

Chairman Ellison:

Is there another amendment, or does the submitted amendment ([Exhibit C](#)) clarify that the reporting is voluntary or by court order?

Mike Cathcart, Business Operations Manager, Finance Department, City of Henderson:

Yes, that is correct. We will get to that when we explain the sections of the bill, but it is enabling legislation for local governments and state departments to participate with the Nevada business portal.

Chairman Ellison:

Please talk about the fiscal note so that we can keep in mind what is happening with this bill. Will the numbers be the same?

Mike Cathcart:

By adding enabling language, we believe that would take care of the fiscal notes. I will present on that in further detail later. In section 4, subsection 3, of the bill we changed the word "shall" to "may," making this entire endeavor enabling and allowing local governments and state agencies to participate at the level they are able to without large investments in information technology (IT) infrastructure.

Chairman Ellison:

Thank you. Please continue with your presentation.

Mike Cathcart:

I would like to start by thanking Assemblyman Thompson for his leadership on this issue. He did excellent work bringing us together and running our meetings through the committee that yielded this legislation. Karen Duddleston will be speaking from the amendment ([Exhibit C](#)) instead of the original bill. There were several changes. I will be going over sections 1 through 4 of the amendment and Ms. Duddleston will be going through the rest of the amendment.

Sections 1 and 2 are just housekeeping definitions. Section 3 is important to the Office of the Secretary of State because it has to do with the confidentiality of information. The Nevada business portal is really just a data warehouse; it is not a holder of records. Therefore, you see in the amendment that the local agencies are stricken from the confidentiality piece because when records are accessed at our level, they are public records. Nothing changes compared to what is happening today. If it is a public record today, it will be a public record after this bill passes. It only protects the Nevada business portal from having to produce records. The records will be produced by the holder of those records, which is either the local governments or the state agencies. Section 3, subsection 1, talks about the confidentiality piece. Section 3, subsection 2, discusses the exceptions to that confidentiality: court orders and testimony the Office of the Secretary of State may need to provide. Those are the exceptions to the confidentiality.

Karen Michael from the Office of the Secretary of State is here and will be testifying as neutral to the bill. However, if there are specific questions about these pieces and the Nevada business portal, we would be happy to bring her up sooner to answer those questions.

Section 4 of the bill gets into the participation piece between local governments and the Nevada business portal, also state agencies and health districts. Section 4, subsection 2, provides that through cooperative efforts and consultation with representatives of state agencies, local governments, health districts, and businesses, the Office of the Secretary of State will begin building out SilverFlume. We will all be at the table working together to move forward on how we can better streamline business license activities by using electronic tools. We will all be working together. That is something that we felt was very important to have in this bill.

Section 4, subsection 2, paragraph (c), discusses the interlocal agreement that many local governments throughout the state have already signed. I know the City of Henderson in the interim signed an agreement with the Office of the Secretary of State. We are accessing data through SilverFlume, the Nevada business portal. I believe the City of Las Vegas and Clark County are as well.

We have already signed these agreements, but this outlines that the agreements need to be in place before a local government, state agency, or health district accesses data in the Nevada business portal.

Section 4, subsection 2, paragraph (f), subparagraphs (1) and (2), get into what type of data is going to be collected for the common business registration. This gets down to what type of data will be collected and shared between all of these governments through SilverFlume: what type of data we will be collecting at the local level and sharing through SilverFlume sometime in the future so that they have access to the data that we are collecting. We have access at the local level to the data that is collected by the Office of the Secretary of State and it is the same data. This unlocks our ability to do many other exciting things in the future when we get this common business registration data together, and we are all talking from the same script as far as our data is concerned. We have had many conversations in Clark County about exciting things we would like to do to streamline, to go across jurisdictional lines, to better serve customers, and to make it easier for them. Having this common business registration data in place would really unlock the possibilities for the things that we could do in the future as far as local governments cooperating with each other.

Section 4, subsection 3, is the piece that makes the cooperation through SilverFlume enabling. You can see the new green language in subsection 3. We are striking the word "shall" and adding "may" and also adding the language "and as approved by the local governing board when necessary" so that our local officials are involved in deciding when and to what level the local governments are involved with SilverFlume.

Section 4, subsection 3, paragraphs (a) through (g), describe the different levels and different activities that you can participate in through SilverFlume. In particular, the paragraphs are a prescription as to how agencies can start getting involved with SilverFlume. Paragraph (a) is simply the first step for a local government: get the application materials for business licensure online on their website. Paragraph (b) talks about one-way communication. This is the level that the City of Henderson is at right now. As a result of signing our agreement with the Office of the Secretary of State, our technicians in business licensing can now access data within SilverFlume and use that in day-to-day operations. Already, a customer does not have to fill things out twice. We can go out and pull data from SilverFlume.

Section 4, subsection 3, paragraph (c), is more of a two-way communication. This would take more integration on the IT side, but only when the local government is ready to do that. It is their decision to move forward to better

streamline their business license activities. It is enabling legislation. I believe that should take care of most of the concerns in the fiscal notes. However, if there are people here, we are happy to speak with them if the amendment does not address their concerns.

The new green language in subsection 5 is also just a guarantee that a local agency or health district does not have to do significant investment to upgrade their IT solutions to take part in SilverFlume at this point. They can do so in those other sections I talked about, paragraphs (a) through (c). They could do so just at the beginning levels if that is all they are ready to do. It is really up to where they are as a community or a county and at what level they want to participate in SilverFlume. At this time, I will turn things over to Karen Duddleston.

Karen Duddleston, Deputy Director, Department of Planning, City of Las Vegas:

I am the manager of business licensing enforcement for the City of Las Vegas. Local governments in southern Nevada have worked diligently over the last two years with the Office of the Secretary of State, state agencies, and local businesses to identify and reduce redundant processes. The last two years have been very productive with the Office of the Secretary of State working on the Nevada business portal. As a matter of fact, about two weeks ago, the City of Las Vegas and the Office of the Secretary of State launched this system, and we are the first major city to have our business license application available in SilverFlume. Our business customers can now go through the state process and continue on to the local process. It is a wonderful tool for all of us to use.

When working with the Office of the Secretary of State, we met with a lot of state agencies and tried to identify those places where we are frustrating our customers. They go to the state; they go to the local government. Laws or administrative rules require us to send them back to a state agency before they can come back to us to finish. We are literally bouncing our customers back and forth. What we have done in the rest of this bill is tried to start to lay the groundwork where we have a logical system that businesses can understand. They can take care of everything at the state level and then move down to the local government level. We have helped them open their doors because we are the ones who are dealing not only with their local business licenses, but also with the tenant improvements in their buildings, their fire inspections, and all of those sorts of things.

We have identified one of those things that our customers get frustrated about. We hand them a piece of paper, it is an affidavit, and they say they have already filled it out. They have not only filled it out once, but filled it out twice.

How many times do they have to fill it out? It also requires us to collect their social security numbers, which is a security issue for local governments to keep everyone's personal social security numbers when all of our records are public records. The Office of the City Attorney, based on some federal legislation to protect people's personal identification, eliminated the collection of any social security numbers from our business licensing years ago. We worked for three years with all of the state agencies and the Nevada Taxpayers Association to come up with all of that common business information and eliminate social security numbers.

It also acknowledges that we have better tools now. We have databases where we can search for people and things. Rather than having someone fill out a piece of paper, we can allow those state agencies to have direct access to our database; they can search for the people about whom they are concerned. Section 5 of the bill eliminates the collection of the child support affidavit at application for local business licenses and would allow the state agency responsible for that to work collaboratively with us if they are looking for someone. If they have a court order to have us revoke or suspend business licenses, we could do that immediately and identify those individuals in our databases.

The next section is about SilverFlume. If you are involved in SilverFlume, it now collects a variety of information, including the workers' compensation information that we have to collect at the local level. If that information is already collected from an applicant in SilverFlume, we would not have to collect it again at the local level. It eliminates two pages from our local business license application, which is good for our business customers. We are not losing that information. We are simply collecting it once from the business.

In section 7 and the remainder of the bill, you will see a variety of places where we are inserting that business identification number. This is the concept of trying to get our business portal to integrate not just vertically, but across state agencies. In the regional contractors' bill, the multijurisdictional bill, my staff logged over 800 hours trying to identify if businesses in my database were the same businesses that were in the State Contractors' Board's database. When humans put in keystrokes, things come out slightly differently. One might say limited liability company, one might say incorporated. They might have updated a business address with me and the Office of the Secretary of State, but not with the State Contractors' Board. We had to hand match every one of those businesses. If we are really going to get to a streamlined process, where we are all talking about the same business and we can easily check if we can give someone a cosmetology license or a contractor's license or whatever type of professional occupational license, we need to know that information quickly and

easily rather than searching a PDF file to see if they are entitled to that license. That common business identification number would help us do it faster and more easily. I would be happy to answer any questions.

Assemblyman Wheeler:

With the new language in section 6, subsection 1, paragraph (a), you are asking for proof of insurance from the business and that the business license cannot be issued unless there is proof of insurance. I do business consulting from my house; I have a business license from the county. What kind of insurance are you going to make me buy now to work out of my house and do business on my computer?

Karen Duddleston:

This is a current state law. We do not have a choice. I think there are one or two business licenses that require you to have a bond, but we do not have any that require you to have insurance at the local level. This is a state requirement, and it is currently collected at the state portal. If you go through the state portal, you have to go through these insurance requirements. I am sure that Ms. Michael can go through that in more detail. We do not require this; it is something the state requires us to re-collect from a business that has already given this information to the state.

Assemblyman Wheeler:

The way I read this right now, this looks like new language in *Nevada Revised Statutes* (NRS) Chapter 617. I could not find it in NRS Chapter 617.

Mike Cathcart:

Part of this is existing state law and part of it is new language that was moved over from Senate Bill 59, which is a Secretary of State's bill. It is all new language for A.B. 364, that is why it is green. However, part of it is existing law. The only difference we are trying to make in this bill is that currently it is a paper-based process. We are trying to move that so that if you want to use the Nevada business portal to register your business, a lot of these forms would be done through SilverFlume and all of your feedback from the state, the information you would get about safety and other things, would be given to you through the Nevada business portal as well. The requirements for insurance are all current law. The only thing we are making a change to in this bill is that you can now do it electronically, rather than through the paper-based process.

