

**MINUTES OF THE JOINT MEETING
OF THE
ASSEMBLY COMMITTEE ON TAXATION
AND THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Seventy-Eighth Session
February 19, 2015**

The joint meeting of the Assembly Committee on Taxation and the Senate Committee on Revenue and Economic Development was called to order by Chair Roberson at 3:41 p.m. on Thursday, February 19, 2015, in Room 1214 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E 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).

SENATE COMMITTEE MEMBERS PRESENT:

Senator Michael Roberson, Chair
Senator Greg Brower, Vice Chair
Senator Joe P. Hardy
Senator Ben Kieckhefer
Senator Ruben J. Kihuen
Senator Aaron D. Ford
Senator Pat Spearman

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman Derek Armstrong, Chairman
Assemblyman Randy Kirner, Vice Chairman
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Olivia Diaz
Assemblywoman Jill Dickman
Assemblyman John Hambrick



Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblywoman Dina Neal
Assemblyman Erven T. Nelson
Assemblyman Glenn E. Trowbridge

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Bryan Fernley, Committee Counsel
Gayle Rankin, Committee Secretary
Jennifer Pearce, Committee Secretary
Gina Hall, Committee Secretary

OTHERS PRESENT:

Steve Hill, Executive Director, Office of Economic Development, Office of the Governor
Mike Tretheway, Chief Economist and Chief Strategy Officer, InterVISTAS, Vancouver, British Columbia, Canada
Mark A. Hutchison, Lieutenant Governor
Edvin Mirzakhanian, Vice President and General Manager, Dassault Aircraft Services, Reno, Nevada
Kenny Scherado, President, Lone Mountain Aviation, Inc., Las Vegas, Nevada
Mayra Calzadilla Vieito, Senior Counsel, Gulfstream Aerospace Corporation, Savannah, Georgia
Mark Cunningham, Senior Director, Sales and Marketing, Sundance Helicopters, Las Vegas, Nevada
Galen Aswegan, Partner, Apex Aviation, Henderson, Nevada

Bill Reynolds, Business Development Manager, Unmanned Systems Inc.,
Henderson, Nevada
Scott Lether, Documentation/Flight Safety, Drone America, LLC,
Reno, Nevada
Donna Miller, President, Life Guard International, Inc., Las Vegas, Nevada
Rae McElroy, Chief Operations Officer/Executive Vice President, Investor
Relations, Economic Development Authority of Western Nevada
Reza Karamooz, President, Nevada Business Aviation Association
George A. Ross, representing the City of North Las Vegas
Thomas J. Hall, President, Stead Airport Users Association
John Burrue, President and Chief Executive Officer, American Medflight
and Reno Flying Service
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro
Chamber of Commerce
Brian McAnallen, Government Affairs Manager, Office of Administrative
Services, City of Las Vegas
John L. Pfeifer, P.E., Western Pacific Regional Manager, Aircraft Owners
and Pilots Association, Redding, California
Benjamin Griffith, representing Northern Nevada Development Authority
Shannon Hogan, representing Northern Nevada Chapter, Commercial Real
Estate Development Association
David Cherry, representing City of Henderson

Chair Roberson:

[Roll was called and housekeeping items discussed.] The first bill we are going to hear today is Senate Bill 93.

Senate Bill 93: Authorizes certain businesses to apply to the Office of Economic Development for a partial abatement from certain taxes. (BDR 32-291)

Steve Hill, Executive Director, Office of Economic Development, Office of the Governor:

Thank you for allowing a hearing on this important bill for Nevada. It is an opportunity to bring a sizeable number of high-paying jobs in an important industry to the state.

This bill was originally structured during the 77th Legislative Session [Senate Bill No. 385 of the 77th Session]. It went through some changes as we sought to execute the strategy and further the air, space, and defense industry in Nevada. The bill was able to pass late in the Senate, but was unable to have a hearing in the Assembly. We are thrilled for this opportunity today.

Many in the audience and many Nevadans across the state thank you all for your significant efforts. Following the presentation from Mr. Tretheway, Lieutenant Governor Hutchison and Assemblywoman Bustamante Adams will join me and make a few remarks. They are leaders on this effort and very supportive of what we are attempting to accomplish today.

Mike Tretheway, Chief Economist and Chief Strategy Officer, InterVISTAS, Vancouver, British Columbia, Canada:

I have been retained by the Reno-Tahoe Airport Authority to do some economic analysis for them. I have been asked to provide a summary of a study we conducted about the estimated effects of partial tax abatement on the aviation industry in Nevada ([Exhibit C](#)).

I conduct economic analyses for the transportation sector for economic development throughout the world. In my 35-year career I have found that economic opportunities fall into three buckets. The first is called aspirational—communities that aspire for something, but lack the fundamentals. The second is called genuine opportunity, where communities have all the fundamentals needed for achieving economic development success, but the pieces are not yet in place. There is a genuine opportunity, but it will take years to develop that opportunity with regard to marketing, training, and investment. The third bucket, which I refer to as the "gold standard," is where not only are the fundamentals present, but the resources needed are poised and ready to go. In my career, there have only been two or three opportunities I have seen that have met the gold standard. This is one of them.

This is an opportunity where you already have the businesses in Nevada. They have made the investments, they have the employees, they have training programs in place, and they are turning away business to other states that should rightfully belong here. With this change, I expect you will find not only that you will eventually get jobs, but they will likely start to materialize almost immediately, and certainly within the first year.

Going through my presentation, the objectives we were given were to analyze the economic impact of the partial tax abatement program that has been proposed for Nevada; provide estimates of the increases in direct employment and other economic activity measures that would be targeted by the tax abatement; and estimate what the changes in tax revenues will be. This abatement will reduce some of the existing tax revenues. There is a fiscal note on that and we were asked to look at what the incremental increased tax revenues will be.

We used two fundamental approaches. One is a scientific approach, the last bullet on slide 3 ([Exhibit C](#)), where we used economic data and conducted econometric analysis. While those types of approaches are very useful, we always like to touch base with reality. The second part is to actually go out and talk to people in the industry. We interviewed more than 60 stakeholders statewide, and surveyed numerous members of the Nevada Business Aviation Association.

Slide 4 ([Exhibit C](#)) is important because it summarizes the situation. Aviation is a very footloose industry. The aircraft can literally be flown overnight somewhere else, and businesses will go wherever the costs are less. The blue-colored states represent those states that today have tax abatement programs of one type or another in place. You see two really important things here. First, there are very few states left that do not have tax abatement in aircraft maintenance and parts. The second is that Nevada is surrounded two states deep by states with tax abatement in place.

In our literature review, we looked at what some of the other states did in their own analysis. Pennsylvania is an interesting state because they did not have tax abatement, and their studies conducted by the government found that 75 percent of the sales tax revenues they were receiving were lost to New York and other states when they put their tax abatements in place. Pennsylvania adopted tax abatements as a defensive measure.

In the case of Massachusetts, they found that when they put their tax abatement program in place, there was a 40 percent increase in based aircraft, a 17 percent increase in general aviation operations, and a major increase in the revenues of what are called "fixed base operators," the people who operate the facilities for general aviation.

Maine lost revenues when other states, particularly in the northeast United States, put in their tax abatement programs. What is important about their example is that they actually found that the revenue was recovered almost immediately, and in significant amounts, when they put their defensive tax abatement strategy in place.

New York is the last one I will comment on. They conducted studies because they had approved a temporary tax abatement program. They had to do an analysis to determine whether or not to extend that abatement. They found significant benefits from the temporary program that would be even larger if they made it permanent, so that is what they did.

Slide 5 ([Exhibit C](#)) shows that commercial aviation is not affected. The industry that is affected is general aviation, business aviation, and other uses of aircraft. These are the four main parts of that industry:

- Aviation maintenance and repair. These are often done by fixed base operators (FBO) or at maintenance, repair, and overhaul (MRO) facilities.
- Air tour operators. In the state of Nevada these are a very important part of the economy. You have a large air tour business; most of them are spending money outside the state for maintenance and repair. Normally tour operators would do their maintenance in-state.
- Business and general aviation. You have over 5,000 aircraft registered in Nevada.
- Unmanned aerial systems (UAS) or unmanned aerial vehicles (UAV). Some people would call these drones. This is an emerging sector. I think of this part of the aviation industry as being Amazon in the year 1998. It is a fledgling industry, but everyone who works in the sector believes this will become a multibillion dollar industry in the United States.

Slide 6 ([Exhibit C](#)) shows general aviation-related employment in Nevada at this point in time. This graph shows the number of full-time equivalent positions is 4,647 from 271 businesses. This shows how they are broken up into the various parts of the industry. The first bullet point indicates this is an interesting industry because it pays, on average, wages that are 25 percent higher than the Nevada statewide average. Subsequent to doing our study, I actually puzzled over this. I was surprised it was only 25 percent. What we realized was that because of the existing taxation policy and being surrounded

by states that do not have this taxation policy, many of the really high-end jobs are not here in Nevada. You have basic maintenance, but you do not have the higher levels where the wages typically start out a little above the state average and will grow very quickly into the six figures. I would say that the wage numbers here are probably conservative.

One of the things we were asked to do is economic impact (slide 7, [Exhibit C](#)). We use three different levels in economic impact:

- Direct impacts are the numbers you have seen so far. These are people actually employed by firms in the aviation business.
- Indirect impacts are jobs with suppliers and downstream users of the services.
- Induced impacts generate employment and new wages in the aviation sector and its suppliers. They start to spend their income on home improvements or doing a number of different things. That generates what is known as induced economic activity.

I like to focus a lot on the direct impacts because they are specific to the aviation industry, but these other effects are usually genuine effects in most states.

The key findings are on slide 8 ([Exhibit C](#)). We used two methodologies:

- The first is scientific methodology. We use something in economics called price elasticity. We got these from our own research, as well as from reviewing a large number of other studies that have looked at this. One of the nice things here is because so many other states have already adopted this, we actually know something about how businesses and owners of aircraft are going to respond to this. You will find that our scientific approach produces the lower numbers in the range that we provide.
- In the second approach, we conducted surveys and interviewed a number of people in the industry, including some large firms that have made major investments in the state, or are poised to make further investments.

The conclusions from both of these approaches are unambiguous. A partial abatement of sales and use taxes on aviation property and parts will lead to growth in the aviation industry in both the short and long-term. "Both" is italicized because this meets what I call the gold standard. Everything is poised and ready to take off. Some of the firms we have talked to said they believe in the first month they will start booking business that currently is flying to Palm Springs, Phoenix, or other places for their maintenance.

Slide 9 ([Exhibit C](#)) highlights the good things to come. In the first graph, where it reads 4,647 full-time equivalent jobs, those are what there are currently. The middle graph shows 414, which is the estimate of the growth in the first year in employment in the state that will take place from this tax abatement proposal. That is based on our scientific elasticity approach. The bottom graph shows 1,348. That is the number after we conducted interviews with people in the aviation industry. They are very optimistic. One reason there is a difference is that in some of the other states they might get temporary increases by taking business from other states, like Nevada, but eventually the other states will respond and some of it will go back. The advantage Nevada has being one of the last to go is there is nobody left to take the business away. What you are going to be doing is recovering the business that you have already lost. Unless Canada or Mexico do something spectacular, which is unlikely, you are probably not going to lose the employment that you put in place.

Slide 10 ([Exhibit C](#)) shows the gold standard. These impacts are real. These businesses are already established in Nevada. They are already competing nationally. To give an example, somebody in Iowa may own an aircraft for their business and they have a major repair, or what are called C and D checks. Periodically, after a certain number of flying hours, aircraft have to go through a fairly major maintenance process. Even on small aircraft, such as a small business jet, a major overhaul can be \$2 million to \$3 million. The tax impact is a meaningful number on \$2 million to \$3 million, a number large enough that you will fly away from your state to some other state, preferably a state that has fun things to do while you wait for the maintenance to be done. That is why these abatements are likely to quickly produce increases in sales. There are people who would prefer to come to Nevada to have their maintenance done, but they do not right now because the tax makes it uncompetitive relative to other states. Some states Nevada has particularly lost business to are California— in Oakland and Palm Springs in particular— as well as Arizona.

This is not a case where several years are needed for benefits to be realized, where efforts are made to attract firms to invest, establish new business, and do marketing. In the first year, you can get 414 incremental jobs fairly quickly, because there are people right now who are trained. They can add additional hours, and you will attract people coming out of schools. Because you already have education strategies in Nevada, you are actually poised to train additional people. So, over the coming five years, when you recover more and more of this business, and more investment is made, you will have employees available to go into these new jobs.