Assemblyman Wheeler:

I did not read that in the bill, but thank you.

Chairman Ellison:

This bill came from last session. Some of the problems with it were that smaller communities could never bring this into their systems with the technology they have or the amount of money it would have cost them. Now we are back for another bite at the apple. Next session is it going to be mandatory that businesses make their technology compatible with the full program? Where are we going with this?

Mike Cathcart:

The amendments in section 4, subsection 5, of the bill came specifically from the smaller jurisdictions. Mary Walker presented those amendments to Senate Bill 59. They have had input, at least the four counties that she represents, which are all rural counties. That is why it says that they do not need to make a significant investment in IT infrastructure to comply with this bill. That is their guarantee that they do not have to spend a lot of money to do this. It is enabling, so they can participate at whatever level they are ready to participate. However, it is not mandatory to participate at any particular level in this bill.

Assemblywoman Shelton:

How much of this is necessary? I think you are already doing part of this. I have my own business, and when I reported workers' compensation to the state through the portal, I received a letter from Henderson saying that they did not have my updated workers' compensation information. As soon as I called on that, they were able to check with the workers' compensation insurance provider and say that it was a mistake and had already been taken care of. There was just a delay. Is part of the state already doing this and the other part of the state not doing it?

Karen Duddleston:

This is one of those places where we bounce people back and forth. Yes, right now, if you go through the business portal, that is collected. There is a state law that requires me at the local level to collect that information again, compile it, and send it back to the state agency. We are trying to take care of that language in the state law that we feel is antiquated which requires me to re-collect the information when we know that business has already taken care of it. We can see it in the portal.

Assemblywoman Shelton:

It seems like we are doing double work. Is that the part of the law that needs to be changed? You do not need to collect it at the local level because it is already collected at the state level.

Karen Duddlesten:

That is what this bill does. We do not want to collect it again. We are saying that if you have given that information in the portal and the state has it, we do not have to ask for it again.

Assemblywoman Shelton:

You can just go into the state portal and see that it is there.

Karen Duddlesten:

That is correct. I do not need to worry about it. It saves us time. It saves the business time. It saves the business another piece of paper because right now it is an affidavit. I have to physically collect a piece of paper with your signature on it, and I would much rather you be able to get your business license from home on your computer.

Assemblywoman Shelton:

Henderson is already able to access that information. Is that correct?

Mike Cathcart:

Through our agreement, we are accessing the data in the portal.

Assemblywoman Shelton:

Thank you.

Chairman Ellison:

Is there any other discussion?

Assemblywoman Neal:

Regarding the language of section 4, subsection 3, in the amendment ([Exhibit C](#)), is it inclusive for permits? Does this make it a one-stop shop for those permits?

Karen Duddlesten:

That would be the goal in the future. If we have a common business identification number in central databases and find out quickly and easily that you have all of the certifications necessary, then I can let you open.

Assemblywoman Neal:

In the current system, SilverFlume asks you to create the common business identification number, but not a lot of people do it. They will complete their business licenses and everything else they need, and the program will ask if they would like to create a common business identification number. I think part of it is an education issue for smaller businesses that are just getting started

and go onto SilverFlume for everything. However, it is one extra step so they skip it. I have seen it. I have watched them decide not to complete that portion.

Karen Duddlesten:

In our offices, we are working with businesses and we have kiosks that we are about to put around the city so that when you come to get your business license, we take you right through SilverFlume. We have that in our office; I have six stations for SilverFlume. It leads you right into the City of Las Vegas business license application so that we can work with you and take you all the way through that process. We are working toward a goal; we realize that. Some of it is working with our businesses and getting out there to tell them how much easier we can make it for them if they help us out as well.

Mike Cathcart:

I believe section 7 of the amendment ([Exhibit C](#)) also addresses that. It makes the business identification number mandatory. We can let the Office of the Secretary of State shed a little more light on that. However, I believe section 7 of the amendment addresses your concern because it states that it "shall assign a unique business identification number to each such entity or person."

Assemblywoman Neal:

Are you penalizing the businesses if they do not?

Mike Cathcart:

No, we are not.

Assemblywoman Dooling:

You have mentioned the future goals of this project. Is there a time frame for the achievement of your goals?

Mike Cathcart:

I think that right now, because of the IT investment needs at the local level and the different entities, the time frame will be a little different for everyone. For example, the City of Henderson is currently replacing its enterprisewide development services software, which is a huge endeavor costing millions of dollars. Business licensing is part of that. After that step, after we have the new software in place, we hope to then sit down to take a hard look at how we can move forward with SilverFlume and do the integration to the two-way communication and sharing of data. Everyone is at a different place with installing software. There may be some of the rural counties that have a ways to go before they will be able to fully participate at the integrated level.

Assemblyman Wheeler:

I am looking at the fiscal note from the Department of Business and Industry. I understand that this is a policy committee, but I am looking at the explanation for the fiscal note. It kind of bothers me because it says, "It would require significant modifications to existing system, developing automated interfaces to the state portal, and re-engineering business processes. Defining the scope and cost of this effort is a project in itself...." Regardless of the \$2 million over the next biennia, to me this means that it is going to be very difficult for that department to implement. Can you comment on that and tell me why it would be so difficult to implement?

Karen Michael, Business Portal Administrator, Division Administrator, Office of the Secretary of State:

I am testifying as neutral on this bill today. We have some rural areas that are currently participating in SilverFlume. We have the City of Fernley, the Town of Tonopah, and Churchill County. They are participating at no cost. The main language and paragraphs (a) through (g) under that specify increasing levels of participation with SilverFlume. Churchill County, at a very basic level, is able to pull the common business registration report from SilverFlume, which is about 50 to 80 percent of the same information that Churchill County needs. For anyone who has actually filled out the majority of their information on SilverFlume, Churchill County will go in and print off that report, then they do not need to have the customer refile paper forms that ask for that same information. That is a zero-cost, low-tech way to participate with us.

Karen Duddlesten's group with the City of Las Vegas has gone a more technical route. They actually got their system to pull that same common business registration report and prepopulate their customers' City of Las Vegas applications. According to each local jurisdiction's capabilities, they are enabled to participate with SilverFlume. Does that answer your questions?

Assemblyman Wheeler:

No, it does not, thank you. I am asking why a state department, the Department of Business and Industry, is finding it so difficult to implement this program.

Karen Michael:

The Department of Business and Industry already does participate with us. Workers' compensation is part of SilverFlume at no cost. Their Safety Consultation and Training Section, along with their Occupational Safety and Health Administration group are part of SilverFlume at no cost. Their Mine Safety and Training Section group will soon be part of SilverFlume at no cost. I believe the addition of the "may" language will take care of any fiscal

note they may have because it is not compelling them to participate, and they already participate at no cost.

Assemblyman Wheeler:

Thank you, but that is still not the answer to my question. We are not a money committee. I want to know why it is going to be so difficult for the Department of Business and Industry to institute the policy that is in this bill.

Mike Cathcart:

I believe that Ms. Michael is correct in saying that the "may" language should help that. Just as an example, a lot of the early part of this bill was based on Assembly Bill No. 139 of the 77th Session. The City of Henderson had a \$3.5 million fiscal note on that bill. It was going to cost us an enormous amount of money to move up the timeline to fully integrate due to the software implementation I discussed earlier. All of that would have had to have been moved up. It was going to be a very expensive endeavor for us. We do not feel that a fiscal note is needed after the "may" language is inserted. We would be happy to reach out to the Department of Business and Industry to see if that changes their fiscal note to answer your question. From our standpoint, we did not file a fiscal note because we knew the amendment was coming and that the "may" language was going to be included.

Assemblyman Wheeler:

I was not worried about the fiscal note itself, just why they feel it is going to be so difficult to implement the language in this bill. Thank you, though it seems that no one is able to answer my question.

Karen Duddlesten:

I might be able to answer your question, though not on behalf of the Department of Business and Industry. Be aware that we have to coordinate with many state agencies to find out if you have an occupational license—if you are licensed to practice oriental medicine, or something like that—before I can give you a license. Some of those state agencies do not have an accessible database. We are flipping through PDFs, watching screens go by looking for someone. If we cannot find them, we have to call the agency to find out if there is an updated list that has not yet been posted. Those agencies, eventually, if they want to be a part of SilverFlume and have that information in an accessible database, would need to update their systems. Some of the fiscal notes may be coming from that. That is why we wanted to add the "may" language. We realize we are not all in the same place. We all need to have a goal to get there. It is not just local governments. I know through working with some of those state agencies that is what they have now for us to look at.

Assemblywoman Joiner:

I have received a lot of complaints from constituents relating to the incompatibility of the different systems. Will this bill help in any way or is there work being done on compatibility issues, for example, the requirement that Internet Explorer only be used? I know there are individuals who try to complete their employment process on their Apple products, and they have to find a computer that has Internet Explorer. Are you having any compatibility issues at the local level as well? Do you foresee any of that, or is this bill working to deal with those compatibility issues? That is a huge barrier for small business owners.

Karen Duddlesten:

Yes, we are finding that frustration. Over the last few years, we put in a brand new licensing system and went for an online application that feeds into us. This allows us to get to where Ms. Michael talked about where we can start to hook to the business portal. One of the biggest complaints we have is that people try to pull it up and they have to update their browser. We have been publishing instructions. We have been working with our vendor to get a more open platform. As you buy newer and newer software, what we have found is they are eliminating older and older versions. You are right, it is a barrier. We do not have a solution now. We are working with our vendor on that. What we have now is a direct link so that a small business could update what is on their computer free of charge through the City of Las Vegas to make things work better for them.

Assemblywoman Joiner:

It helps to update if you have a non-Apple product. What I am finding is that individuals using the point-of-sale Apple devices do not have compatible technology. Does this bill address that issue? Is it related?

Karen Duddlesten:

It does not. It is really a function of our software and our vendors and working with them. As I have mentioned, we have six kiosks in our office. We are also getting standalone kiosks that we can deploy throughout the community so that people can go to their local community centers or senior centers, and hopefully to the state office one day. We would have it right there for them.