Slide 11 ([Exhibit C](#)) is our estimate of what will happen in Year 5. The first graph shows the original 4,647 jobs already in the state. In the middle graph, using the scientific approach, we estimate the total number of jobs of 1,447 in Year 5. In the bottom graph, using our survey of stakeholders, they believe it will be more than double; that it is going to be 3,057 jobs that will have been added in the state at above-average wages by Year 5.

Slide 12 ([Exhibit C](#)) breaks down the impact in the major counties and the rest of the state. Clark County is going to get the largest amount because there are more businesses already established there. There are benefits for the north and the rest of the state. In fact, the remaining counties, other than Clark and Washoe Counties, actually are projected to have 416 of the 1,375 jobs.

Slide 13 ([Exhibit C](#)) is our estimate of what is going to happen to tax revenues. The first graph is our estimate of the new taxes Nevada will generate because of the increased business. We provided a low and high estimate of what the incremental gross tax increases will be. On the low side it will be \$1.093 million and high side it will be \$3.967 million for one year. This is followed by the estimates for two years, and what is projected for the fifth year. You can see the incremental tax revenues of just under \$6 million to around \$21 million to \$22 million. That is the incremental tax revenues.

Slide 14 ([Exhibit C](#)) shows what you risk giving up if you do this. These are not our numbers from InterVISTAS. These are numbers that come from the fiscal note. The numbers we have listed are actually the midpoint. They actually estimated the impacts for 1 percent of the properties being eligible for the abatement, 10 percent, and 20 percent. These are the middle numbers, the 10 percent number, but the test will pass for all of these. In 2016, the estimated revenue impact would be \$665,047, and the same for the second year because Nevada is budgeted on a two-year cycle.

Slide 15 ([Exhibit C](#)) is where we put this together. The number at the top was our low-end estimate of the increased tax revenues, \$1,093,000. Foregone fiscal note taxes are estimated at \$665,000, for a net change in tax of \$428,000 in Year 1 for the low case. The high case is obviously a larger increase at roughly \$4 million.

As seen on slide 16 ([Exhibit C](#)), we based our estimates on the existing aviation business, tour operators, maintenance, and so forth. There is new business coming, which is the UAVs or UAS. We are increasingly calling them UAS, rather than UAVs, as we recognize it is not just the aircraft, the vehicle, but it is actually whole systems. What is interesting is that it is not just the aircraft jobs or aircraft maintenance, but there will be many information technology (IT) jobs, programming jobs, and other types of system-based jobs associated with this. A UAS is not simply an aircraft, but systems with three major components. There is the airframe, as well as the engines; the control station that is going to operate these aircraft from the ground; and the data links. There are jobs in all three of these sectors. Each of these sectors is being developed separately.

The key is to attract specific components of the value chain. There are certain parts to this value chain that Nevada is very well poised for. The first is for the pilots of these aircraft. Nevada probably has the single greatest source of people who already know how to fly these things. People are retiring or leaving the military and can move right into the private sector. Nevada is well positioned to take advantage of the expected growth in the industry due to its business friendly environment and access to skilled labor. With other states that we looked at, including my own state of Wisconsin, they do not have the training programs in place, yet they take full advantage of these opportunities. Nevada has everything needed to do that here. You simply need the tax abatement.

We were asked to quantify what these opportunities are (page 17, [Exhibit C](#)). In 1999, I do not know if I would have been willing to say what the revenue potential for Amazon was going to be, with it being a new business. Other people have estimated this and even the most conservative estimates suggest a significant economic impact from the development of this. It is amazing what some other countries are doing.

Where I live, we have a bridge they had to do inspections on so they built a scaffolding around the bridge. It was very expensive and time-consuming. In Germany, where they allow these, they use UAV helicopters to inspect bridges. These UAV helicopters fly under the bridge, using sensors to check the

metal integrity, structure of the metal, and degree of corrosion. As a result, they can do these inspections cheaper and faster, which allows for more frequent inspections and increased safety and, at the same time, generate more jobs in the sector.

In the end, we decided not to put forth a number of what our estimate is, other than to say it is potentially a large number, at least as large as all of our other numbers. There is still uncertainty around it, and it is also going to depend on how Nevada moves to take advantage of the opportunity versus how others are going to do that.

Slides 18 and 19 ([Exhibit C](#)) are our key conclusions. Our conclusions are that partial tax abatement on aviation parts and property will generate positive economic benefits for Nevada and individual counties:

1. The impacts will begin very quickly. That is the gold standard. I do not think this is hypothetical. You do not have to wait. Businesses are poised right now with the assets, the employees, the will, and the marketing campaigns to bring these jobs in quickly.
2. The job generation will be at above-average wages.
3. Job training programs are already in place to allow you to continue to grow this workforce.
4. Our range of increases in the employment, in what we call the direct impacts, are that in Year 1 there will be 241 to 765 jobs, and if we include the multiplier effect, that actually grows to 414 to 1,348 jobs. By Year 5 this will be an increase in direct jobs from 841 to 1,753. In total, from 1,447 to 3,057 jobs, all of which will be at above-average wages. The ten-year impact will be the creation of 7,000 to 15,000 direct person years of employment spread out over those ten years.
5. The incremental jobs are expected to generate new tax revenues that exceed the cost, meaning the foregone taxes that you have right now. The Year 1 estimated net benefit is \$400,000 to \$3.3 million. By Year 5, the net benefit could be as high as \$18.2 million, not counting whatever we achieve in the UAV or UAS part of the industry.

6. The impact of the UAS opportunity for Nevada is unclear, but it is large. Coupled with its other comparative advantages, we believe Nevada will experience UAS-related activity that generates new employment and economic activity for the state.

In closing, the thought I would like to leave you with is that there are almost no other places in the world where I have made such a glowing report. This does meet the gold standard. As an economist, I think of this as an opportunity that empowers people through economic development.

Chair Roberson:

Before we move on to other testifiers, I would like to give the Committee the opportunity to ask questions.

Chairman Armstrong:

I would like some clarification on slide 18 ([Exhibit C](#)). You talked about Year 1 and Year 5 jobs. The jobs in parentheses, are those the multiplier effect?

Mike Tretheway:

That is right. The jobs on the left are the direct jobs, the ones that will be at these aviation businesses. The jobs on the right include the direct jobs, but they also add the jobs in supplier industries and general spending that will be stimulated.

Chairman Armstrong:

I just did some quick calculations. It looks like there is about a 3.2 multiplier for Year 1, but for Year 5 the multiplier was 2.11. Could you clarify the difference for me?

Mike Tretheway:

For Year 1, you started at about 250. With the total you are going to add about another 150 to get to 400, so that would be a multiplier of a little less than 2.

Chairman Armstrong:

Thank you.

Senator Kihuen:

I know this is going to create jobs starting from Year 1, but do we already have the trained workforce to fill those jobs with Nevadans, rather than having to import people into the state to fill the jobs?

Mike Tretheway:

We believe adding 241 jobs in an industry base of 4,000 is doable within your existing workforce that are trained, coming out of the military, coming out of the schools, and so forth. The reality will be some people from out of state will be really attracted to this opportunity. They may want to come here, and someone from Nevada ends up working in Palm Springs. We would expect that this will be a combination of in-migration of people already trained who are looking for this opportunity and want to live here, but the majority of this will be in-state. This is very important for how we think about this. Because you have training programs, this is really critical. You have the ability to grow those programs so that all those incremental jobs in Year 5, or a large portion of them, can come from within the state.

Steve Hill:

One of the real tragedies is that we are losing veterans and those who leave the military in Nevada, which is a large population. This is a direct industry that will allow us to retain those people here in the state. There is a great pipeline, because there is a strong military presence in the state. While those folks may not have been Nevadans when they first came here, they are now, and we want to keep it that way.

Senator Kihuen:

That was actually a comment I was going to make. We have Nellis Air Force Base in Las Vegas. We have Hawthorne and a few other locations where we could potentially find some of these folks, who are leaving the military and looking for jobs in Nevada.

I am a Rancho High School graduate; they have one of the best programs for the drones, and they have won national championships. For those Rancho High School graduates, I want to say I am very proud of them.

Assemblywoman Benitez-Thompson:

I have some questions regarding the language of the bill. On page 3, section 1, subsection 2, paragraph (e) says, "The business meets at least one of the following requirements" and then four criteria are listed. In the first criteria, it says, "The business will make a new capital investment of at least \$250,000 in this State...." When I look at section 4, it talks about the fact that sales tax must be paid on tangible personal property if it is to keep up with the contract. Is the intent to tax that capital investment?

Steve Hill:

The answer to your question is yes. I was probably not clear in my early comments. If it meets with the approval of the Chairman, I would like to invite Lieutenant Governor Hutchison and Assemblywoman Irene Bustamante Adams to give their presentation, so we have an initial explanation. I will then walk through the bill, if that is acceptable.

Mark A. Hutchison, Lieutenant Governor:

I serve as honorary chair of the Nevada Chapter of the Aerospace States Association (ASA). I am also involved in the national organization. This could not be a better bill for us in Nevada. My purpose today is to give you a macro view of the bill.

Yesterday was the very first Nevada Aviation and Aerospace Day in the Legislature. We held a reception at the Governor's Mansion for numerous interested parties, many of whom are here today in support of this bill. We had our first chapter meeting at the Governor's Mansion and received overwhelming support for, not only this bill, but the aerospace and aviation business in Nevada in general.

About 30 years ago the state of Colorado had virtually no aerospace or aviation industry. A group of members of their legislature and executive branch decided they were going to create an industry. Thirty years later, they are the third largest aerospace and aviation employer in the country. These are high-paying jobs for Coloradans. I think Nevada is on the cusp of implementing this. Last session we approved an investment for Nevada to go out and compete with numerous states to become one of the Federal Aviation Administration (FAA) test sites. We won that competition, and we are now one of six test sites. We are very attractive for companies, not only to come here to repair their aviation equipment and perform maintenance, but also to test their UAVs and UAS because Nevada has so much airspace. If you took the other lower 47 states, and combined all of the controlled, or restricted, air space, that would equal 10 percent of Nevada's. When you look at the airline maps that represent the air routes, there is a big open space in Nevada. It is restricted airspace. It is a national asset. It is a national treasure for us. We often think about what is in the ground, and what we can pull out of the ground. We can capitalize on a natural resource that we do not often think about. We have restricted airspace.

My suggestion is that as we start down this path, which we started last session with the Office of Economic Development (GOED) and the great work of the Governor's Office, we are looking for game-changing economic diversification in our state. We have identified this sector as a way to be a game changer for Nevada, opening up countless jobs and opportunities.

This bill is important because it not only deals with the maintenance, repair, and overhaul of the aircraft and its equipment, but it also relates to the operation, manufacture, and assembly of that aircraft. We are trying to attract those kinds of companies here, not only to test and operate, but also to manufacture the aircraft. As we provide these tax abatements, which each surrounding state has, we become an attractive place because of our airspace, our natural resource as I have just described.

Together we can promote this industry. We can see some great strides within this industry. We can create jobs for Nevadans. We can do it in a way that is very bipartisan. We are always looking for bipartisan opportunities in these chambers. Assemblywoman Bustamante Adams provided outstanding leadership on this issue. I had an opportunity to work with her during the interim, to look at economic opportunities within the Southern Nevada Forum. We took a lot of different ideas. There were a lot of different options, from infrastructure to business development. We voted on what we could put together in a bipartisan manner that would have the biggest effect on us here in the state of Nevada, and we settled on S.B. 93. We said we would join arms and present this together. We presented it in Las Vegas together, and we stand shoulder to shoulder today to tell you that this is good for Nevada and we strongly recommend that you support S.B. 93 and Assembly Bill 161.

Chair Roberson:

Before we proceed further, Assemblywoman Kirkpatrick has a question.

Assemblywoman Kirkpatrick:

I am concerned about the broad definition of aircraft. We have had discussions to make sure this bill is for the smaller aircraft, and not for commercial aircraft. In section 1, subsection 12, I do not feel comfortable that this does not include the commercial folks. My understanding was when we crafted the definition it would specifically be spelled out that it was only for small aircraft, and not commercial aircraft.

Chairman Armstrong:

I do not want to stop you from asking this question, but as far as the process today, it may make more sense to have Assemblywoman Bustamante Adams give her presentation on this, and then have Steve Hill go through the bill. That may be the best way to do this.