Assemblyman Flores:

I would like to thank Assemblyman Thompson and all of you for working so hard on this. I genuinely think it will benefit our business community. I would like to clarify: is it your understanding that the fiscal notes currently attached are based on the original bill and not on the amendment?

Mike Cathcart:

I believe that those fiscal notes were filed before the amendment was completely developed. They relate to the original bill.

Assemblyman Flores:

Part of the reason the fiscal notes are so large is based on what you explained. The fiscal notes may not even exist after this amendment. Is that correct?

Mike Cathcart:

Yes, we believe that. We will reach out to those groups.

Chairman Ellison:

Are there any other questions from the Committee? [There were none.] Does anyone wish to testify in support of A.B. 364?

Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce:

I would like to thank Assemblyman Thompson and Senator Roberson on behalf of the Las Vegas Metro Chamber of Commerce for their leadership on this effort. As was mentioned, this bill came as a result of collaboration with our southern Nevada business community and also our partners at the municipality level, the City of Las Vegas, the City of North Las Vegas, Clark County, and Henderson. This is a direct collaboration with the business community, our municipalities, and our Office of the Secretary of State regarding what is good business practice for the state, local government, and businesses. Our members are the customers to which you are referring. Our members want to see change. They want to see a streamlined process. They want greater transparency. They want a process that allows them to do their business in an efficient and clear manner. We believe this bill does that. We think it is an absolute priority this legislative session to see the passage of this bill. We support this bill and think it is significantly important as we try to become a more business-friendly state, not just in our business environment but also in how we conduct the line of communication between our jurisdictions and the business community. Again, the Metro Chamber is in strong support of this bill. We believe it is good public policy. We thank you for your time and consideration.

Tray Abney, Director of Government Relations, The Chamber of Commerce of Reno, Sparks, and Northern Nevada:

We want to thank Assemblyman Thompson for bringing this bill forward. We started this process in the 75th Session, and every session we keep working away at this to get it right. Over the years, we know there has been conflict between the Office of the Secretary of State and local

governments trying to connect their systems and over who has control of the data, et cetera. We think and we hope that this bill will start to fix and address some of those problems so we can finally move forward. We think it is a big step forward for taxpayers, businesses, and our economic development efforts. In Washoe County, we are working toward a regional business license so that you do not have to get a business license in Reno and in Sparks and in Washoe County. You just get one to operate in all three jurisdictions. We are working toward those efforts. In closing, even though this effort came out of southern Nevada, we still strongly support its passage.

Bob Webb, AICP, Planning Manager, Planning and Development Division, Community Services Department, Washoe County:

I manage the business license operations for Washoe County. Speaking on their behalf, Washoe County supports the bill as amended. We would like to thank Assemblyman Thompson, the southern Nevada business license community, and the Office of the Secretary of State for the work they have done over the last several years to bring this bill forward. Again, Washoe County supports it.

On a related issue, I would like to note that the City of Reno, the City of Sparks, Washoe County, and the Washoe County Health District last summer entered into an interlocal agreement to develop a regional business and permitting and licensing program. This will be the first regional program for northern Nevada and will encompass all four of the jurisdictions. We are currently working through that contract with our vendor today with a goal of having the system go online at the end of this year. A portion of that contract includes the requirement for the vendor to work with us to create the link, as was described earlier, with SilverFlume, the state portal. We will do that, and our goal is to achieve a system that provides a two-way exchange of information. Again, we hope that will be in place by the end of this year. It is a big project, and it involves all four jurisdictions. We are excited that it is happening. Again, Washoe County supports the bill as amended.

Chairman Ellison:

Is there any discussion from the Committee? [There was none.] Is anyone else wishing to testify in favor of the bill?

Jacqueline Reszetar, Director, Environmental Health, Southern Nevada Health District:

We support the bill based on the changes outlined in the amendment.

Yolanda T. King, Chief Financial Officer, Department of Finance, Clark County:

I would like to thank Assemblyman Thompson and the City of Henderson for working on the amendment. In the fiscal note for Clark County, we did state that if the bill as written was passed, it would have a fiscal impact. However, knowing that there was an amendment for enabling language, the fiscal impact for Clark County would be zero.

Adam Mayberry, Manager, Community Relations and Government Relations, City of Sparks:

We also strongly support the bill as amended. We appreciate Assemblyman Thompson's leadership, as well as all of the cities. As Mr. Webb stated, we have been working very closely with Reno and Washoe County to develop a one-stop shop. We are very excited about this program and all that it can do.

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:

We would also like to thank Assemblyman Thompson and our southern Nevada members, Henderson and Las Vegas in particular, for working as hard as they have on this bill. We appreciate the enabling language which will allow some of our smaller members to upgrade their systems as the resources are available. We are in support of this bill.

Dagny Stapleton, Deputy Director, Nevada Association of Counties:

We would like to echo the support of others and thank Assemblyman Thompson and the southern Nevada entities for working on this. We, including all of the rural counties, support this bill.

Chairman Ellison:

We heard testimony that some of the smaller counties are starting to implement this process. This bill has enabling language for the smaller counties. Can either the Nevada Association of Counties or the Nevada League of Cities and Municipalities speak to how this might affect the smaller counties or cities?

Dagny Stapleton:

I do not know that off the top of my head. We can provide that information to you. I do know that Douglas County has been working on this. I believe they signed a memorandum of understanding. I know that the Office of the Secretary of State has been working with some of the rural counties. However, we can get more detailed information to you.

Chairman Ellison:

I would really like to have that information. I think that is going to be important in the future of this bill.

Wes Henderson:

We do know that the Office of the Secretary of State has worked with the City of Fernley and Tonopah to integrate them into the system. We will reach out to them and provide you the information you have requested.

Chairman Ellison:

I would like to know about Humboldt County, Ely, Elko, and some of the other smaller cities.

Wes Henderson:

We will get that information to you.

Chairman Ellison:

Thank you. Is there any other discussion? [There was none.] Is anyone else wishing to testify in favor of the bill? [There was no one.] Is anyone wishing to testify in opposition to the bill? [There was no one.] Does anyone wish to testify as neutral to the bill?

Buffy Brown, Senior Research Specialist, Administrative Division, State Gaming Control Board:

I just wanted to answer some of the questions regarding the fiscal note because we are one of the agencies that had submitted a substantial fiscal note. That was on the original bill as written. That had to do with the required interfacing of our computer systems. With the amendment, there will be no fiscal note from the State Gaming Control Board.

I would like to address Assemblyman Wheeler's questions regarding some of the challenges. With respect to the State Gaming Control Board, one of the challenges is that our operating system is from 1982. It has been a patchwork. We are currently in the process, which started during the last legislative session, of a complete overhaul of our computer system. With that overhaul, we will have more ability to interface.

Some of the issues we face are with respect to protection of information and the necessary security elements. That is going to take a little while. The State Gaming Control Board has entered into an agreement with SilverFlume, and we participate at a very basic level at this point. However, if someone goes on to SilverFlume and looks for how to file a gaming application, it directs them to our website. It is not the best yet, but we do have frequent communication and discussions with SilverFlume to increase that compatibility. However, as I said, we are in the very first phase of upgrading our computer system. That is the key cost.

Assemblywoman Dooling:

Do you have a time frame for completing that upgrade process?

Buffy Brown:

I have not had recent discussions with our technology people about where we are. I know we have rolled out the very first phase. I also know that the projection for the full upgrading of our system is about six years. We expect to have to come back to the Legislature for additional funding. We received funding last session. We have a request in this session that we expect to receive that will be in the millions of dollars to upgrade our system. Regarding when we would be able to interface with SilverFlume, that is certainly not going to take until the very end of the upgrade of our system.

I do know that last session there was a bill passed that requires all of the state agencies to have fillable applications for all of the required applications. We had to obtain a waiver for the time frame for that. The time frame was mid-2015, so we have obtained that waiver. We are working toward getting fillable forms to get databases that can interface. I can provide you with an update from our technology people about when we expect that to happen.

Chairman Ellison:

Does anyone else wish to testify as neutral to the bill? [There was no one.] Will the presenter of the bill please provide closing comments? I know it has been said that most of the fiscal notes have been addressed, but until I hear something from the Department of Business and Industry, there is still quite a large fiscal note attached. The status of the fiscal notes will determine what happens with this bill.

Assemblyman Thompson:

I will reach out to the Department of Business and Industry to address their fiscal note. Hopefully, by adding the enabling language, they will also say that their fiscal note is eliminated. I would like to thank everyone for their concerns and feedback. I can tell that you were engaged because of all of the questions. I am very appreciative of that. I also applaud and thank the experts in this field for working on this legislation. From my viewpoint, it looks very seamless and helps with the efficiency we need in our business portal for the state.

Again, I would like to say that while A.B. 364 does not solve all of the needs for our business community, it does address a core need. Looking at the level of customer service, one thing I hear from my constituents, as well as all of you, is frustration. This bill is going to bypass a lot of the steps that they need to complete with the state agencies. Thank you for this opportunity. I will

address the concerns as I have been directed. Hopefully we can gain your support for this bill.

Chairman Ellison:

Are there questions from the Committee?

Assemblyman Wheeler:

Assemblyman Thompson, regarding the fiscal notes, I cannot seem to get an answer to the question of why the Department of Business and Industry stated on their fiscal note that this would be difficult to implement. Whether it costs anything or does not cost anything, it is the difficulty of implementation that I am worried about. Please have the Department reach out to me to explain if it will cost anything for them and if it is going to be difficult for them to implement. If it is difficult for them, it is going to also be difficult for the State Gaming Control Board and for everyone else that is on that list.

Assemblyman Thompson:

I will do that.

Chairman Ellison:

Thank you, sir. We will close the hearing on A.B. 364. We will now open the hearing on Assembly Bill 429.

Assembly Bill 429: Revises provisions relating to the collection of debts by the State Controller. (BDR 31-1096)

Ron Knecht, State Controller, Office of the State Controller:

I will turn the presentation over to James Smack, Chief Deputy Controller.