Assemblywoman Irene Bustamante Adams, Assembly District No. 42:

As Lieutenant Governor Hutchison stated, we had the opportunity to cochair the Southern Nevada Forum, a bipartisan effort for the southern Nevada community. What I want this group to know is that during all of last year, we had several committee meetings together, and during those meetings, our group, the economic development group, had the highest participation of stakeholders in southern Nevada. Not only were they present, but they were engaged. Out of the 75 ideas that were generated, we narrowed it down to 3, and this one came up as number one. We then looked at the fact that we wanted to support the aerospace sector. The idea was to strengthen the industry by supporting the tax abatement idea. Some of the constituents are here today to testify, to let you know firsthand that this was their idea. I am grateful to be able to communicate that to you, as an individual and as a cochair, and also say that I think it is a very targeted approach for growth in this sector.

Assemblyman Nelson:

You mentioned the asset we have of the restricted airspace, but restricted means restricted. Do we have an agreement with the federal government to access that space?

Steve Hill:

We do. In fact, it is a real asset for Nevada. We are the only test site that has restricted airspace. We have to work in cooperation with the Nevada Test and Training Range, Creech Air Force Base, and Nellis Air Force Base. We are not at the top of their priority list, but they have made their airspace available to us. Because that airspace is under the purview of the Department of Defense or the Department of Energy, we can work directly with them. It provides us an alternative method for getting platforms in the air.

Chair Roberson:

I will now ask Mr. Hill to run through S.B. 93.

Steve Hill:

I appreciate the support of everyone who worked on this over the past two years.

Mr. Tretheway provided a slide that exhibited the competitive situation Nevada is in with respect to other states. I would like to briefly give you a couple of specifics on that.

None of the states surrounding Nevada charges sales tax on aviation parts. We charge full sales tax. The parts in this particular industry can be exceptionally expensive, and when they are aggregated, each project can be very expensive. That is enough to completely, in and of itself, drive decisions on the part of airplane owners. The result of that has been that the maintenance and repair in the aviation industry in Nevada is only what absolutely has to get done in Nevada. There is no discretionary work done in Nevada. That leaves a big gap, which Mr. Tretheway described, in job creation and economic impact. The sales tax is a huge issue.

In addition to that, states charge, or do not charge, personal property tax in two different ways. It may be a straight personal property tax on an aircraft, or there may be a registration fee that resembles a flat fee or that functions like personal property tax. In combining those two together, three states around Nevada do not charge either personal property tax or a registration fee on aircraft. They also do not charge the sales tax. Those states are Idaho, Oregon, and Colorado. As the Lieutenant Governor mentioned, Colorado has really grown their aviation industry over the last 30 years. It is a model that has worked.

Two other states, Utah and Arizona, charge somewhere between 0.4 percent and 0.5 percent, all in, in those areas. Right now, Nevada is at 1 percent and California is at 1 percent. Nevada is at the highest level on the personal property and registration fee side, and the only state, and at a very high level, on the sales tax side. That is what is keeping those jobs from being in Nevada.

This bill will allow us to be more competitive. It will not make us, from a tax standpoint, the most competitive state in the West or in the country, but it will get us to the point needed to be more competitive. There are numerous aviation businesses represented here today that plan to implement this bill immediately once it is passed, and start creating jobs.

Mr. Tretheway mentioned the UAS industry. We have talked about it a lot. It is a high priority for us and for you. I think we are making great strides. You may have noticed over the weekend that the FAA released draft regulations for small UAS, which is 55 pounds or less, for inclusion into the national airspace.

There are three things that we need:

1. We need aircraft that are airworthy. Nevada is the first state in the country and the only place where you can get an airworthiness certificate, other than going directly to the FAA. That happened in December. We are the only state that can do that. That is starting to really attract attention.
2. You need the rules of the road. That is a draft of what the FAA released on Sunday. Over the next 18 months or so, those draft regulations will receive public comment and get finalized. When they are finalized, that will be two of the three steps it takes in order to commercialize this industry and allow them to fly. We are looking at a fairly short period of time where companies need to get geared up. Now is the time to do that.
3. You need someone to operate the vehicle who is accredited or licensed. That is contained in those draft regulations. The specifics of that are not yet done, but over that period of time they will be done. We will be working with the FAA to help make all that happen. We will see commercial activity, in the UAV industry, around the end of 2016 to early 2017. This is now very real. That became much more real on Sunday, when those draft regulations came out.

I will do a quick overview of the bill. Hopefully this will answer Assemblywoman Benitez-Thompson's question. Section 1 lists the qualifications of businesses. Businesses must adhere to our standard requirements. In addition, businesses need to increase the number of full-time employees. For a new business, that is five employees, and for an existing business, that is three employees.

There are two components of this bill I think are important to highlight and explain why they are there. As we started during the last legislative session, we were seeking an exemption from sales tax. That is what would make Nevada really competitive in this industry. We did not realize it at the time,

but this topic had been included in a much broader ballot initiative back in the 1990s, where the voters of Nevada decided that the broad package of exemptions should not move forward. So to provide an exemption, we would have to go back to a vote of the people.

The next best step, in order to be competitive, is to provide an abatement. What we are trying to do is provide an abatement that really changes the business environment for small and large companies across Nevada to help them grow. From a policy standpoint, it is different from our normal abatement process. This tries to improve the business environment for a broad cross section of companies. That is one of the reasons we think it is important that this be available for 20 years. When you are trying to change and improve the business environment, you do not want the uncertainty that comes from the possibility this may expire in ten years, or it may revert back to something that is debilitating for these businesses. If we are asking them to invest, to grow employees, and commit to that over the long haul, we need to commit to them for the long haul as well.

In addition to the increase in the number of employees, these businesses have to achieve the criteria in one other way: either in capital investment; in the possession of tangible property, which typically is going to be either the equipment used to maintain aircraft, or the aircraft itself; pay at least 100 percent of the state average wage, which I think you can see from the prior testimony is not going to be difficult for most of these companies; or be a business that is in the research and development area of aviation, by owning patents or developing intellectual property.

To answer Assemblywoman Kirkpatrick's question, I will attempt to make clear who is and is not eligible. These aircraft are categorized into three parts based on FAA regulation: Part 121, Part 125, and Part 135.

Part 121 are the major airlines in the state. They are defined by size of aircraft, and are regularly scheduled as a common carrier. The Part 121 category is the commercial airline industry. They are excluded from this bill.

Part 125 and Part 135 are similar, but separated based on size. They are the noncommercial carriers, the nonregularly scheduled aircraft. It can include tour operators, on-demand cargo, on-demand passenger—the noncommercial airlines. Helicopter services for tourists would be included in Part 125 or Part 135. The separation is that Part 125 aircraft have 20 or more seats, and have 6,000 pounds of payload capacity or more; Part 135 are smaller than that.

The definition of an aircraft is covered in this bill. What is notable is it includes UAVs. That is not currently in Nevada law, so we wanted to make that clear. There is a definition of what is included in the component of an aircraft.

We received some questions regarding the implementation of the sales tax abatement during the last session. I want to thank a number of people who were involved in streamlining and improving the bill for this session. Barbara Smith Campbell was a very large part of that, so I would like to thank her for her work.

The sales tax abatement will go to the company that is performing the work for the ultimate customer. They are responsible to pay the sales taxes, as this bill is written. Therefore, the company that buys a part in order to fulfill a contract is the company that will pay the portion of the sales tax that remains. That is a much cleaner way to handle it than how it was previously structured.

There are a couple of sections that are repealed as a result of this bill. They are the result of the same set of steps that were taken back in 1995 or 1997 that were ultimately ruled unconstitutional, so we are taking this opportunity to remove those from the statute.

Assemblywoman Kirkpatrick:

Thank you for clarifying that aircraft piece, because I think that is huge and not all of us would know what 125 or 135 is, I am concerned that although they meet their existing criteria, they must have one of the following in addition. What is to say that they would not pick section 1, subsection 2, paragraph (e), subparagraph (3), where they would only have to have five employees and pay them 100 percent of the Department of Employment, Rehabilitation and Training rate, which is about \$24 an hour? Where do we weigh the cost-benefit analysis? Are you going to do that through the regulation process? At some point, the state should be able to say which requirement they should pick.

I do not want to leave the impression that I do not support this. I want to make sure the record is clear as we go forward. This is a pretty big deal for us, and we have to replace the dollars at some point. I also do not see where it does not exempt the current employees from qualifying under some of these things, so they are still subject to modified business tax, if that was applicable; they are still subject to business license fees; and all those other things are still in.

Steve Hill:

The same criteria that this body has really worked hard on over the last couple of sessions are to make sure that the analysis, the accountability, the performance-based aspect of our abatements and incentives apply to this bill as well. There are now requirements, as a result of Assembly Bill No. 333 of the 77th Session, for us not only to report, but to analyze as we go through any abatement process. This will fit into that same chapter; those same requirements will certainly apply.

In response to the question of current employees, our abatements are for the growth. The modified business tax, personal property tax, and sales tax on what has been paid are for the growth of the industry; they do not apply to the current employees that are in the company.

Assemblywoman Kirkpatrick:

For the public, I am working off of Assembly Bill 161 because I believe S.B. 93 and A.B. 161 are the same language, just the timing is different. At the end I want to understand, on the implementation, how this would work. I think we gave you the authority to approve applications, at least during the Tesla thing, as regulations were being developed, or to streamline the regulation process. I want to understand on section 1, subsections 8 and 9, if this bill becomes effective today, but regulations require at least a 90-day process, and then a Legislative Commission process, would you be accepting applications that would be retroactive from the date you applied, or would they have to wait? I want to be clear on the record that you cannot go out and do it tomorrow, but you have to wait until the regulations are done. If that is not the intent, I want to understand how that works.

Steve Hill:

That would not be the intent. We will go through the regulatory process for the entirety of *Nevada Revised Statutes* (NRS) Chapter 360, which this would be a part of following the session. In the meantime, we would follow our normal abatement process and implement this portion of the statute.

Assemblywoman Kirkpatrick:

It looks like we are just going to notify local government, as opposed to asking for their input. In the past, we made it somewhat of a policy decision to allow them to determine whether or not the property tax was something that we abated. It appears that we are just notifying them on that portion, and we are taking them out of the loop.

Steve Hill:

The language of the bill says notification. We have encouraged local governments to weigh in on all of our abatements, and this is the same language that is in our bill now. We welcome that input, and we would welcome that input for this portion of the statute too. This is not intended to make any change from the way we currently implement this.

Assemblywoman Kirkpatrick:

My concern is they could have input but there is no appeal process for the local government, right? The Board of Economic Development could do it? Would there be a process within the regulations that says how they give the notification? I think that is a fair place within the regulations to establish a process for them to give you some type of fiscal impact, so you can make it within your thing. You do not have to change the bill to appease me, but at least if the Legislative Commission could remember that you were going to address that with regulations, I think that goes a long way.

Steve Hill:

We can address that in regulation. One thing I will point out, the local government of jurisdiction is a little interesting in that thought process. The point I am making, it could be the city or the county, it depends on whether they are inside or outside of the city limits. Sometimes there is some disagreement between some of those entities, so that is something we will have to think about.

Assemblywoman Kirkpatrick:

My only point to that is this affects their consolidated tax distribution (CTX) dollars for the long-term. This affects the local school support tax (LSST). If it means we have to notify 30 people and they agree to disagree, it is up to your office to determine what is in the best interest of the state.

Steve Hill:

I appreciate that. We do notify all of those entities for every abatement process we go through.

Assemblyman Hickey:

Could you speak to the two differences in the bills, and in your view what is the optimal period for the applicant—10 or 20 years—because we have two different bills?

In our surrounding states you mentioned California and Arizona. Are there limits to their abatements, or have they been made permanent in those surrounding states?

Steve Hill:

We feel that the 20 years is important. I think you will hear some testimony from companies about why it is important to them. It relates to the competitive nature of this, as well as the certainty of the business climate in an industry in which that particular issue is so determinative of the decisions they make.

I appreciate you asking about the surrounding states. These are exemptions from sales tax in the surrounding states. They are permanent exemptions. That is a very reliable situation virtually everywhere else in the country, and certainly in most of the areas surrounding Nevada.

Assemblywoman Neal:

I need clarification on section 1, subsection 2, paragraph (e), subparagraph (1), where it says, "The business will make a new capital investment...." Is this a capital investment into their own industry or any industry?

Steve Hill:

It is an investment in their company. It will be in Nevada.

Assemblywoman Neal:

They are going to reinvest in aviation? So, if it is an aviation company, they are going to reinvest in an aviation company that does maintenance?

Steve Hill:

Yes.

Assemblywoman Neal:

My next question is on section 4, subsection 1, paragraph (a), subparagraph (1). It says that a person would be able to use their tangible personal property if purchased by a business for use in the performance of a contract. I need you to give me an example. Performance means you could already be involved in a contract. What kind of documentation are you expecting them to show you that they are either performing or getting ready to perform a contract? I saw the language that defined contract. I just want to get a visual of what that looks like.