James W. Smack, Chief Deputy Controller, Office of the State Controller:

Thank you for hearing Assembly Bill 429. Assembly Bill 429 does two things that will help make the debt collection system housed in the Office of the State Controller more efficient. First of all, it creates a flat rate for the Office of the State Controller to collect as an in-house collection agency. Currently, this rate adjusts any time there are new contracts with outside collection agencies, adjusting to five points below the lowest collection agency cost and fee.

This rate is currently 6.375 percent, but can change up or down the next time we negotiate a contract with an outside collection agency. We are asking for a fixed rate of 7 percent, which will allow us to streamline all of our internal collection paperwork going forward, so we will not have to add additional language to consider what may happen with this fee the next time we negotiate a contract with an outside collector. It will also help us with budgeting and

projecting when we know we have a fixed state collection rate as opposed to something that may be variable.

The second part of the bill defines the addition of interest for state debt assigned to the Office of the State Controller when the interest is not already included in the debt or obligated by a court ordered judgment. This will allow the Office of the State Controller to be able to collect interest on any debt assigned at the *Nevada Revised Statute* (NRS) designated rate of 2 percent over prime rate, which is currently 5.25 percent. Presently, the only way the Office of the State Controller can add interest onto a debt is if the debtor agrees to a payment plan. This portion of the bill is simply establishing a uniform interest rate policy for all debts owed to the state of Nevada by allowing the Office of the State Controller to add an interest component to any outstanding debt that does not already have an interest component included, whether that be included in the debt coming from the agency or included as part of a legal judgment.

After this bill came out of the Legislative Counsel Bureau, we did see that it will require a two-thirds vote for passage due to changing how fees are calculated and the additional interest collecting ability. We would like to remind the Committee that these fees and interest will only apply to debt that is over 60 days past due, which is in line with collection practices in the private sector. We still retain our rights in negotiating a settlement with a debtor, which would reduce the impact of these charges on a taxpayer. We do recognize that this would represent a fee increase, although only impacting taxpayers who have let a debt go delinquent. The message here is: pay your taxes and fees to the state on time and you do not have to worry about this increase.

Thank you again for hearing this bill. We will be happy to answer any questions you have.

Chairman Ellison:

Are there any questions from the Committee?

Assemblywoman Spiegel:

How did you arrive at the rate of 7 percent? Was it an arbitrary decision, or was there some thought behind it?

James Smack:

We are agnostic on that number. If the Committee feels that it would like to change it back to the current rate of 6.375 percent, we are fine with that. The primary benefit we are looking for here is to get a flat number as opposed

to a variable number. It does not matter to us as long as we can get a fixed number so that we can know how to do our projections going forward.

Chairman Ellison:

Is there any other discussion?

Assemblywoman Neal:

In section 1, subsection 2, lines 33 through 36, you struck out language that I saw as a limitation. It stated, "Any prejudgment or postjudgment interest on the debt authorized by law must not be included in the calculation of the costs and fees actually incurred to collect the debt." What is the new ability created by the striking of this language?

James Smack:

I received advice from counsel, which I will now read:

Currently this provision causes an inconsistent application of costs and fees to collect debts that have been assigned to the Controller's Office based on whether there is a judgment or not. One of the goals of the Controller's Office is to establish consistency in the collection of debts, and by deleting this section of this statute, the application of costs and fees to all debts will be consistent. Additionally, in reviewing the legislative history of this provision, the Controller's Office is unable to determine the reason this was added in the statute and believes deleting this provision will provide additional efficiency in the collection of debts.

Assemblywoman Neal:

Do you have specific examples where the calculation was somehow flawed or had issues because of a prejudgment or postjudgment? Can you give me a real example?

James Smack;

Assemblywoman Neal, that is a great question, but I do not have a real example to put in front of you. I can follow up with you.

Assemblywoman Neal:

I will look forward to that, thank you. Did the legal analysis give you the reasoning of why they made the decision of prejudgment and postjudgment? Typically, if it is a postjudgment situation, it has already been settled. Maybe there was a reason to not include it. I would like to see the reasoning behind it.

My second question is regarding the language you struck out on lines 24 through 27 on page 2. You said to Assemblywoman Spiegel that the

amount of 7 percent could be changed based on whatever the Committee thinks is appropriate. What was the problem with your ability to calculate the percentages and to reduce the debt by 5 percentage points if it is applicable to the debt by reducing by 5 percentage points the lowest such percentage established in any contract entered into by the State Controller? What problems were you running into? What happened in the past few years where you were not able to calculate using this kind of flexibility language?

James Smack:

It has been more so in the last couple of months when we have been in the process of doing detailed design on our debt collection system. Right now, the way that the law reads, and the way that we see it, is that we have to go back to whenever that date was placed with the agency. We have to find that rate. That rate has changed every two years over the past 12 years since the Office of the State Controller has taken on debt collection. To program in several different rates we did a workaround. We went back to the beginning of this most recent contract, took the lowest rate that we had prior to that and that is what we programmed in so we only have two different rates to work with. The reason we want to go forward with this bill is to get a fixed rate we can program in for anything we have going on in the future, regardless of when that debt was placed. That way we can get consistency in our debt collection letters, we do not have to change the debt collection letter depending on when the debt was placed with us. It is really just streamlining the process and making things a little bit easier on the debt collection team and getting to the overarching goal of being able to collect more debt instead of being bogged down in more paperwork.

Assemblywoman Shelton:

Right now, the interest rate is 6.375 percent, and you want to have it fixed at 7 percent. Let us say we are down the road a few years and we are at an 8 percent interest and you have to come back and ask the Legislature for another interest rate raise. Would that be a possible scenario?

James Smack:

We are confusing a little the Office of the State Controller's collection agency fee and the interest rate. The interest rate is actually variable with the prime rate. Whatever interest rate we are collecting as an office is going to vary based on the prime rate. That will adjust. It is already programmed into the new system and will be adjustable to prime so we just have to factor in when prime changes. The Office of the State Controller's collection agency rates now range from 11.375 percent to 15 percent if we send it to an outside collection agency. We have to go five points below the lowest rate on that. Can that rate

be changed by a future decision by the future Legislature? Absolutely, we could ask that rate to be raised to 8 percent, or what have you.

Again, 7 percent was an arbitrary number. If the Committee feels that the 6.375 percent is sufficient, we can fix it there. We just want a fixed rate for our collection fee. We do not want it to be adjusting to future contracts, have it go down, or have it go up to an exorbitant rate. We are also protecting consumers a little bit from the event that our lowest agency rate turns out to be 16 percent. That means we could charge 11 percent. We are actually providing a little bit of consumer protection by fixing the rate.

Ron Knecht:

Just as an additional point: this is not so much a pure time value of money interest rate as it is a fee for collection costs.

Assemblywoman Joiner:

Regarding the fees in section 1 that are changing to 7 percent, I am concerned that while individuals should pay money to the state that they owe, individuals who already do not have money are being hit with additional fees. Where do those fees go? The interest goes into this account, but the fees go to the collection agencies. Is that correct, or does it pay for your office? Will this somehow fund additional staff? I am trying to understand the motivation for increasing the rate.

James Smack:

We made the point that it does not matter if the collection agency interest rate changes. The point of the rate is to cover the costs of us collecting the debt internally as opposed to sending it out to an outside collection agency to collect it. The fees of the outside collection agency would actually be much higher. It encourages us to keep more debt in-house. It encourages us to set up more payment plans, and, at the end of the day, it encourages us to get more money back to the agencies as opposed to sending it to an outside collection agency and losing a much more substantial percentage of that debt in the money that could be coming back to the state. Again, 7 percent was a bit of an arbitrary number. We do not have to keep that. The important part is that the flat rate is there and if outside collection agencies' rates go up higher than the 5 percent, it would still stay at 7 percent as a built-in protection.

Assemblywoman Joiner:

In section 2 it is stated that the interest goes into the Debt Recovery Account. What are those funds used for?

James Smack:

Presently, those funds are used for anything operational-wise for the debt collection program, whether that be LexisNexis contracts, informatics, what have you. Also, the contract for the new debt collection system is performance-based. As money goes into that, it is also going to be paying off that contract with the vendor as well. We have made that a performance-based contract specifically because the funds we have coming in the future would be able to justify a percentage of those going back to pay the contractor. That will be the primary purpose for the debt recovery account for the next couple of years, to pay off that contract, which is about \$1.8 million.

[Assemblyman Moore assumed the Chair.]

Vice Chairman Moore:

Are there any other questions? [There were none.] Is anyone wishing to testify in support of this bill? [There was no one.] Is anyone wishing to testify in opposition to this bill? [There was no one.] Is anyone wishing to testify as neutral to the bill? [There was no one.] Will the sponsor of the bill please provide closing comments?

Ron Knecht:

Thank you for the opportunity to present this bill. I believe we have answered your questions. We earnestly solicit your support of this, and we appreciate the opportunity to appear today.

Vice Chairman Moore:

We will close the hearing on A.B. 429 and open the hearing for Assembly Bill 445.

**Assembly Bill 445: Makes various changes relating to redevelopment.
(BDR 22-1100)**

Michelle Romero, AICP, EDFP, Redevelopment Manager, Economic Development and Redevelopment, City of Henderson:

Thank you for the opportunity to present Assembly Bill 445. Joining me today from the Grant Sawyer State Office Building in Las Vegas is our Senior Assistant City Attorney, Rory Robinson. I would also like to point out that Ted Olivas from the City of Las Vegas will be speaking to section 2 of this bill, as it specifically addresses a request from the City of Las Vegas.

Before I begin our brief PowerPoint presentation ([Exhibit D](#)), I would like to state that the City of Henderson's original intent with this bill was that it apply specifically to our oldest redevelopment area (RDA), the Downtown Henderson

redevelopment area. Today's presentation was originally developed for that purpose. However, through discussions with the Legislative Counsel Bureau (LCB) we were made aware that the narrowing of the language to apply only to the Downtown Henderson RDA would make this measure unconstitutional. In our efforts to rectify this concern, we have provided an amendment ([Exhibit E](#)) for your consideration. The amendment makes the bill applicable to any agency within a county with a population of 700,000 or more, which is currently Clark County. The legislation is enabling in nature. Although it would be applicable to any RDA created after January 1, 1991, our focus with respect to this bill is on the City of Henderson's Downtown RDA.

[Ms. Romero continued to refer to a PowerPoint presentation ([Exhibit D](#)).] In 1995, the City of Henderson recognized the need to revitalize and reinvest in some of our maturing neighborhoods and created the City of Henderson Redevelopment Agency. This slide [page 2, ([Exhibit D](#))] provides some information on how the City of Henderson conducts its redevelopment programs. We started with the downtown Henderson RDA, that we are discussing as part of A.B. 445, and the city has four others. All of the city's redevelopment areas were developed after January 1, 1991, and fall into the 30-year lifespan category. In Henderson, our governing body, the City Council, acts as our Redevelopment Agency Board.

Nevada Revised Statutes (NRS) 279.486 allows redevelopment agencies to invest tax increment revenue in land and or the cost of construction of any building, facility, structure or improvement (publicly or privately owned) if: (1) it benefits the redevelopment area; and (2) no other means of financing are available. As a result of that, Henderson has developed a comprehensive due diligence process. Applicants must apply for assistance. Applicants are reviewed by Henderson's third-party financial consultant. Requests for assistance are heard at a public meeting. Henderson does not provide upfront funding. Funding is performance-based on a reimbursement basis. For large public infrastructure projects, the agency has adopted a public infrastructure reimbursement policy.

One example of a successful project in Henderson that would not have moved forward had it not been for the ability of the agency to help them with financing, is Cadence. This is located in our Eastside RDA. Although this is an artist's rendering [page 5, ([Exhibit D](#))], Cadence has begun construction and is well underway. Homebuilders at this development include Lennar, Richmond American Homes, Ryland Homes, and Woodside Homes. Construction started in 2014, and home sales have also started. The site is planned for approximately 13,250 homes; 450 acres of open space, much of which is already complete; a 50-acre central park, which is also complete;

a 100-acre sports park; 30 acres of trails; 70,000 square feet of office space, the first office complex is already complete; and 600,000 square feet of commercial development.

The Union Village project is also in our Eastside RDA. This is the first integrated, mixed-use health village in the world, and will include a variety of hospitals and cradle-to-grave medical care for our community. The Valley Hospital will open its first Henderson location at this project. That hospital is already under construction. The groundbreaking celebration was held on October 8, 2014. Construction started in 2014. It is a \$1.6 billion project estimated to create more than 17,000 jobs—indirect, direct, and induced—and will generate more than \$158 million in tax increment revenue. Neither of these projects would have been possible without redevelopment assistance, and they were only possible because of the reset that was approved by Assembly Bill No. 417 of the 77th Session.

Over the last eight years, redevelopment efforts in Henderson have faced severe challenges because of the economic downturn. Projects that would have produced jobs, generated sales tax, and increased property tax revenues have been halted. Agreements were terminated resulting in a lack of opportunities for successful redevelopment projects and little construction. The recession halted progress particularly in our Downtown RDA. The Downtown RDA is in its final years, set to expire in 2025. Instead of providing a maximum amount of increment funding in its final years, the Downtown RDA will not recover its pre-recession levels before its expiration.

One goal of the proposed legislation is to extend the lifespan of the existing Downtown Henderson RDA by 15 years in order to provide necessary financial assistance to complete critical projects in a historically significant part of Henderson. The extension would increase the life span of the Downtown Henderson RDA from 30 years to 45 years. Several RDAs in Nevada already have life spans from 45 to 60 years.

Granting the 15-year extension to the Downtown Henderson RDA will allow its existing bonds to be restructured by issuing medium-term bonds, resulting in a savings of \$890,000 the first year and \$380,000 in years 2 through 11, which is a total of \$4.7 million. These savings could be invested in projects for the Downtown RDA to solve funding gap issues. Furthermore, the extension would provide the opportunity to issue up to an estimated \$27 million in new bonds, should they be necessary to incentivize new development.

The legislative language granting the 15-year extension is in section 3, subsections 2 and 3, of the amendment ([Exhibit E](#)). These subsections specify

that a redevelopment plan adopted on or after January 1, 1991, by an agency of a city located in a county whose population is 700,000 or more may be extended from 30 years to 45 years upon adoption of an ordinance by the legislative body, meaning its governing body. Section 1 of the bill also requires the redevelopment agency that has adopted an extension pursuant to section 3 to set aside 18 percent of the tax increment revenue received from that specific redevelopment area. The funds set aside are to be remitted to the Clark County School District (CCSD) to be used to improve and preserve existing public educational facilities within the redevelopment area or that serve the redevelopment project area from and after the effective date of the ordinance extending the term. For example, if A.B. 445 were adopted and Henderson were to extend the Downtown RDA, it is estimated that CCSD would receive approximately \$1 million per year in set-aside funds.

As we were talking about this bill, we realized that there is an issue that was not addressed in this amendment ([Exhibit E](#)) that we would like to address. In order to limit this to a specific time period, it might be a great idea for us to include an end date of 2015. Essentially, RDAs that were formed after January 1, 1991, but before July 1, 2015 would be eligible for this. Those new RDAs that did not lose revenue or time during the recession would not be eligible.

Mr. Chairman, thank you for the opportunity to present this bill today. Both Rory Robinson and I would be happy to answer questions on sections 1 and 3 of this bill.

Vice Chairman Moore:

Thank you. Are there any questions from the Committee?

Assemblyman Stewart:

I want to make sure I understand this. Because of the economic downturn, very few people were able to take advantage of the bonds that were issued back in the 1990s because they did not have the money to build in downtown Henderson. Now, with only about ten years left of that bonding power, people who have money do not want to invest in that area because the bonding period is so short. Is that correct?

Michelle Romero:

That is partially correct. The bigger issue is that when the bonds were issued, they were at a much higher interest rate than the interest rates are now. The monies were used, and have been used, for projects up until about 2007. Once we experienced the economic downturn in 2007, little redevelopment occurred and we were not able to assist projects. Interest rates are much lower

now, and if we refinance, we will be able to see a substantial savings as I showed in the presentation. The problem is there is not enough time left in order to refinance to be able to make those savings available to put into projects. Because property values have gone down so much, we are nowhere near the revenues we originally had in that area. There is very little money available to assist projects. There is also very little time remaining to assist those projects. We are not able to effectively help projects that come to us; therefore, we are losing the opportunities to have these new investments needed in our downtown area.

Assemblyman Stewart:

The lower rates, then, would benefit the City of Henderson and also the Clark County School District by \$1 million per year. Henderson, the developers, and the school district would benefit by extending this bond up to 45 years. Is that correct?

Michelle Romero:

That is our belief and our intent.

Assemblywoman Neal:

I understand the extension. However, lines 6 through 19, on page 2 of the original bill talk about the set-aside of the 18 percent of the revenue. Will you go back to your slide with the chart summarizing the impacts to CCSD and the economy [page 10, ([Exhibit D](#))]? You mentioned Assembly Bill No. 417 of the 77th Session, and in your chart it says the projected CCSD annual average 18 percent set-aside was not required under current statute. When I looked at the language of A.B. No. 417 of the 77th Session, I found that exact language on page 9 of that bill. Then I considered that it was the date issue that had thrown me off because it referred to the redevelopment agency that was created in 1999, instead of 1991. Please explain that to me.

The second issue is that when you presented in 2013 the same slide ([Exhibit F](#)), you gave projected revenue far in excess of what you have in your current slide. I looked up your Annual Comprehensive Report from June 30, 2014. The end fund balance for the Redevelopment Agency Special Revenue Fund as of June 30, 2014, was \$28 million. You have a projected property tax revenue of \$35.8 million. I am trying to understand what you are doing. I know the property taxes were low, but you took in \$62 million in property taxes in the city overall. Where is your projection coming from and what are the projected projects for the future?

Michelle Romero:

We are looking at two different issues. The first issue with A.B. No. 417 of the 77th Session dealt with RDAs that had fallen more than 10 percent below the base year. When an RDA is formed, a base year is set. Revenues coming in within that base year continue to be disbursed to the taxing entities they were originally going to. As property values increased, those were captured and reinvested into the area. For A.B. No. 417 of the 77th Session, there were only two other areas that qualified that had gone so far below the base year. For example, the Eastside RDA was \$40 million below the base year. When we adopted that language in A.B. No. 417 of the 77th Session, it only applied to any redevelopment area that asked for and was granted a reset of the base year. In Henderson, that was only the Eastside RDA. That is the only RDA in Henderson that is required to put aside the 18 percent for education.

The language for the 18 percent set-aside for all other areas in this state is for a population of 500,000 or more. Right now, that only applies to the City of Las Vegas. It applies to no other RDAs. This slide [page 10, ([Exhibit D](#))] is correct that in the Downtown RDA there is no requirement at this point for an 18 percent set-aside because we have not reached that 500,000 population. We are not even close to that. Also, RDAs cannot comingle funds. Anything to do with redevelopment in Eastside is completely separate from the redevelopment in Downtown. The budget you were looking at is for all of the redevelopment areas combined. For example, the budget for Downtown is approximately \$1 million dollars plus some per year. Combined, you are looking at landholdings and actual cash revenues, so the total looks a lot higher than the actual amount of cash funds we have in the bank. The slide is correct in that our Downtown area is completely separate from our Eastside area. There is no requirement for an 18 percent set-aside at this point in the Downtown area. That is why there are discrepancies in the projections. Remember, in Eastside Henderson there are two projects that are more than \$1 billion each that are going to be generating a significant tax increment for that specific area, which then translates to the school district. Eighteen percent of that much higher amount is a much bigger amount. For the Downtown RDA, we have a much smaller area and much smaller projects that will not generate that level of tax increment, so 18 percent of that amount will be much smaller than it would be for the Eastside projects.

Assemblywoman Neal:

In section 5 of A.B. No. 417 of the 77th Session, the language deals with a population of 700,000 and over.

Michelle Romero:

The only RDAs eligible to apply for a reset were in counties of 700,000 people or more. If you are not in that county, you are not eligible to apply for the reset. Totally separate from that is the 500,000 population benchmark for the set-aside in general for the state. If you have not applied for a reset under A.B. No. 417 of the 77th Session, you are not required to do the 18 percent set-aside. That is still a correct statement.