Steve Hill:

Let us say a company makes a part for an aircraft engine. They may then sell the part to the local dealer in Nevada that would store the part for use in the state. The dealer in Nevada could then sell it to an engine repair company that would then install that part in an engine on a plane that is located here in Nevada. In that situation, the part could change hands three times. When the company that made the part sold it to a dealership here in Nevada, that dealership would have a resale license, so they would not be obligated to pay tax in any environment. It does not have anything to do with this bill, because they are going to turn around and sell it to someone else. We do not double tax that transaction. When the dealer of that part sells it to the shop that is going to put that part on the engine of an airplane, that is what the language means. The company that bought it to fulfill a contract, whether written or verbal, for putting that part on the airplane, is the company in that stream that is responsible for paying the tax. That is what the language means. It also means that the company that owns the plane is, therefore, not responsible for paying that tax. The company with the resale license would not be responsible. The repair shop would be responsible for the portion of tax that is still owed.

Senator Hardy:

For clarification, the question was asked about investing in their shop that had something to do with maintenance, but that maintenance is not limited to maintenance; that was manufacturing, servicing, maintenance, et cetera. Anything that flies that is built or serviced in Nevada is subject to this investment opportunity and abatement?

Steve Hill:

That is correct. This is in line with the criteria we use in our other standard abatement process, where you have to create jobs, you have to pay X amount, and you have to invest a certain amount of money in your business in the state.

Senator Kieckhefer:

Following up on Assemblywoman Neal's question, in this chain of custody where the repair shop ultimately puts the part on the aircraft, is the value of that tax put on at the purchase price that the repair shop bought it at, or at a marked-up price upon which he puts it on the airplane?

Steve Hill:

I think the language says it is at the price of the tangible property at which it was purchased. What the repair shop paid for that part is the value of what will be taxed.

Senator Kieckhefer:

I am looking at S.B. 93, section 1, subsection 2, paragraph (e), where it is listing the requirements. It says, "The business meets at least one of the following requirements." I am also interested in subparagraph (4), "The business develops, refines or owns a patent or other intellectual property, or has been issued a type certificate...." Can you tell me what "14 C.F.R. Part 21" is? Is there any requirement for when that patent was developed? Could it be a 100-year-old patent from an old company? The business only needs to meet one of these four requirements. If they have a 100-year-old patent, they would not have to make the investment.

Steve Hill:

That is a good point. In the language there really is no criteria around the age of the patent. That is the way it is written currently. Regarding 14 C.F.R. Part 21, [*Code of Federal Regulations*, Title 14, Part 21] it is an FAA designation that a manufacturer is permitted to build an airworthy part, for an airworthy craft, for use in the national airspace.

Senator Kieckhefer:

Do you know how many of those patents are outstanding?

Steve Hill:

I do not know.

Senator Kieckhefer:

You might need to look at that.

Senator Ford:

In that same area, specifically where we talk about new businesses that will have five or more full-time employees and existing businesses that have to increase by three employees, where did these numbers come from? The threshold seems low. Did this come from other states, or was this a study that was done internally to determine that these are the best numbers to utilize in order to best effectuate this particular incentive?

Steve Hill:

There are really two reasons. One is the industry is comprised predominately of smaller companies, so the number of jobs on an individual company basis may not be all that large, but may be large to many of them. The conglomeration of that is what will really drive Nevada forward. The other point is, in order to receive at least as competitive a tax structure in other states, that does not

require them to meet any of these qualifications. The exemption is there without having to grow, whether it is for personal property tax or sales tax. Nevada doing this in an abatement structure allows us to get to a relatively competitive position, but it also requires businesses to do more than they have to do in order to be treated the same way, from a tax standpoint, in any surrounding state.

Senator Ford:

Essentially we are looking at the size of the company, and because they are a little smaller, you are looking at the number of employees they currently have, and you think five and three are the best numbers to utilize in this particular circumstance?

Steve Hill:

That is part A of the answer. Part B is the other states do not require them to do anything, so from a competitive standpoint, we have a lot of small companies and we are trying to improve the business environment for all of them, not just incentivize larger companies.

Senator Ford:

I want to understand more specifically how the five and three came about. I understand why the numbers may be low, or even why they exist at all in view of the fact that other places do not have them, but I am wondering how you honed in on 5 and 3 versus 10 and 15, or something of that sort?

Steve Hill:

It was a broad and lengthy conversation among a number of companies and some others in Nevada who think about this policy. It was a consensus that was reached as to where it could be utilized and would be most appropriate.

Assemblywoman Benitez-Thompson:

My question is in section 1, subsection 2, paragraph (a), subparagraph (2). We can give the abatement for up to 20 years, but it is up to the Office's discretion the length of time for which the business has to stay in Nevada. It must be not less than five years. Why would we not make that 20 years?

Steve Hill:

There are probably a couple of reasons for that. Providing the certainty of the business environment just comes close to being competitive with some surrounding states, so again, all of these qualifications that we are requiring of business, they do not have to do in any of the surrounding states. They can

just go there, get the benefit of that business environment where they are not paying those taxes, and they can grow or not grow. Being overly diligent and causing these companies to have to take steps is discouraging the very thing that we are trying to accomplish.

The other part of that is that these incentives are performance related. You get a sales tax break if you buy a part or supplies. If they are not here, they do not get the break, so the state or local governments will not be out if those businesses are not here in a dozen years. We would like them to be here, but it is not necessarily harmful.

Assemblywoman Benitez-Thompson:

My thinking is that it says, "the Office of Economic Development shall," so you are going to issue an abatement if they do X, Y, or Z. I am a little worried that there is not a more qualitative component to that.

They are going to have this certificate for 20 years, but they can move the business out after 5 years. I think we should make a good policy statement, which is that we value business, but we want to see the value in the state as well, and we want to see the state be equally respected in a reciprocal relationship, not all one way.

Steve Hill:

This statute will ultimately be placed into Chapter 360 of NRS, which is our abatement statute. In that statute our Board still retains discretion. There are the "shalls" that go along through the bill, but the bill has an override that allows our Board, within the law, to make the criteria more or less stringent as it sees fit. There is an overriding discretion standard in that statute.

My concern, with respect to the time requirement for businesses to stay, is the ramifications if they do not. If we said you have to stay here for 20 years, and they stay here for 18 years, then leave, go out of business, or retire, do they owe 18 years' worth of taxes back? That is the difficulty with stretching it beyond five years. You have to keep auditing and you have to have some level of penalty attached to not staying in business for longer than five years.

Assemblyman Kirner:

Is this abatement transferrable?

Steve Hill:

No, it is not. The requirements inure to anyone who buys the company, but the corporation is the recipient of the abatement. When that corporation ceases to exist, so does the approval.

Assemblywoman Kirkpatrick:

I think you understand what we are trying to do here, to make sure there is a clear record on what is in and what is out, and what those regulations should anticipate as unintended consequences. I have a level of comfort with the tax expenditure report on which you are required to submit your information, so there will be some real record. The one thing I would hope is you track the data of the potential sales that were lost, so we know what those resale values are. The resale certificate is very commonly used from wholesale to retail. It is something that we do, so I am comfortable with that, but I think it is important that we track it, so in the tax expenditure report, for those who are here 20 years from now, they know the pluses and the minuses. I believe you folks can do that pretty easily.

To Assemblywoman Benitez-Thompson's point, I think there needs to be a little more clarity. You are not saying the certificate is good for up to 20 years, you are basically saying that this certificate is good for no less than five years, but as long as you do business in our state. Am I correct in what I heard?

Steve Hill:

Yes, that is correct, and very well stated.

Senator Spearman:

To Assemblywoman Benitez-Thompson's point, I am looking at a report that was released on February 12, 2015 ["A Quantitative Analysis of Subsidy Competition in the U.S."] ([Exhibit D](#)). The person did a quantitative analysis of subsidies by state. It piqued my interest because Nevada was mentioned specifically, as was Texas. I think we remember Texas from another competition we had recently as well.

In the article it says a *New York Times* database states that "expenditures for such subsidies range from \$33.4 million per year in Nevada to \$19.1 billion per year in Texas and total \$80.4 billion per year nationwide. This amounts to \$12 per citizen per year in Nevada, \$759 per citizen per year in Texas..." but the other point that really captured my attention was the end of the third paragraph, "By subsidizing firm relocations, states try to foster local agglomeration at the expense of other states which gives rise to the

beggar-thy-neighbor character of their subsidies." The subsequent paragraph also states it distorts the manufacturing income by a quotient of at least 3.9 percent over the long-term.

It seems to me that what he is actually saying is that when we get into these subsidies to lure companies here, it may or may not pay off, but the citizens are still on the hook for that subsidy, in some form or another.

Let us go back to Assemblywoman Benitez-Thompson's question, and based upon what I have just read to you, let us justify for the citizens who will be paying the \$12. That may not seem like much for some people, but for others that could be the difference between buying a prescription or buying gas.

Steve Hill:

I will answer that in a couple different ways. One, it is important to point out that there are a number of studies, and certainly the *New York Times* did an exhaustive study a couple years ago, which I think is the study you have cited. There is also a report out about tax expenditures. It is a big number in Nevada, not necessarily compared with other states, it is just a big number. It is about \$1.3 billion. The tax abatements and incentives that are in our control are a part of that, but a very small part. That number does not relate much at all to these programs in GOED. We are included in that number, but it is a very small percentage. In that particular study from the *New York Times*, Nevada is shown as having the lowest number of abatements of any state in the country, unless that has been updated and changed, but I think that is what was shown. I have said a number of times, uprooting a company through the pure incentive process, to get them to move from one state into Nevada, is really not a major focus of our Office. It is hard for companies to do that. It is expensive for companies to do that. Most of what we see are companies that are looking to expand and have a broad selection of states to choose from; we would like to have them here. There is not too much uprooting going on; there is some, but we have not seen a lot of that in Nevada.

In this particular instance, with respect to this industry and this bill, all we are trying to do is keep the work that should be done in Nevada, in Nevada. We have a situation where we are so uncompetitive with other states, that companies that provide helicopter tours in southern Nevada fly to Arizona in order to have their maintenance done, then fly back to Nevada, where they have their equipment parked, and where they are doing business. That is happening on a very regular basis, and that is why the impact of this legislation would be such an immediate impact on job creation.

Senator Spearman:

Just for the record, I was not quoting from the *New York Times* study. I was quoting from "A Quantitative Analysis of Subsidy Competition in the U.S.," and the release date was February 12, 2015, which I will provide upon adjournment ([Exhibit D](#)). The author has done a number of different quantitative analyses based upon information that he received from states' records, not something that was made up.

Let me also say that as a veteran, I am delighted any time we try to do something for veterans. I am quite aware of the economic challenges veterans who are retiring or exiting the time of service face when they do that. After this hearing is over, and if this bill passes, guess who has to face their constituents? We have got to have an answer that will justify whatever vote we take. As I said before, \$12 may not mean anything to anyone, but I have some constituents who are on very fixed incomes, and that means a lot. So, help me be able to say to them that if this bill were to pass, this was the right thing to do, because they are putting out something. I know there are no guarantees in life, but we have got to be able to at least quantify something. Right now we are talking at ethereal levels, but we have to be able to quantify something at the level that the person who has the \$12 and, figuratively, is taking it out of their pocket or writing a check. Help me be able to explain that.

Steve Hill:

In the analysis that Mr. Tretheway talked about ([Exhibit C](#)), he showed that as companies use the abatement, incrementally they are going to end up creating more in revenue, more in potential jobs for people, and more in the indirect impact. This will have an incremental and immediate positive net impact on the state. While we have to lower rates, the positive impact outweighs that.

Assemblywoman Benitez-Thompson:

I know that we, as legislators, have a very high reading of the bill, and when we think of business, it connotes one certain set of populations. I want to work through some of the qualifications, backwards, for the legislative record, to make sure we are getting to the heart of the public policy that was intended.

If you are a person who owns a patent on a propeller, you obtain a limited liability company (LLC), and you hire two other people, then you could have your home, your property, be abated from personal property tax, and that would be the intent of the bill? I do not think it is, but the way we set up some of these requirements it could be that. There is not a requirement to continue to hire. I am thinking of Tesla or Apple, where we want to see growth

and hiring. We are allowing for small business or individuals, because the bill says a business or a person, so we have to be mindful that it can be just one person with a patent and an LLC. You do not have the discretion, it says "shall," so help put on the record exactly the type of business and/or person you are going after.

Steve Hill:

I agree with you. The law refers to a person in a business sense throughout that statute, so it is not necessarily indicative that a person would override the employment requirement. They would have to employ five people if they were a new business, and have to employ three, or 3 percent, if they were an existing business.

I completely agree with you on the qualifications, up to the point that you included their home. I am hoping someone else can answer that specific question, because unless that is a part of the business...a home is actually real property....

Assemblywoman Benitez-Thompson:

The way section 1, subsection 1, paragraph (a), reads is it says "personal property taxes imposed on an aircraft, and the personal property used to own..." it. So, what if it is someone who happens to be very well off and they maintain their plane on their property site?

Steve Hill:

There is real property tax on real property, and personal property tax on personal property. This bill only provides an abatement of personal property tax. The difference being that real property is attached to the ground and cannot be moved; a house, for example, would be real property. There is no abatement on real property. The personal property is the machinery they install to do maintenance, the tools, things like that, or an actual aircraft.

Chair Roberson:

Are there any other questions at this time from the Committee for Mr. Hill?
[There were none.]

We are going to take a break, and then we will hear testimony from a number of individuals in the aviation industry. Then I will close the hearing on S.B. 93 and open the hearing on A.B. 161. We are in recess [at 5:21 p.m.].

[The meeting was reconvened at 5:41 p.m.] We will now hear testimony in support of S.B. 93.

Edvin Mirzakhanian, Vice President and General Manager, Dassault Aircraft Services, Reno, Nevada:

On behalf of Dassault Aviation and Dassault Aircraft Services, I would first like to thank you for the opportunity to speak briefly. It is a great honor to be here in support of S.B. 93.

Dassault Aircraft Services is a wholly owned subsidiary of Dassault Aviation, a global company with an annual revenue of \$4.5 billion and over 8,000 employees worldwide. We are an aircraft manufacturer headquartered in France. We design and build corporate business aircraft and provide maintenance services for our product.

There are currently over 1,300 Falcon aircraft operating in North America, each carrying a price tag of \$30 million to \$60 million. In 2014, the U.S. Division of Dassault Aviation, with its 2,700 employees, generated over \$1.8 billion in revenue through a combination of aircraft sales, services, and support.

Dassault Aircraft Services comprises three major facilities in the United States. Our primary facility, by sheer size and capabilities, is located in Wilmington, Delaware. They have 300 employees. Our second facility is in Little Rock, Arkansas, with 200 employees. Our newest facility, and the smallest, is located in Reno, Nevada, with 42 employees. We provide maintenance and modification support through these facilities in the United States, and are having to compete for every single project with privately owned maintenance, repair, and overhaul shops located in states with tax exemption laws.

I will now give you a little information about Dassault Aircraft Services in Reno. In 2009, Dassault Aircraft Services started the facility at the Reno-Tahoe International Airport, with nine aircraft technicians. Today we have 42 proud employees and look forward to further growth. As the largest corporate aircraft maintenance, repair, and overhaul facility in northern Nevada, we continue to be at a disadvantage to our competitors located in other states, including several that are based in neighboring states. Over the past four years, our facility in Reno has lost several million dollars in potential revenue because of the current tax structure in the state of Nevada. Our inability to compete for high-revenue, high-margin projects is hurting our future growth plans. If S.B. 93 passes, it will allow us to be more competitive in our pricing structure, and generate increases in sales. It will also allow us to hire the additional personnel for which

we have budgeted in 2015. Today we are apprehensive about hiring the additional personnel because of the uncertain outcome of this bill.

Senate Bill 93 will solidify our growth plans and will enable us to develop the strategy with a timeline to expand our business further. To date, this has only been done at a very high level. Approval on S.B. 93, with the abatement period of no less than 20 years, is critical for us to develop the proper long-term business plan for expansion. The passing of the tax bill is the first step in an exciting and challenging future for us. The next step will be to address how we can attract potential employees from within and outside of the state to support our growth.

As you may or may not know, our business requires certified airframe and powerplant (A&P) technicians. This is a particular skill set that is currently limited in Nevada, so we will need to work with the state to develop the necessary training programs to develop A&P technicians locally. This will help create high-tech, good-paying jobs that will help reduce the burden on state-run programs. An approval of S.B. 93 will also allow the state to attract other aviation businesses, such as maintenance, repair, and overhaul providers, machine shops, fixed base operators, and interior shops, all of which are required to expand our business since our industry relies heavily on outsourcing certain aspects of every job.

In summary, Reno is the ideal geographical location for our business. It allows us to support our West Coast customers efficiently, but I can state that without the passage of S.B. 93, we see no future growth opportunity for our facility in Reno, and may have no choice but to consider other locations for our maintenance, repair, and overhaul business.

Kenny Scherado, President, Lone Mountain Aviation, Inc., Las Vegas, Nevada:

I would like to thank everyone for being able to speak here today on behalf of, and in support of, this bill. A lot of points have been brought up today, and a lot of things have been brought up in regard to what is happening with this bill.

My company is based at the North Las Vegas airport. We are probably one of the largest general aviation maintenance organizations in southern Nevada. I have 17 employees maintaining numerous general aviation aircraft, corporate, and turboprop types of airplanes. I compete on a level with other maintenance organizations all over the area. You cannot consider the dynamics of an aviation industry in comparison to automotive, or anything else. We deal with

people in areas, not in locales. Our general market is the western part of the United States. I am a 145 repair station, certified by the FAA. I can draw

maintenance and companies and business from numerous areas around the western part of the United States. I have to compete with those states along with having to pay the sales tax.

Recently, we had to compete with a company out of Idaho for a job locally in excess of \$35,000. We ended up reducing our costs to our customer by the amount of the sales tax to keep the job in Nevada. That cost us over \$3,000 in profit off of the parts, since the customer was willing to go out of state because he would not pay any taxes at all on the job. This happens regularly on a number of jobs throughout our area and with the business we do.

We are looking to expand and grow our business. Lone Mountain Aviation has been in discussions with [the City of] Henderson and the Clark County Department of Aviation about expanding our business at the airport in Henderson, and creating a facility as big or bigger than what I have at the airport in North Las Vegas. This bill would go a long way to help us in terms of investing the revenue, expanding our business, and being able to compete. We can draw business from numerous other states. My company, right now, has the option and the availability to provide a service to customers out of state where, as a pilot, I can fly a customer's airplane into Nevada, do the work, and deliver it back to them. If I have the opportunity to tell that customer they will not have to pay sales tax, that is a huge incentive and provides us with even further opportunity to expand our business, add more mechanics, and add the workforce the way we need to.

Questions have been brought up about the workforce in this state, and how we are going to draw on employees, and how we are going to get trained individuals. Recently, a new A&P school opened in Las Vegas called Aviation Institute of Maintenance (AIM). It is a national school. I am on the board of advisors for that school. The question was brought up about being able to expand and draw the workforce. The people coming out of this school would be able to be directly hired within the state of Nevada as these tax abatements come into effect, allowing the companies to expand and grow. We are going to be drawing on the people who are in the state going through the Rancho High School program, going through the AIM school, graduating, receiving their A&P licenses, and going to work directly for companies here. The bill is going to provide an incentive for the companies in the state to be able to invest in their company.

My company is looking at opportunities to grow, invest, and expand in other markets. We recently started expanding our avionics side. If you look at the cost of the components in an avionics installation, we can easily hit \$100,000 per aircraft, which amounts to \$8,000 worth of sales tax that we can abate to the customers and provide opportunities. There are jobs that we lose just because of that tax abatement, and because of things out of state. There are companies we compete with in southern California that easily can outsource us because of the fact that they can provide a competitive bid that is less than ours since they do not have any of these taxes. I have seen first-hand the loss of revenue, the loss of jobs, and the loss of opportunity for profits and expansion because of the fact we are competing with Arizona, Idaho, California, Utah, and Colorado for this business.

Again, you can easily move an airplane 500 miles in a couple of hours. They do not travel just 20 to 30 miles. That type of distance and type of opportunity, for us to be able to do that for a customer, provides a benefit to us all the way around for the employees, as well as for North Las Vegas.

Mayra Calzadilla Vieito, Senior Counsel, Gulfstream Aerospace Corporation, Savannah, Georgia:

We are a business jet manufacturer headquartered in Savannah, Georgia. We manufacture mid-cabin and large-cabin aircraft with various price points. The biggest price point is about \$65 million per aircraft. Based on that, I can tell you that we have a very savvy customer base.

What I would like to share with you is some of the instances we have come across with some of our customer situations. We have a maintenance repair facility in Las Vegas. We also have facilities in Long Beach, California. I will give you one anecdote. We had a customer come in for a maintenance overhaul project. There are significant dollars associated with this type of work. The customer gets an invoice at the end of the work done on his aircraft, and the sales tax is a line item. That amount on overhaul work on an aircraft is very, very significant. The response is, "My aircraft is a very mobile Gulfstream, so if I have to come to Las Vegas and have to deal with paying the sales tax, I can go over to your Long Beach facility and have the same exact work done, and not have to pay that sales tax."

From our perspective, we are here advocating for our customers. It is very important to our customer base to have a sales tax exemption so their work in the state of Nevada is going to be competitive with the work and the services they can receive in adjacent states, specifically in Long Beach, California.

From my perspective, Gulfstream is very much in favor of S.B. 93. We think it is important for our customers. We think it is going to be important to our future business in this state.

When we look at a business plan with expansion and jobs where we are going to invest our dollars, we always look at a 20-year business plan. From our perspective, dollars are flexible until you start pouring concrete. Once we start doing that, we need to make sure that the return we are going to get for our investment, whatever facility we choose to make that investment in, is going to give us the type of return we are looking for.

With that said, I want to reemphasize to you, it is very important to us. We have heard from our customers that it is important to them. We strongly urge you to pass this bill.

Assemblywoman Kirkpatrick:

I am struggling a little bit. We are talking about doing something good, but I think the overarching theme has been so far that if we do not pass this you are leaving our state. That is a huge struggle for me because we need people that are going to invest in our state in the long-term. I hope we do not continue that theme because it makes me not want to do nice things to try to bring other industries.

I want to make a point on your 20-year plan. Where do you see yourself in 20 years? I struggle putting something in place for 20 years, and binding future Legislatures, because I do not know what the state will look like in 20 years. I am curious as to how you know what you will be doing in 20 years, and where will you be in this state in 20 years, hypothetically? I want to make sure my kids come back in 20 years and ask you that same question, because you are doing your business line for 20 years. I would like to know how you envision where you will be in 20 years?

Mayra Calzadilla Vieito:

Let me start by saying we have no intention of pulling out of the state of Nevada. That is certainly is not our position. I think we would love to have the opportunity to continue to expand in Nevada. That is the position we are starting from.

I am not in a position to make a commitment for the corporation, but what I can tell you is that I believe unless Nevada passes this bill, it puts you at a competitive disadvantage with other locations. We certainly do our planning

over 20 years, but if you are asking me right now to make a commitment as to where we will be, I cannot give you that. Looking at all possibilities for investment areas, it would be much more attractive to us if we had the opportunity to have the sales tax exemption valid in this state.

Assemblywoman Kirkpatrick:

Could you get me all of the fees and taxes you pay at your California location, so that I can compare them to Nevada?

Mark Cunningham, Senior Director, Sales and Marketing, Sundance Helicopters, Las Vegas, Nevada:

Thank you very much for allowing me this opportunity to speak to you on behalf of Sundance Helicopters regarding S.B. 93. Sundance Helicopters was founded in 1985 in Las Vegas. We had one helicopter and two employees. We were the first tour company to create a flight over the Las Vegas Strip, and in 1988, we established the first relationship with the Hualapai Nation in Arizona. We created the first tour operation from Las Vegas to Grand Canyon West. That has created hundreds of thousands of experiences for Las Vegas visitors every year, and created an entirely new industry in helicopter tourism.

Sundance is considering building a brand new maintenance facility, a multimillion dollar maintenance hangar, at the McCarran International Airport. I assure you, Assemblywoman Kirkpatrick, we just renewed our lease at McCarran for the next 25 years. In order to grow and expand our maintenance facilities, we are very keen to ensure that S.B. 93 passes, as it allows us to grow and expand our fleet, and we do satisfy the requirement in the bill.

We have also purchased new aircraft to revitalize our fleet, and we will consequently be hiring several highly compensated employees, including pilots, technicians, and quality assurance staff to service this equipment. All of these accomplishments for Sundance Helicopters stem from our investments in this business in Nevada over the past 30 years.