Assemblywoman Neal:

I am just trying to match it up. You offered the amendment which requires a population of 700,000 or more people, which you said has to apply to the whole state. I was referencing A.B. No. 417 of the 77th Session to say that it is the same language. They prevented you from doing a constitutionally prohibited action by adding the population threshold. You had 250,000 to 500,000 people, which indicated a specific area within your area.

Javier Trujillo, Director of Intergovernmental Relations, City Manager's Office, City of Henderson:

To answer the first part of your question, the 700,000 population threshold that was put into A.B. No. 417 of the 77th Session was an agreement made with all of the entities. It was essentially statewide, but the northern Nevada entities did not want to have that opportunity to exercise a base reset. That is why we put in the threshold. We amended language in A.B. 445 because the original amendment that added the language "created on or after January 1, 1991, but before 1996" was deemed unconstitutional by LCB. That narrowing that we proposed to make this bill just applicable to Downtown Henderson was deemed unconstitutional. We removed that 1996 date reference and decided to expand it to the entire county. That is how we got to this point.

[Assemblyman Ellison reassumed the Chair.]

Chairman Ellison:

I did get to spend some time with you on the RDA yesterday. This is kind of an in-house development area issue. Assemblyman Stewart, can I ask you for your opinion on this?

Assemblyman Stewart:

I have worked closely with Ms. Romero and Mr. Trujillo and others and the City of Henderson. I am familiar with the areas they are talking about. I am very much in support of this. As I said before, I think this will help CCSD, the City of Henderson, and the developers, and the lower bond rates will be helpful for everyone.

Chairman Ellison:

That will still be an 18 percent set-aside for education. Is that correct?

Javier Trujillo:

That is correct. The 18 percent set-aside was offered to be put into this RDA extension to try and keep the school district as whole as possible.

Assemblyman Silberkraus:

I would just like to echo Assemblyman Stewart's comments. The Downtown area is in my district and it is a phenomenal piece of Henderson's and Nevada's history. I think we would love to see it brought up to the standard that all Hendersonians would like to see.

Assemblywoman Spiegel:

Also as a Henderson resident, I am supportive of this. One thing that I think is great that I did not hear mentioned in this presentation is that the set-aside would benefit the schools that are in or service the redevelopment area. I know that will also help schools that children in my district attend. I think it will be extremely helpful.

Chairman Ellison:

Assemblywoman Neal, is that area in your district?

Assemblywoman Neal:

No, it is not.

Chairman Ellison:

I have had some experiences with RDAs, but I think you addressed my concerns. This is a bill that is going to affect strictly that area.

Assemblyman Munford:

When Mr. Trujillo was in my office yesterday, we began to reminisce a little bit about Water Street. Back in the old industrial days in Henderson, that was a prelude to the Helldorado Days. I have seen some improvement, but I think your plan for the future is going to be fantastic and outstanding. I support this very much.

Chairman Ellison:

Ms. Robinson, would you like to add comment?

Rory Robinson, Assistant City Attorney, City Attorney's Office, City of Henderson:

I think that Ms. Romero and Mr. Trujillo have covered most of the issues. Regarding the amendment, I would like to note we have made a couple of clarification changes. The language is a little dense, but it is to make clear in the amendment that the set-aside is applicable to the areas where the optional ordinance that would extend the length of the RDA applies. Do you have any specific questions?

Chairman Ellison:

Would any of you at the table like to comment on what Ms. Robinson said?

Javier Trujillo:

The amendment also further clarifies that the 18 percent set-aside for education comes strictly from the development area that is adopted for that extension. It does not come from the entire agency; it comes for the specific RDA that is impacted by this legislation.

Chairman Ellison:

The other portion of the extension is where the 18 percent will come from, which is not from existing portions. I want everyone to realize that they are not going to get a windfall for education right now. It will not kick in until you get to the extension point. Is that correct?

Javier Trujillo:

If this legislation is passed and the City of Henderson re-extends development of the downtown redevelopment area, as early as 2017 the 18 percent set-aside would come into effect, meaning that the school district would receive whatever they already receive in their baseline plus the 18 percent increment, of course, after all existing obligations are taken care of by the city. That is the projected number that Ms. Romero shared with you beginning in 2017. Potentially, there is about \$1 million that the school district will receive annually through 2040.

Assemblywoman Neal:

In the set-aside from the prior session, you gave short-term and long-term projections. Are you still expecting those? It said that the fiscal impact from 2013 to fiscal year 2023 with the reset and the 18 percent set-aside was your mid-case scenario. Short term was \$128 million and your long term from 2013 to fiscal year 2060 was \$606 million. Are we still looking at those numbers, or has there been a reduction since you have had an increase in property tax revenue?

Michelle Romero:

As I have explained, both Cadence and Union Village are in the Eastside RDA. Both are under construction and on schedule. We stick by those numbers. We have already started making installments to CCSD in the Eastside area since it was adopted. There has only been one installment so far; we do them semi-annually. There should be another one coming up in the very near future. We do anticipate that, should things continue to go as they are, this should be the case.

Chairman Ellison:

Is there any other discussion?

Assemblywoman Neal:

They have not yet explained section 2 of the bill for the City of Las Vegas.

Ted J. Olivas, Chief of Staff, Office of Administrative Services, City of Las Vegas:

I am joined today by Mark Vincent, Chief Financial Officer, and Bill Arent, Director of Economic and Urban Development, in case you have any technical questions. First off, I want to thank our friends in Henderson for including us in this bill. As was previously stated, I will just be talking about section 2 of this bill.

I would like to present a short history. Last session, the Legislature passed Assembly Bill No. 50 of the 77th Session. That bill was for the City of Las Vegas only. It relates to what we call our "Redevelopment Area 1." Among other things, that bill allowed us to extend that RDA based on certain criteria, added annual reporting requirements to the Legislature, and expanded the use of our 18 percent set-aside fund for affordable housing and public education facilities. That was a requirement unique to the City of Las Vegas. It was passed in 2001, and the original use of the 18 percent was for affordable housing. Last session, the Legislature allowed us to split that up: 9 percent for education and 9 percent for affordable housing. That equates to about \$2.5 million per year that is going to education, and we have been working very closely with CCSD. We have a memorandum of understanding with them. We have been working with them since last session to utilize this money.

On page 3, section 2 of this bill is NRS 279.438. It only relates to the City of Las Vegas. If you look on lines 10 and 11, it says, "a redevelopment plan adopted before January 1, 1991," and on line 16, "of a city whose population is 500,000 or more." That is the City of Las Vegas. Just to give you a mental picture of what this RDA area is, it is essentially downtown: from the Moulin Rouge and Cashman Field to the north, Symphony Park and

Assemblyman Munford's district to the west, down Fremont Street to the Boulder Highway, and south along Main Street, through our arts district, and down to the Stratosphere. In general, it is a very small portion of the City of Las Vegas, essentially downtown.

One of the criteria for the extension is that the current assessed value of each redevelopment project in our Redevelopment Area 1 must be higher than the assessed value when the redevelopment plan was adopted. That was in 1986. Every project we have done since then has to be higher in terms of assessed value. In implementing this extension, we commissioned a study to validate this, which found that certain projects failed the test for certain reasons. Just so you know, there are well over 100 projects we have within that RDA. It only takes one project for us to not meet the criteria. Here is an example: where Fremont Street, Charleston Street, and Boulder Highway intersect, there is a business called Pepe's Tacos. They are upside down in their assessed value from 1996 to today. With over 100 projects, all it takes is one. The study we commissioned identified that it was impossible in some cases to track parcel splits and consolidations over the last 29 years of this RDA. It lacked data from the Office of the State Treasurer and the Clark County Assessor. There were errors in the data. Those and the depreciation on improvements all had an effect on our ability to meet that criteria.

We are proposing in section 2, subsection 2, paragraph (a), of the bill that we look at the aggregate of all of the redevelopment projects within that RDA, and nothing else, to meet the assessed value requirements. Second, we are proposing to delete section 2, subsection 2, paragraph (c), because we hope to have less debt than that criteria, which is currently at \$100 million, which we think is a good thing. Those are the two minor requests we are making of you in section 2.

Chairman Ellison:

Are there any questions from the Committee?

Assemblyman Stewart:

In reference to Fremont Street, I have noticed that from about Eighth Street down, we have motels that are mostly closed with fences put up. They have been painted, but are not in use. It is kind of like putting lipstick on a camel. Is the reason for that the fact that you have not been able to put money into those because of this one business?

Ted Olivas:

Redevelopment does not happen overnight. The good thing is that we have had a number of investors that are investing in Fremont Street and the Downtown

area. The first step of that process is getting those parcels and buying that property so that they can take the next step in the development process. We see this as a process in redevelopment and a step in the right direction.

Assemblyman Stewart:

By changing the requirement to aggregated value instead of individual assessed value, this would probably aid in the completion of the redevelopment on Fremont Street. Is that correct?

Ted Olivas:

Absolutely.

Assemblyman Stewart:

Thank you very much.

Assemblywoman Neal:

How many projects did you say are part of the redevelopment area? Did you say that one project can cause issues in the redevelopment process and financing?

Ted Olivas:

Yes, that is correct. Section 2, subsection 2, paragraph (a), says that for us to be able to do our extension on RDA 1, "The assessed value of each redevelopment project," of which we have over 100, "in the redevelopment area is not less than the assessed value of the redevelopment project in the year in which the redevelopment plan was adopted." We had to go back and look at the assessed value of every parcel of land at every project back to 1986 and compare them with today. All it takes, because it says, "each project," is one project and we do not meet the requirements. If we look at the aggregate for those same 100-plus projects within that area, we do meet the requirement. That is a more appropriate threshold for us to meet to be able to implement our extension.

Assemblywoman Neal:

However, when you read the whole provision of section 2, including all of the subsections, talk to me about the relationship with changing the language from "each" to "aggregate." To me, it deals with the termination date. It says, "A redevelopment plan adopted before January 1, 1991...must terminate at the end of the fiscal year." Subsection 2 says, "a redevelopment plan adopted by an agency of a city whose population is 500,000 or more may terminate on the date described by paragraph (a) of subsection 1 only if the legislative body adopts an extension," which we did. Then it goes on to say that the criteria is described in the paragraphs. You are striking out paragraph (c) and changing

the language "each," which has been in statute, to the aggregate number. I do not like that you are changing the criteria to aggregate value. I understand that you are looking for flexibility; you are looking to do a lot, because the \$100 million limits your total outstanding indebtedness on your bonds and securities. Why are we deleting paragraph (c), when that paragraph acts as a protection?