The intent of this bill is to support the aviation sector in Nevada, and to encourage continued growth. It is an acknowledgement of the hard work of Sundance Helicopters and many of the Nevada aviation companies standing before you today. Senate Bill 93 is correct in addressing an area in which Nevada can become more competitive with its neighbors to attract and retain aviation investment and growth. For example, to the west and north of us, we have already heard today that California and Idaho both offer aviation tax exemptions. Arizona is considering, in this legislation, to expand its sales

tax exemption for all aircraft, parts, labor, and maintenance. So you can see, this is a very serious concern for us. It is the work of the Office of the Governor on this issue to make this important first step, to make Nevada friendlier to the aviation business that we support.

Sundance Helicopters is proud to be a resident Nevada business, employing Nevadans and partnering with dozens of local businesses from limousine companies to catering companies. We also carry a Department of Defense contract, and do quite a bit of work out in the range helping our UAV partners and other businesses that are emerging in our region.

Any aviation company knows that it is an expensive business, with very high fixed costs. These factors must be taken into consideration when we are assessing the future survival and viability of any business. This bill is very important to us, as we want to expand and maintain our maintenance facilities in Nevada. For example, today we are still headquartered in Las Vegas, but many of our team members must fly every day out to Arizona to our tour base at Grand Canyon West in Arizona. The passage of this bill will support our long-term plan to keep the majority of our maintenance facilities and services here in Nevada.

Galen Aswegan, Partner, Apex Aviation, Henderson, Nevada:

I come from a slightly different perspective, in that I am a retired entrepreneur, ex-Boeing executive, investor, and I am also an aircraft owner. I am going to come at you from three different ways. One is I have been introduced to a company in the Henderson area by the name of Apex Aviation. I am going to be investing in that company and helping them grow as a business, as well as being a financial resource for them. Apex is a maintenance, repair, and overhaul company, so they are one of the companies you are focusing this bill on. All the stories you have heard today are true. Apex does quite a bit of maintenance on planes from outside the state and on many based in southern Nevada. Unfortunately, they are restricted to doing mostly the day-to-day maintenance. Anytime it comes to the bigger checks or major modifications to the airframes, they are competing with everyone else that you have heard about in the other states, to the point where they do not even bother bidding on those kinds of contracts. It is just not competitive.

We are hoping this bill will allow us to expand that so it is something more than just the day-to-day maintenance. I personally am looking at moving my airplane from southern California to Henderson. I find it very attractive. I like the

businesses that are there, the environment, the fixed-based operator, and the airport facilities. The thing that really prohibits me from doing that is the cost of maintenance.

To give you an example, I have a fairly large airplane and I have an engine overhaul coming up. I have two choices: I can either repair those engines—and the estimates are in the millions of dollars—or I can buy new engines that have already been repaired and install them for a much lower cost, but the sales tax kicks in. If I choose that option, these engines will cost me over \$1 million. I can have that work done anywhere. Just the sales tax alone allows me to fly the plane to do it anywhere, and in my case, southern California is the obvious candidate. I would rather do it at the facility that I am investing in.

It is very important for me to have those decisions taken off the table for me. It helps with this kind of bill. The other thing is, I have helped this company expand already. We have done some hiring. I have had a chance to meet a lot of the local residents in the Henderson area to interview them from a job skill perspective. What I found is that many of them are unemployed right now, a lot of them are working part-time, and a lot of them fly out of state to work just because the jobs are not being kept here. I have had a chance to see that those skills are already here, so any growth this bill provides, the workforce is here, it is just not being utilized completely.

To emphasize the facility aspect, I just signed a five-year lease for a large portion of hangar space at Henderson Executive Airport. I would like to build facilities, but the difference between a 10-year bill and a 20-year bill makes me stop and think. For me to invest in that building, I need more than ten years, because it is going to take me years to get that building done in the first place. If I look at this business environment going backwards, ten years from now, it is a real deterrent to making that investment. I am going to continue to lease in the meantime, and cross my fingers. It is not the ideal business decision for me.

I would like to see a longer-term bill. I would like to see you support this if at all possible. I think it is going to be good for your state. I think it is going to be good for the individuals in the state.

**Bill Reynolds, Business Development Manager, Unmanned Systems Inc.,
Henderson, Nevada:**

Today I am joined by Donald Bintz, the chief executive officer of Unmanned Systems Inc. I am here to support S.B. 93. Unmanned Systems Inc. (USI) is a Henderson-based company that started in 2003. We are an unmanned aircraft company that grew from \$15,000 of revenue in our first year to \$16 million last year. We are a growing business here in the state. We are a prime contractor for the U.S. Air Force, flying MQ-1s and MQ-9s for them. We have also built, tested, and certified our own UAS aircraft in Montana. We have logged over 500 hours in that aircraft, and we have an airworthiness certificate from the FAA. Basically, everything that was talked about earlier today is what we are doing in the UAS market, but we are doing it in Montana.

There are a couple reasons for that. This has been a business—smart move for us, as far as all of our costs go, but we are looking to expand now. There are a lot of reasons we are looking to expand. This state and the work you all did in getting it to be a test site was huge for the UAS world. Also, with us being a local Henderson company, this is where we want to expand to, but we have to look at the business sense of it. The test site is the first part. The second part is to have a business friendly environment. That is what this bill does for us. It provides us breaks on our sales tax, and on all of our parts and labor. We also own and maintain a traditional manned aircraft fleet as well. Those are based in California, Montana, and Nevada. We hope to move more of those aircraft into Nevada as we expand. The point is to keep up all of our qualifications. Aviation is a perishable skill. The UAVs are not always the answer.

The key thing for us is we hire veterans. I myself am a veteran. I worked here in the state and transferred to the company about five years ago. Also, our minimum wage in our company is over \$50 per hour. These are high-paying jobs that want to move into this state. We see this bill as being a fair rule for our business. Also, the 20 years is important for us. The reason is, as you notice, the UAS rules are not even finalized by the FAA. Only the small UAS rules will be finalized in two years. The larger UAVs are looking at the year 2020. That is where we are looking to expand to. The bill has to go out to that point for it to make sense for us to invest here as we look at those larger UAVs as we expand. We currently build the small ones; we are going to build the larger ones. That is what we want to do.

We started in Henderson, we live here, the majority of our employees live here, and we want to expand our business here in this state. This is where we see as an advantageous place to work based on this bill.

Scott Lether, Documentation/Flight Safety, Drone America, LLC, Reno, Nevada:

We are a small start-up business in the UAVs. As Mr. Tretheway said earlier, the UAS industry is going to be \$100 billion in the next ten years. We believe that Nevada has a great opportunity to expand with this bill, so we could actually grow the industry. We are working with the FAA. We are going to incorporate, as well as implement, any advantages we can to get our prototypes flying.

We are a business of 18 people. We are also expanding and we would like to build facilities, as we continue to grow. We are also looking at a 20-year rate of return and we need that to help us expand. We also have partnerships with the University of Nevada, Reno (UNR), Truckee Meadows Community College (TMCC), and the University of Nevada, Las Vegas (UNLV). We work with these educators because we want to hire the graduates who are coming out of school, in keeping the talent within Nevada. As we grow, we want to grow with the bill and with the state. This is an opportunity for the Legislature to act on this bill.

Donna Miller, President, Life Guard International, Inc., Las Vegas, Nevada:

I am here in support of S.B. 93. I am the founder, owner, and president of Life Guard International, Inc.-Flying ICU. We are a Nevada-owned and operated air ambulance company based in Nevada since 2002. We are actually the only fixed wing air ambulance that is based in southern Nevada, and we are here to stay. We own and operate four aircraft that are dedicated for air ambulance service and transportation. More specifically, our aircraft have been converted into flying intensive care units. Basically, we save lives as we emergently transport critically ill and injured patients by airplane, for example, from rural Nevada to higher-level-of-care facilities in Las Vegas or Reno, or to specialized hospitals in California, Arizona, or as far as Boston, Massachusetts, in the case of a complex, cardiac pediatric patient.

Our expenses are high. Purchasing and maintaining aircraft is expensive. Hiring and training experienced and competent medical and aviation personnel is expensive. Maintaining a 24-hours-per-day safe operation with rapid response teams in both urban and rural areas is expensive. Maintaining federal and local licensing requirements and regulation and accreditation standards is expensive.

We are competing against other air ambulances that are based in neighboring states that have lower cost bases due to their states' tax treatment of the aviation industry.

If S.B. 93 is passed, this tax abatement will allow us to compete more effectively with those air ambulance companies based in the neighboring states that currently take business away from Nevada companies. It will allow us to use funds that would otherwise go to tax on repair parts, to be resurrected to expand our business, and to continue to maintain a safe and a quality air service. It will place Nevada's air ambulance operators on a more equal competitive basis with our competitors who, again, are located in neighboring states that provide less restrictive regulations and more financial support via tax abatement laws.

Should S.B. 93 not pass, it will put us in the position of having to decide whether we can afford to transport that uninsured child or Medicaid mother and still stay in business. That is a hard decision for me to make as a nurse who went into business to save lives, and as a businesswoman who has 50 employees and their families depending on her. That is why I support S.B. 93, and I encourage you all to do the same.

Rae McElroy, Chief Operations Officer/Executive Vice President, Investor Relations, Economic Development Authority of Western Nevada:

Our position is in support of S.B. 93. Being an economic development organization working with existing businesses to recruit businesses outside the area, this would be a way for us to stay competitive, for us to provide those companies that are looking to expand their operations here—especially the ones with high-paying, high-quality jobs—that we are responsible for bringing to the community. This would be an advantage for those companies to be able to grow, and given the opportunity for that 20-year period gives them the chance to recover some of the capital investment.

Reza Karamooz, President, Nevada Business Aviation Association:

Our association is composed of 375 members in the state of Nevada who are in aviation, aerospace, and unmanned systems. Many of the individuals who provided testimony today are part of our membership group. We represent a pretty wide array of folks who are going to be affected by S.B. 93. We are here on their behalf to provide community support for this bill.

I would like to share one story about a meeting I had last March with one of our members. I asked him if we were to get something like this passed, how would that affect his business. He said it was funny I had asked, because in April 2014, they had a Boeing business jet (BBJ)—which is a 737 that has a VIP configuration, so the casinos can bring their big clients—that was going to fly from Las Vegas to Washington State for repairs. It is a \$2 million check-up. He said what was sad about it was not only was that revenue going out of state, but the shop that could do it locally—those mechanics and that shop—would be certified to do that kind of work for other clients, but they could not justify doing it here because 8.1 percent sales tax on \$2 million is a pretty big number. We have a duty to our shareholders, we have a duty in business, financially, to do the right thing and take that plane somewhere. But, if this could be fixed and we could do those kinds of things here, now that shop could get more of that kind of work from businesses outside of Nevada.

The first thing this bill does is capture the business that belongs to us, that we are shipping out. It captures the jobs that belong to Nevadans. It is simple. Senate Bill 93 is a net tax gain in the first year. How do you do a tax abatement and have a net tax gain? We are not getting the business, that is what is happening. This creates jobs; on the low side something over 400, on the high side something around 1,350 good-paying jobs. These are good-paying jobs; conservatively, 25 percent higher than our state average. These are the jobs we want.

The tax is upstream; I am not sure that is clear. The customer does not see a tax line item on his or her bill. When they get the plane fixed, there is no tax line. That is a cool thing because right now, they see it and they have sticker shock, or they just do not come here. Many of our shops do not put in a bid because they know they cannot get the million-dollar jobs. They are not tooled up for it, and why would they be if they are not going to get the jobs? Once this happens, and S.B. 93 goes through, they can make those investments, not just in buildings and facilities, but in the equipment and personnel to be able to capture that business. It is important to have the 20 years because, as we have heard over and over, these major investments require a long-term return on investment. You cannot pay them back in ten years, and in most cases you have to have a minimum of 20 years. In most states that have passed these types of exemptions and abatements, they just renew them or make them permanent. I do not know of a single state that has

passed one of these and not extended it or made it permanent, and there are many states. As has been mentioned, we are one of only a handful of states that does not provide any abatement or exemption. Our neighboring states are taking our business.

I told that member I understood why he would send the \$2 million job away, but asked what was the low number—at what point can you do the job here? He said they had started to analyze what that number is, and they were trying to figure out how a \$50,000 job could also be done in Long Beach or Van Nuys. I asked him how they could justify that. He said they would fly the client back to Los Angeles and schedule the job to be done when the client is dropped off. "We taxi the plane over to the shop and keep it there for a day or two. When the job is done, we bring the plane back, and we save \$4,000 to \$5,000. We are talking about a publicly traded casino operation, and they are that careful with where the money is spent."

This is a serious issue. I can tell you that if I have two examples, I have 100 more, and these are real life, everyday examples. Every time I hear that I cringe, because I know Nevadans could use those jobs. Those are our businesses we are shipping out; those are jobs that belong to our people. This puts us on a level playing field where we can actually start getting the business here from other states. There are businesses here that have planes they own that are based somewhere else outside of the state because it is cheaper to do it that way. That is not right.

I am here on behalf of the Nevada Business Aviation Association to provide our support for S.B. 93 and for its 20-year term as a minimum.

George A. Ross, representing the City of North Las Vegas:

As you know, the City of North Las Vegas has an airport and has a great deal of developable, potential industrial land. The City is very much in favor of this bill.

Thomas J. Hall, President, Stead Airport Users Association:

We are looking to develop Stead Airport, which is 5,300 acres of land. We would like to have facilities that can use this tax incentive to invest in that facility.

I also wanted to share briefly that I am also past chairman of the Reno Air Racing Foundation. I handed out some brochures ([Exhibit E](#)). I would like to talk on behalf of our students. Ten years ago, I was approached by a client

of mine who wanted to start a school of aeronautics at UNR. I contacted John M. Lilley, former president of UNR, asking him about a school of aeronautics. After talking with him he created a committee and we started studying it. In the third meeting, Mr. Lilley asked how much money our client wanted to put up for this school. I told him our client would put up \$40 million as matching funds for a school of aeronautics at UNR. We studied it for two years, and they finally turned us down. They said we did not have any students who wanted to pursue a career in aviation, we did not have any teachers who could teach anything about aviation, and we did not have any jobs out there that would support our endeavors to support a pipeline of students into aviation.

I then started a career with the Reno Air Racing Foundation, and I started this Pathways to Aviation ([Exhibit E](#)). We have had speaker programs. We have had the Commandant of Cadets of the U.S. Air Force Academy. We have had Sierra Nevada Corporation (SNC) come. We have had astronaut Buzz Aldrin come to campus to talk. I believe this year we are having Howard Putnam, the former chairman of Southwest Airlines and Braniff Airlines, speak to us.

We have created a pipeline and a pathway for students who want to create a career in science, technology, engineering, and math (STEM); aviation; and engineering, but we need the jobs to feed into. I applaud the Governor's efforts to do this. I was here two years ago and testified in support of this bill, and I hope you pass it this time.

John Burrue, President and Chief Executive Officer, American Medflight and Reno Flying Service:

I would like to speak briefly to the jobs aspect of this. Between our two companies, we employ 50 pilots, nurses, medics, mechanics, and a small handful of administrative staff. Most of our staff are pilots, medics, and nurses, who earn anywhere from \$70,000 to \$120,000 a year as an average salary range. I have a little different twist to this. I am not suggesting that I am currently losing business to California or neighboring states, in fact I am proud to say that our little Nevada company regularly flies into California and takes business from California. I am very proud of that because we are an employee-owned Nevada company, and I cannot stand doing business in California. We are here in Nevada because we love Nevada and I grew up here. I have an airplane headed to California right now to pick up California clients, fly them within the state of California, and then fly back with the revenue to the state of Nevada. I love that aspect.

The reason I am so strongly in favor of this bill is that we want to expand our operation. We currently operate eight aircraft between the two companies. I would like to see that grow by at least two in 2015, and we would like to grow from there. The way we compete with California companies right now is we use slightly smaller, slightly older, very well-maintained airplanes that we can sell at a slight discount to what the California companies are offering. That means that if I go out and buy another slightly smaller, slightly older, very well-maintained airplane this year, I can send two airplanes into California and make a few more bucks and bring it back to Nevada. That is what this bill allows my company to do, to reinvest the money that we are bringing from neighboring states, in some cases, and reinvest that into growing our jobs base, growing the number of aircraft we operate, and bringing more people and more jobs into the state of Nevada.

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

As our state's largest business organization, we are in support of this bill. We were in support of Senate Bill No. 385 of the 77th Session, and we are very supportive of the efforts as described earlier by Lieutenant Governor Hutchison and Assemblywoman Bustamante Adams regarding the Southern Nevada Forum for the same reasons regarding job creation and economic development. We want to offer our support. The Chamber of Commerce of Reno, Sparks, and Northern Nevada asked that I pass along their support for S.B. 93, as they could not be here tonight.

Brian McAnallen, Government Affairs Manager, Office of Administrative Services, City of Las Vegas:

We are also in support of this bill. Thank you for bringing the bill forward and hearing it. We would also like to echo Mr. Moradkhan's comments and thank the Southern Nevada Forum for working so hard on this issue. We know this issue was up last session, and we support its efforts. Thank you for moving it forward.

John L. Pfeifer, P. E., Western Pacific Regional Manager, Aircraft Owners and Pilots Association, Redding, California:

I am here today to support the bill. My territory is Arizona, California, Hawaii, and Nevada. It is good to be back in Carson City for a day. We do not have any businesses in Nevada, but we do have 4,000 members in Nevada, many of whom own small and large businesses that would benefit from this bill and we urge your support.

Benjamin Griffith, representing Northern Nevada Development Authority:

I want to say that this meets our aerospace sector target basic requirements. As soon as you pass this, we will have already met that requirement. This has a positive statewide impact. The median household income will increase because of this bill. The Sierra region already has 60-plus aerospace manufacturers, and this will make it easier, with all the airports around, to move the customers closer to the manufacturers. This also provides our business development professionals with a key tool, as opposed to the current big gap competitors' advantage.

Shannon Hogan, representing Northern Nevada Chapter, Commercial Real Estate Development Association:

I would like to echo comments previously made. We are in great support of this bill due to the economic benefits it brings to Nevada.

David Cherry, representing City of Henderson:

It is my pleasure to be here to express the City's support for this piece of legislation, and also to let you know we have submitted a letter of support from Mayor Andy Hafen from the City of Henderson for the record ([Exhibit F](#)).

Chair Roberson:

Is anyone else here in support of S.B. 93? [There was no one.] I would like to make a comment. It says a lot to me, Chairman Armstrong, and the entire Committee that so many of you travelled here to speak today on behalf of this bill. We all really appreciate it. Is there anyone as neutral on S.B. 93 who would like to speak? [There was no one.] Is there anyone opposed to S.B. 93 who would like to speak? [There was no one.] Do you have any final comments Mr. Hill?

Steve Hill:

Given the hour, brevity seems to be an appropriate course. Again, I want to thank all of you for your willingness to hold this hearing, and to do so in a joint fashion. I think it was important and it allowed all of the participants to be here at one time.

I also want to thank everyone who has worked on this issue and this bill over the past 2 to 3 years. We feel this is very important. I hope the testimony here exhibited that, and we look forward to working with you. I hope you consider this bill favorably. Thank you very much.

[([Exhibit G](#)) and ([Exhibit H](#)) were presented but not discussed and are included as exhibits for the meeting.]

Chair Roberson:

I will close the hearing on S.B. 93 and open the hearing on Assembly Bill 161.

Assembly Bill 161: Authorizes certain businesses to apply to the Office of Economic Development for a partial abatement from certain taxes. BDR 32-699

Assemblywoman Irene Bustamante Adams, Assembly District No. 42:

As I testified earlier on the Senate Bill 93, I was the cochair of the Southern Nevada Forum for the Subcommittee on Economic Development. If you read S.B. 93 and Assembly Bill 161, you will notice they have identical language, with one difference. In A.B. 161, page 3, section 1, subsection 3, paragraph (b), subparagraph (2), lines 42 and 43, it talks about the approval of the abatement for an applicant for a period of no more than ten years.

During the meetings we held in southern Nevada, with all the people who were engaged in the discussion, we went through the provisions line by line. We were in unanimous agreement on all the provisions except for this one. It was an even split. There were some people who said we should keep it at 10 years, there were some who suggested no cap at all, and there were some who recommended we move it to 20 years.

I wanted to let you know that that is the difference between the bills. My suggestion is that we do keep it at ten years, and I will give you the reasons. In Senate Bill No. 385 of the 77th Session, Senator Roberson, you had introduced the same bill and the threshold was at ten years. We thought it was a good policy idea then, and we still consider it to be so.

Also, we believe that in the requirements pointed out, especially by Assemblywoman Benitez-Thompson regarding new capital investment, \$250,000 is low compared with some of the other abatements that we have done as a body for other entities. Therefore, the cap should reflect the same.

Third, threshold does not limit the industry from reapplying in another ten years. They can come back, they have proven there is a return on the investment, and they have delivered on their promises. It also does not prevent them from coming back next session, in two years, if they decide it is a great investment for Nevada, and move it to 20 years.

Lastly, ten years is a reasonable time of accountability for taxpayers to evaluate their return.

In closing, those are the differences between the two bills, and my recommendation is that we keep the threshold at ten years.

Assemblywoman Kirkpatrick:

I want to clarify you meant for ten years, correct?

Assemblywoman Bustamante Adams:

That is correct. Ten years is the recommended threshold.

Senator Ford:

This question is for Mr. Hill. In view of the concerns that were just raised, and the rationale for leaving it at 10 years, what is your response to that and the reason why we should opt for 20 years? I have heard the testimony in support, but I would like your testimony on the record.

Steve Hill, Executive Director, Office of Economic Development, Office the Governor:

First, I want to say I certainly appreciate all the work and leadership that Assemblywoman Bustamante Adams has spent on this issue. I understand the comments she made, and the reason for the comments.

Having heard from members of the industry, in Nevada's competitive situation, states surrounding Nevada have no time limit on the benefits of the tax situation that they enjoy in other states. Limiting that in Nevada makes it more difficult for companies to make the decision to come here, particularly when they are investing money in the hard assets that are very difficult to move.

From both a competitive aspect and, in order to achieve all of the benefits of this bill that we are looking to achieve in terms of employment and great jobs, we feel that the twenty years is both appropriate and helpful.

Senator Ford:

As was indicated, S.B. No. 385 of the 77th Session was for ten years. You are increasing it to 20 years. Why not a commensurate increase in the requirements for investment and things of that sort?

Steve Hill:

What we are trying to do is create a great business environment for this industry in Nevada so all these companies can grow. The goal at the start of this process, which was the beginning of the 77th Session, was an exemption. That exemption would have existed for all companies. They would not have had to create jobs, make an investment, or anything on that checklist. We feel that would have been the best policy. This bill is an attempt to get as close to that as we can in order to provide that opportunity for all Nevada businesses.

Senator Ford:

Senator Spearman indicated a study ([Exhibit D](#)) earlier and I would like to know how amenable would you be, in view of what we just heard, to including a reporting requirement to demonstrate the growth and the advantages in terms of the number of people employed and the amount of revenue we raise in the state over the course of this 20-year time, with reports back to the Legislature?

Steve Hill:

We have a reporting requirement for all abatements for the length of time they exist. We will be reporting on each one of the abatement applications that are approved going forward.

Assemblywoman Kirkpatrick:

I hope whatever comes out of this, there is one bill that everyone can agree on because Assemblywoman Bustamante Adams spent a lot of hours on this and I hear your Office getting a lot of the credit. We all worked on it, but I think Assemblywoman Bustamante Adams probably put the most time into it, and I do not want that to be lost.

We do the tax expenditure report so we can go back and evaluate things that work for our state as a whole. We are focused on our state. We cannot be focused on what other states do. Contrary to what people say, I think it is going to be hard for people to say in the next 2 years that they will have their 20-year plan together, because more than likely you will not even have your regulations together until the fall. How would you react if the Legislature came back in two years and said something like only three people did this, so it must not be a good investment; maybe we should get rid of it? You have to think of term limits. People are only looking at the numbers, not remembering the history. I wonder what you would do at that point.

Maybe we split it down the middle at 15 years, because I think we have to see if this is the type of industry that works for our state, and evaluate it in 2 years to see who is serious. I would be interested if we did 20 years, but yet in 2 years the Legislature said this is not doing us any justice and we want to get rid of it.

Steve Hill:

First of all, I would like to echo your comments about the work Assemblywoman Bustamante Adams has put into this bill, and many others. Secondly, I would be surprised, after having just heard the testimony here today, if we have just three companies after two years. I think we already have at least three commitments today to move this forward.

I would hope and trust that the Legislature does not do that during the next session, but it certainly is the prerogative of the next Legislature. We will have contracted with those who will have made a commitment between now and the next legislative session. That contract would remain in place even if the policy moving forward did not. So, there will be an opportunity to review that during the next session, and if it needs adjustment, this body would be able to do that. It would not disadvantage businesses that had worked through the process with us during the period of time between now and then.

Assemblywoman Kirkpatrick:

I think it is important for the future Legislature that they can come back and revisit this, but it grandfathers whoever may have participated and got approved.