Ted Olivas:

Last session, when we added section 2, subsection 2, we said that there were three things that we had to meet in order to have an extension of the life of our redevelopment agency. When it says "legislative body," that is our redevelopment agency board. For us to be able to adopt an extension, we have to be able to do three things. The assessed value of each redevelopment project in that area cannot be less than the assessed value when that area was created; that is the first criteria. The second is that the assessed value of the redevelopment area as a whole is not less than 75 percent. We meet that requirement. The third is that the redevelopment agency, our agency, has \$100 million or more of outstanding indebtedness. We hope to not have \$100 million in outstanding indebtedness, which we think is a good thing. All we are doing is saying we still have to meet the criteria in subsection 2, paragraph (a), as amended, and paragraph (b), to be able to implement our extension.

Assemblywoman Neal:

You stated that one project could affect your eligibility. Are you saying that you currently have over \$100 million in outstanding indebtedness?

Ted Olivas:

Yes, we are just over. However, we are expecting that to be less in the near future.

Assemblywoman Neal:

I was reading your comprehensive annual report for June 30, 2014, which listed your long-term debt and debt service general obligations or redevelopment bonds as \$89,240,000. Are you saying that is inaccurate? The only place I saw reductions were for \$4,240,000. That would have reduced the \$89 million to \$85 million. Please talk to me about the data in your comprehensive annual report, which indicates a lower number and that you are still under the \$100 million, and why you need the extension?

Ted Olivas:

I am going to defer to Mr. Vincent, our Chief Financial Officer, who can answer that question.

Mark R. Vincent, Chief Financial Officer, City Manager's Officer, City of Las Vegas:

You are correct, that is what the footnote discloses. However, the RDA has other obligations that are not bond obligations, but are nonetheless debt obligations. They have a note payable to the City of Las Vegas for a \$15 million loan from one of the city's functions that actually went toward the Mob Museum as well as some infrastructure improvements in Symphony Park. It also has notes payable to specific developers, such as World Market and the Molasky Group for its projects that are reimbursements based on tax increment revenues they are paying to the RDA on an annual basis. When you look at the tax increment financing (TIF) notes, when you look at the \$15 million note they owe to the city, as well as the \$89 million in RDA bonds, they currently are in excess of \$100 million. However, depending upon the timing of when we actually would be able to pass an ordinance to extend the RDA, it is possible we may be under the \$100 million, which, as Mr. Olivas said, would be a good thing. It is because of that possibility that the aggregate could be under the \$100 million that the city is suggesting we strike section 2, subsection 2, paragraph (c).

Assemblywoman Neal:

Your comprehensive annual report lists several outstanding agreements of people who are currently paying you back. They are under the TIF notes under the redevelopment, and they are actually listed as your risk management and contingent liabilities. I thought those were dealt with and assessed because in the explanatory paragraph it said, "The indebtedness represented by the notes has been allocated to the land and improvements and is payable solely." If it says that, that has already been calculated. You have listed all of these other things, which are the current liabilities and contingent liabilities. Please talk about those and if they are already represented in your land and improvement within the document. I want to understand the \$89 million if existing liabilities are already represented.

Mark Vincent:

There are three primary groupings of debt. We have the \$85 million RDA tax increment bonds. We have a \$15 million note payable to the City of Las Vegas for a loan that the city gave to the RDA. We have the TIF notes, which are the Simon Chelsea factory outlet mall, the World Market Corporation, the Molasky Corporate Towers. There was a tax increment also for the Allure project. Those are additional notes where we have an obligation to those developers, but are paid only out of the tax increment for the RDA that their projects generate on an annual basis. When you add all of that up, it is in excess of \$100 million today, but it is not in excess by much. It is entirely possible that even if we pass the other two tests, we will have debt that is

less than \$100 million by the time we get around to it. I do not have the report with me, so I cannot answer all of your questions as well as I could, but I would be happy to provide a schedule of all the existing debt.

Assemblyman Stewart:

In removing section 2, subsection 2, paragraph (c), you do not want to be penalized for being fiscally responsible and reducing your debt below \$100 million. Is that correct?

Mark Vincent:

Yes, that is our position. We believe that is correct.

Chairman Ellison:

Are there any other questions from the Committee? [There were none.]

Warren Hardy, representing City of Mesquite:

I would like to indicate that the RDA in Henderson was in my former Senate district. They have done wonderful things down there, but there is still a lot left to be done. I am in full support of this bill. As it is amended, it also applies to the City of Mesquite, and they have asked me to convey their support of the amendment.

Rocky Finseth, representing Henderson Chamber of Commerce:

You have our position statement ([Exhibit G](#)) in support of A.B. 445 in a letter from Stan Olsen with the Henderson Chamber of Commerce. We stand in full support of the city's efforts.

Chairman Ellison:

Does anyone else wish to testify in favor of A.B. 445? [There was no one.]
Is anyone wishing to testify in opposition to A.B. 445?

Yolanda T. King, Chief Financial Officer, Department of Finance, Clark County:

First of all, I would like to say that I am not in opposition to the purpose of redevelopment agencies. I would like to explain Clark County's rationale for concern when there are changes to the redevelopment statutes, especially when it involves changing the number of years from 30 years to 45 years, and even to 60 years. The way redevelopment agencies work, and the City of Henderson pointed this out in their overview, is that it does not increase the tax rates to a taxpayer or a property owner. It takes the existing tax rates or property taxes and shifts those dollars based on incremental increases in assessed valuation from all of the taxing entities that collect property tax revenues. The largest part of the shifting of those dollars would be the Clark County School District, where you collect an operating tax and a debt rate. The same goes for

Clark County and all of the cities. Those dollars are shifted from those entities into the redevelopment agencies, which is why you do not see an increase in the rates to a property owner. In terms of what that means for CCSD, it is generally about 35 percent of those revenues that are shifted from the school district to the RDAs. About 25 percent of that is shifted from Clark County to the RDAs. These are moneys that are being shifted out of the respective general funds and whatever they are collecting tax for.

That usually is my concern when we extend the life of these redevelopment agencies. When you have an increase in assessed valuation for a period of 30 years, the property taxes that are collected on the increase of that assessed valuation are what are shifted over to the redevelopment agencies. The intent is that after 30 years, when you have gone into an area and made investments and changes, the assessed value should increase as a result of those investments. At the end of 30 years, all of those dollars based on that incremental value that has increased over the period of time are supposed to come back to all of the taxing agencies—specifically CCSD, Clark County, and all of the cities. At the end of that period, those are supposed to shift back. That is my general concern when we extend the years from 30 to 45 to 60.

Another point I would like to make is that between this session and the last session, there have been a few changes to these statutes with regard to redevelopment agencies. Specifically, they deal with assessed valuations. I understand and I know that redevelopment agencies are struggling. They are struggling due to the recession because assessed values plummeted during that time. I understand that. They are struggling in the sense that they are not receiving the total dollars they had anticipated. They are not receiving the amount of revenue that was anticipated to be received by these agencies, because of the assessed valuations. Some of the tweaks that have occurred, and are proposed, mainly deal with assessed valuations. As long as property tax caps are in place, we are not going to solve the problem of generating additional revenues in our redevelopment agencies. The premise of a redevelopment agency is to go in and provide investments for that area. The investments, in turn, should increase the assessed valuations. However, if the amount of revenue we receive on the assessed valuations is already capped for residential and commercial, you are not going to generate as much even if that assessed valuation is increasing.

I understand the struggle of the cities; however, I think the bigger picture is that we are trying to adjust and ensure that the assessed valuation is somehow captured and the increase in that assessed valuation is captured in the revenues we receive. That is not going to happen in the amount we think it should because those caps are in place. That is the bigger picture. We can come back

and try to change and tweak. Really, the intent of the cities with trying to extend the number of years is so that they can try to continue to receive those revenues over a longer period of time simply because they have not and are not collecting what was anticipated over the original 30-year period.

Chairman Ellison:

Thank you. I understand redevelopment areas. I also understand that the ad valorem tax is capped and is going into the RDA, infrastructure, police, and fire. Those agencies are having to get money from other areas because of the increase caused by the redevelopment. Is that correct?

Yolanda King:

For instance, in Clark County there is a property tax that is for emergency response and the Las Vegas Metropolitan Police Department. The revenues that are generated from those property tax revenues also are being diverted to the redevelopment agencies.

Chairman Ellison:

In most areas they do not have that. They just have the cap and leave it up to the city to pick up the police and fire. At least you have something in the ad valorem tax.

Assemblywoman Spiegel:

If an area needs redevelopment and because of the economic downturn they were not able to have that redevelopment, and now they are not able to have this help, which leads to the area deteriorating further, how would that help our overall tax situation? Would it not just hurt? Let me give you an example. Last Saturday afternoon, I spoke with the owner of a business in my district who used to have a business in the Downtown Henderson redevelopment area. Traffic was very low in the area because it was declining, and a lot of the redevelopment he had expected to materialize did not. He ended up moving his business to Henderson and is now in my district in unincorporated Clark County. To my knowledge, another business has not gone into the space he was in, and I do not know that any one has planned to. If you start having businesses exiting a redevelopment area because the redevelopment has not occurred, will that not then lead to a contraction for that area? This would not just result from a decrease in the value of the property, which would go down because there is not a commercial viability, but also from the loss of sales tax base and other things.

Yolanda King:

Part of the issue you have is that the whole intent of collecting dollars in the redevelopment agency is so that you can provide those dollars to investors or

businesses so they can open up businesses and provide jobs in the area. If they are going in and revitalizing the area, and in turn the assessed values increase, then, yes, it is good for the area. However, because not as much money as was anticipated is being received by those redevelopment agencies, then you are not able to provide to those investors or property owners the amount of money that was anticipated. If dollars are provided to those owners to revitalize the area, then alternatively the growth in that assessed valuation should, for local governments, provide an increased property tax revenue. You probably will have an increase in those assessed valuations, but then local governments and the state will not reap the benefits because there is a cap on the amount of revenue or property taxes that are paid by that property owner. It is a catch-22. I completely understand why we need to revitalize an area and try to get businesses to come into those older areas to get rid of the blight that tends to be associated with RDAs.

Assemblywoman Neal:

Can you give me a real life example of changing from "each" to "aggregate"? What would be an expected or future effect when it is each property versus the aggregate of the area? I understand what they are trying to do, but there is an effect.

Yolanda King:

My understanding is that it sets the criteria for the extension on the life of a redevelopment agency. The City of Las Vegas is correct in that in these areas, the older areas where the redevelopment was formed in the 1980s or 1990s, it is difficult to track through what occurred 30 years ago in terms of the projects and the assessed valuations. If you are looking at hundreds of projects within an area and you are trying to determine what that threshold is, it will be difficult to do project by project because things change over a period of time. The parcels change. The ownership changes. It is difficult to try to meet the criteria.

Assemblywoman Neal:

I understand that. When you consider the factors of investment, redevelopment areas are a big recycler, and the investment that you make should provide the needed returns. You do need to put out some bait to bring investment. You need to give an incentive. However, there also needs to be a balance between the incentive and the investment, especially in the older areas where you failed to focus on them and now they are a burden because you did not focus on them as much as you did on other areas, such as The Smith Center area and the Downtown area. Now your weaker areas are causing you not to be able to do anything simply because they did not grow as fast. You also did not focus on those areas. I think that when we have these conversations we

have to talk about the economic behavior of the city over that period of time. I think it helps to make the policy decision because when we talk about the areas and the full time period, and the past ten years of actual effort and focus, yes, there is a real problem. The aggregate number would help the area. We might have to pray over the area for another 20 years in order to get something put in there. However, it is because there was no focus on those areas when there was revenue. They did not try to develop them when they had revenue, so now they are a blight. It is a part of the redevelopment area, but it is also a blight, which is what that statute was created to do in the first place: reduce the blight. Yet, it was the last and the least.

Yolanda King:

I would like to state that Clark County does have redevelopment agencies.

Assemblyman Flores:

I understand your general concern when we talk about redevelopment areas not always yielding the results they wish. Is there anything in the bill that could be changed to address your concerns? Have you talked with the sponsors of the bill to come up with a solution? We always talk about being solution-driven and working together. I am curious about the progress toward that.

Yolanda King:

My purpose is just to point out the concerns that I have whenever we try to make changes to redevelopment agencies, specifically related to the revenues that come into Clark County. The other agencies and the state should also have concern because you have created legislation that allows the redevelopment agencies over a 30-year period, which is a long time, and the intent is that any additional property taxes because of increased assessed valuation do eventually come back to the state. I do appreciate the City of Las Vegas and the City of Henderson. They know, and I have expressed my concerns. I appreciate that they try to limit it only to one area rather than opening it up for all of the redevelopment areas in Clark County.

Every city within Clark County has a redevelopment agency. If we make a tweak to one area or one redevelopment agency, then my concern is that it opens it up for other changes to be made to all these other redevelopment agencies in the future. That is exactly what is happening, as we have seen in the last few sessions. They will come in and make a change to the law to only address one area. Then the next session, another city wants to make a change to something in their one area. It opens it up to all of the redevelopment areas. The City of Henderson indicated that in meeting with LCB they found they could not use the language they had originally proposed because it did hone in on one specific area, the Henderson Downtown area. They did try to narrow the focus

to one area. However, we have the language that applies to all of Clark County. It opens it up to everything.

I just wanted to put on the record the position of Clark County. We are not opposed to what RDAs are supposed to do, but our concern is what happens to the property tax revenues, and everyone is scrambling for dollars when it comes to property tax revenues. I also felt it was important to note for the record that the primary reason these changes are being made is to try to address the decline in assessed valuations. As assessed valuations increase over a period of time, and we anticipate that we will receive additional property tax revenues, as long as we have the property tax caps in place, the growth in property tax revenue will not be substantial, or as anticipated for those areas.

Assemblyman Silberkraus:

It seems like a catch-22. If we are not going to put the money into these areas to help them revitalize so that we can grow the property tax base there, then they are not going to grow and will continue to be a blight on the city and the economy. Obviously, we did not expect the financial meltdown we had a few years back. I think this looks like an opportunity for us to be able to reset this RDA in particular. I know I am biased; it is in my district. They were moving forward. They were knocked off the block because of the recession. I think this is really an opportunity to reset that, start growing that area, start bringing in those additional tax dollars so that down the road we will not have this problem.

Assemblyman Munford:

Assemblywoman Neal knows much about my district, as does Ms. King. It has been ignored and forgotten or overlooked. Assemblywoman Neal has roots in my district. Her father once represented my district in the Senate. I have talked with him many times. There are a lot of things we need to work on in some collective way to address the problems that do exist. When I term out, I will be passing the torch to Assemblywoman Neal to keep working on my behalf.

Chairman Ellison:

Is anyone else wishing to testify in opposition to the bill? [There was no one.]
Is there anyone wishing to testify as neutral to the bill?

Victoria Carreon, representing the Guinn Center for Policy Priorities:

Speaking on the school district portion of this bill, we conducted an analysis of school facilities issues and prepared a report. Speaking based on that report, one of the things we found is that school facilities needs are not fully funded. Even though the Legislature just recently passed the bond rollover extension bill,

for CCSD there is still approximately \$3.8 billion in unfunded needs. In the Washoe County School District, there is \$514 million in unfunded needs. Rural school districts do not have a sufficient tax base to build new schools. We think that in this bill the redevelopment set-asides for education facilities can be an important part of the solution. As you just heard, the school districts do receive less property taxes when there are redevelopment projects. For operational funds, the state does backfill a portion of that money through the Nevada Plan. However, the state does not backfill any of the money that would have gone to capital projects. This proposal does help mitigate that. We think the 18 percent set-aside is a positive step in the right direction.

As you heard earlier, there are a couple of other redevelopment areas that do already have this requirement. The Eastside redevelopment project has this for the first year. In the Las Vegas Redevelopment Agency, there is an 18 percent set-aside, but half is for school facilities while the other half is for housing. We were going to suggest that the Legislature consider similar set-asides for other redevelopment areas in the state. The amendment, by expanding it beyond the City of Henderson, does help to address that. To conclude, I would like to mention that if you look at the full report on our website, we do have some recommendations regarding expanding financing tools for school facilities: creating a statewide funding mechanism for school facilities, providing school districts the ability to create improvement districts, exploring the feasibility of creating multicounty tax districts for rollover bonds, especially in small school districts, changing the laws related to tax caps and abatements, and encouraging the Governor's Office of Economic Development to conduct a school facilities impact study and develop a funding plan prior to approval of development incentives.

Ryann Juden, Chief of Staff, Office of the Mayor/City Council, City of North Las Vegas:

I signed in as neutral; however, with the amendments, we support this bill. We think it is important to enable our RDAs to do what they do. I agree with the comments that have been made and understand the concerns of Clark County. One of the things impacting our ability to grow these areas is the tax cap. However, we believe that this bill is important given that the progress of these areas was either put on hold or set back by the financial conditions, and it will give them the opportunity to further expand by extending the length of time for them to continue the work they were established to do.

Craig M. Stevens, Director of Intergovernmental Relations, Government Affairs, Community and Government Relations, Clark County School District:

We want to thank the bill sponsors for working with us on this bill. We are neutral on the bill now. We supported the original bill for the specific RDA in

Henderson. However, with the changes in the bill, we have not been able to work the numbers as to how it expands to all of Clark County. Until we have those numbers, we are going to remain neutral on the bill. We will continue to work with the bill sponsor once we receive those numbers if there are tweaks that need to be made so that the school district is able to remain whole. We do appreciate the 18 percent set-aside. That is huge for us. We want to make sure these communities that need the help get the help because, while money is very important, improving communities, parent engagement, and community engagement also helps our schools. We try to balance those needs.

Chairman Ellison:

Is there any discussion? [There was none.]

Lisa Foster, representing Boulder City:

Boulder City is neutral on the bill.

Chairman Ellison:

Will the presenter of the bill please come back to the table? I thought there was a population cap at 700,000 people. Does the amendment address that? Is there or is there not a cap on this now?

Javier Trujillo:

Yes, the bill would only apply to RDA areas that are located in cities within Clark County.

Chairman Ellison:

What is the cap?

Javier Trujillo:

The cap is at 700,000 or more people.

Chairman Ellison:

Do you have any closing statements?

Javier Trujillo:

We thank you for allowing us to present this bill. We are looking forward to meeting with any of you to address any concerns on the bill. We look forward to continuing to work with CCSD and Clark County.

Chairman Ellison:

Are there any questions from the Committee? [There were none.] We will close the hearing on A.B. 445. Is anyone here for public comment? [There was no one.] The meeting is adjourned [at 10:48 a.m.].

[([Exhibit H](#)), ([Exhibit I](#)), ([Exhibit J](#)), ([Exhibit K](#)), and ([Exhibit L](#)) were submitted but not mentioned during the meeting.]

RESPECTFULLY SUBMITTED:

Aubrie Bates
Committee Secretary

APPROVED BY:

Assemblyman John Ellison, Chairman

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Government Affairs</u>			
Date: <u>April 2, 2015</u>		Time of Meeting: <u>8:06 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 364	C	Assemblyman Tyrone Thompson	Amendment
A.B. 445	D	Michelle Romero, City of Henderson	PowerPoint
A.B. 445	E	Michelle Romero, City of Henderson	Amendment
A.B. 445	F	Assemblywoman Dina Neal	PowerPoint Slide
A.B. 445	G	Stan Olsen, Henderson Chamber of Commerce	Position Statement
A.B. 364	H	Karen Duddleston, Department of Planning, City of Las Vegas	Prepared Testimony
A.B. 429	I	Ron Knecht, Office of the State Controller	Controller's Monthly Report No. 3
A.B. 445	J	Michelle Romero, City of Henderson	Prepared Testimony
A.B. 445	K	Victoria Carreon, Guinn Center for Policy Priorities	Prepared Testimony
A.B. 364	L	Jacqueline Reszetar, Environmental Health	Prepared Testimony