Chairman Armstrong:

I am still wrestling with the 10- and 20-year difference. I am wondering, from a policy standpoint, when we have listened to people talking about how they are going to have 20-year plans, it seems if we had 10 years, this does not restrict them from applying for another 10 years, because this expires in 2035. It would just require, after the first 10 years, that they would then be an existing business, would have to hire three more employees, and do one of the other four things. In a 20-year plan, it seems like they would be forecasting for growth. Would it not be a better policy to then, after 10 years, have them recommit to the state?

Steve Hill:

The initial part of the answer goes back to what I said earlier for some of these more significant investments. A level of a significant investment is based on the size of the company when they are starting. A \$250,000 investment for a smaller business is very significant. We have also heard about some potential \$20 million and \$25 million dollar investments. Those investments in real property, buildings, and something that is permanent is much more easily undertaken if you have certainty over a 20-year period rather than 10 years. I think that is a significant aspect of the difference.

You are right that companies have the ability to come back and reapply under an expansion component, but that does not make the investment decision they need to make now as smooth as it would if it was a 20-year program.

From a competitive standpoint, none of the surrounding states require them to do anything like that. Those benefits are available to them without any of those steps having to be taken.

Chairman Armstrong:

I understand that; I am just trying to think of policy. Obviously, if they are doing a 20-year plan, then they can plan on at 10 years having an additional factor that they would have to consider when making that investment. When I am thinking about it, and to bring up Senator Kieckhefer's point, where if they have one of these patents, then it is not the real property or any other expansion. If they have that patent, then the only commitment is three new employees.

Steve Hill:

That is the case. I will add one thing. As we have heard and seen, given the decisions that have been made in the past, this particular tax situation for this particular industry is a real difference maker. They are committing now to move to other states. The idea that the policy could change in that period of time, after they have made the commitment, is that big of a deal. That kind of difference, the reliance on that time frame, is more important.

Senator Spearman:

With respect to my colleague, Senator Ford, what about incremental reporting? I know in most businesses, although they may make a 5-, 10-, 15-, or even 20-year plan, there are also milestone steps where they go back and evaluate. Commensurate with what Assemblywoman Kirkpatrick said, for me, I am over the moon that people really want to come to Nevada. I think that has to be part

of our long-term diversification plan; however, at the same time, I think it would be less than judicious and rather irresponsible of this body if we did not balance what we have to do to attract businesses with the impact that it has on our citizenry.

Steve Hill:

We will be auditing on an incremental basis, and we are required to report on the results of those audits along the way. We will not be waiting for 20 years to see how things turned out.

Senator Spearman:

Along those same lines, who is the "we" that is doing the auditing? Is that simply the state? Are there any provisions for some type of cohort auditing that the state would do, and then some type of oversight with respect to figures that the businesses produce so that we have some accountability? We should have some collaborative accountability in place as we talk about developing these policy infrastructures.

Steve Hill:

Currently, the audits are performed solely by the Department of Taxation. The company provides the information, the Department of Taxation audits it, they report that information to the Office of Economic Development, Office of the Governor (GOED), and then we report on it.

Senator Spearman:

I am looking for a way that we can say, very succinctly, positively, and without a doubt to the taxpayers who will have to be footing this bill, these were the promises and these are the results. We should also be able to say that this is how we know why, and that there are checks and balances in place that ensure what the state believes has happened and the corporations believe has happened, has indeed happened, so we can report to the citizens in an accurate fashion.

Steve Hill:

That is not a process we currently have in place, but I would be happy to talk with you about that.

Senator Spearman:

I think there are several studies that have said one of the reasons we do not have a lot of information that we need when considering these types of policy adjustments, in terms of recruiting businesses, is because there has not been reciprocity in terms of how that is accounted for, either on the state level or the at the corporate level.

My second question also deals with reciprocity. Assemblywoman Kirkpatrick said that some of the testimony almost started to sound like a threat, "do this or we will not." As much as I want businesses to relocate, I think the aviation industry is certainly one of the businesses of the twenty-first century that will probably be one of the leading industries with respect to economic growth in this country. I am also concerned that we not only have an articulated commitment, but one that says we are going to be here for the long haul. Some people have said Nevada has such a great business tax structure, but we all know that it is not just the tax structure that allows people to consider Nevada. In light of the realities we face currently, not 20 years from now, with respect to some of the quality of life indicators—education, quality of life for our seniors, roads, infrastructure, et cetera. All of those things we are facing right now in this legislative session, I think we have to have some type of expectation for the return on investment because if it was just the tax structure, we would be the heaviest state in the nation. We know it is not just that, so as people consider Nevada, I am happy to consider abatements and other policy issues that would give an incentive to come, but I also know that more people require more services, and that will also mean we have got to have some type of formal commitment to be in it for the long haul. For me, I am not interested in dating, I want us to get married.

Steve Hill:

I agree with what you said. In this particular situation, we often talk about the great business environment we have in Nevada, and I do think we generally have a great business environment here. In this particular situation, for a very attractive industry that produces very high-quality jobs and offers a lot of opportunity for Nevadans, we have a really bad business environment. All we are doing in this bill is trying to come close to leveling that playing field for Nevada. This is a very different situation, and as we look at different industries, different businesses, and what Nevada has to offer, the situations are different. This is one of those cases where it really is a different situation. I was in business for a long time before I took this job and I know of no business that does not have the intention of being there for the long haul. These incentives are helpful to attract them back to Nevada since they left, but they are not

enough to incent someone to come here for the short term, to grab something and leave. Businesses are going to want to be here for the long haul. That works for some, it does not work for all. That is probably a healthy process. This bill requires that they stay and make it; not just choose to stay, but are successful in their business for at least five years, or any of the benefit of this legislation is recaptured from them.

Senator Spearman:

I have heard a lot about surrounding states and how amenable their tax structure policies are to this particular industry. We are talking about their policies now, and we are projecting what our policy should be now, taking into account what the business climate should be in 20 years. My question is a look-back. What were their policies 20 years ago and how stable are those policies now? Is there a likelihood that they might change? Remember the report I cited from February 12, 2015 ([Exhibit D](#)) saying that when one state makes an abatement to recruit an industry, usually the surrounding states do something very similar, so it sets up a bidding war? We are talking about the states around us and where they are right now. What I am considering is where were they 20 years ago and where might they be in 20 years?

I am anxious to pursue economic diversification, but I also know that we have a fiduciary responsibility to the people who sent us here, to ensure their business interests and economic interests are protected as well.

Steve Hill:

I do not know, in any level of detail, what the business environment in the surrounding states looked like 20 years prior to this. You are correct in that states, particularly for this industry, have recognized the value and have adjusted their policies, both in taxes and in other ways, in order to attract the industry. From that standpoint, it has become a better environment for the industry generally, particularly throughout the West. Pointing back to something Mr. Tretheway said in his presentation, the other states have acted already and Nevada has not. There is an exemption for sales tax for all the states around us. There is a partial or full exemption for the personal property tax and registration fees for all of the states around us. There is not much of a next step available for them. We just need to be competitive with them. The chances of a reaction caused by the action we contemplate here, I think is unlikely, given where those other states are already.

Senator Hardy:

Businesses obviously need a comfort level, consistency, and predictability before they make a big investment. It is easy to buy a car on a three- or five-year loan, but when you start putting real estate down, or start pouring concrete, that is when you start saying you need a 30-year loan. We are giving them an opportunity to do a 20-year loan, which is probably more attractive than a 10-year loan as I look at brick and mortar as well as everything else.

We have also talked about if we are going to have a good neighbor. Are we going to have a neighbor that is going to be part of us? We would like a neighbor to buy into us for 20 years instead of 5 or 10 years. I do not know if we want to marry all of them, but we certainly want them as neighbors. We want the neighborhood to be uplifted.

This process of legislation where we cannot bind another Legislature—in two years we would reverse this—does not mean that we reverse the contracts we are good for. The state will always be good for its contracts. People who buy into this know that two years from now legislators can come in and do whatever they want to the people in the future, but not to the people in the past.

This window of two years is very critical for the people to come now, so they can get off the ground now and fly for 20 years. I see this as a very quick opportunity to see something that is going to happen in the next two years. People are going to want to get on board now, because this is a good deal. We heard about good deals. I like the 20 years. I like the good deal. I like the fact that we have somewhat of an anvil waiting in two years to see what is going to happen.

This is a good time and I invite companies to come in during the next two years. We are good for it; when we sign that contract, we will be good for it.

Assemblywoman Kirkpatrick:

I hate to belabor this point, but Mr. Hill, I think you sometimes sell us short. We do have a very good auditing process in place. We have clawback provisions that are standard within our state. You can go to the tax expenditure report. You can go on the GOED website and see specifically what those clawbacks are. We receive a quarterly report so we know what people are

doing and what things come before us, whether it be the Catalyst Account or the abatements. I do not want people to think that we do not have a very tight mechanism to go back and revisit this, and truly see what it is. I worked too hard for five sessions to ensure we had that in place.

What I do not want to be lost today is for all those folks in the audience who came to support S.B. 93, not support 90 percent of A.B. 161, with there only being that one line of difference. That is the legislative process. I am hoping that the Governor's Office also supports A.B. 161, with the exception of the time frame, because I think we can work it out together at a later time.

Steve Hill:

You are absolutely right. The work that this body has done over the past several sessions has improved all of the aspects behind incentives and abatements being performance-based, having accountability and transparency, and having good information—not just transparent, but good information. You can see very positive results of the clawback efforts, which, when I took this job, I was very skeptical that it was possible, but that is actually happening.

Chair Roberson:

We have heard two bills today, with really only one difference between the two. Many have come up in support of S.B. 93. I would like to hear from those who want to testify in support of the 10-year time frame in A.B. 161 versus the 20-year time frame in S.B. 93. [There was no one.] Is there anyone neutral or opposed to the ten-year provision? [There was no one.] Do you have any final comments Assemblywoman Bustamante Adams?

Assemblywoman Bustamante Adams:

I want to make the final comment that I understand that the aerospace industry is one of our best assets here in Nevada. We want to make the investment in what we are good at. We have done the study to say that this is one of them. It is an investment in our existing businesses. They want to grow and I do support that. I represent the recommendations from the Economic Development Subcommittee in Southern Nevada. It is just that one pain point about the return on our investment and ensuring there is accountability in the process for our taxpayers.

Assemblywoman Kirkpatrick:

I have a comment for the Committee. I think it is a little unfair that no one came up and supported any part of Assemblywoman Bustamante Adams' bill.

Chairman Roberson:

I do not think that is what I asked them, just to be clear.

Assemblywoman Kirkpatrick:

I just want it clear. I feel there was a lot of hard work that went into both of these bills, and both should be recognized similarly, with just that one difference.

Chair Roberson:

I appreciate that and agree with your comments. We could have all the same folks come up, who we know support everything in A.B. 161, other than possibly the change in the time period for the abatement. I believe I am correct in assuming everyone in this room who testified in support of S.B. 93 also supports the same provisions in A.B. 161. We all appreciate your work on this. We know how hard Assemblywoman Bustamante Adams worked on this, and want you to understand how much we appreciate you.

Senator Spearman:

I want to piggyback on what Assemblywoman Kirkpatrick said. I think this is a marvelous job and if I were sitting in the audience, I would have come up in support of the ten-year plan because that is what I was getting at. If we have a really tight period that we can look at in terms of evaluating instead of protracting one, and also to the point of whether or not we have the infrastructure in place to do the proper accountability and transparency, sometimes you ask a question because you do not know the answer. Sometimes you ask a question because you do know the answer but there are other people who need to know that answer, too, but will not ask the question.

Chair Roberson:

I am now going to close the hearing on A.B. 161 and ask for any public comment, in Las Vegas or Carson City. [There was none.] I want to thank Chairman Armstrong and the members of the Assembly Committee on Taxation for travelling over to this side of the building and facilitating this joint hearing. This is a very important bill, and we appreciate you all being here. We are adjourned [at 7:11 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Transcribing Secretary

APPROVED BY:

Assemblyman Derek Armstrong, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: February 19, 2015

Time of Meeting: 3:41 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 93	C	Mike Tretheway, InterVISTAS	PowerPoint Presentation
S.B. 93	D	Senator Pat Spearman	"A Quantitative Analysis of Subsidy Competition in the U.S., Ralph Ossa"
S.B. 93	E	Thomas J. Hall, Stead Airport Users Association	"Pathways to Aviation Brochure"
S.B. 93	F	David Cherry, City of Henderson	Letters of Support from Mayor Andy Hafen
S.B. 93	G	Letters of Support	Letters of Support
S.B. 93	H	Resolutions	Resolutions