

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Eighth Session
May 28, 2015**

The Committee on Ways and Means was called to order by Chair Paul Anderson at 7:37 p.m. on Thursday, May 28, 2015, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Paul Anderson, Chair
Assemblyman John Hambrick, Vice Chair
Assemblyman Derek Armstrong
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Chris Edwards
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman James Oscarson
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Barbara Williams, Committee Secretary
Sherie Silva, Committee Assistant



The Committee Secretary called the roll and a quorum was present. Chair Anderson called for public comment. Hearing none, he opened the hearing on Senate Bill 69 (1st Reprint).

**Senate Bill 69 (1st Reprint): Revises provisions governing judicial retirement.
(BDR 1-496)**

The Honorable James W. Hardesty, Chief Justice, Supreme Court, explained that the senior judge program was sunsetted in 2009, and a number of conditions were placed on its continuation to assure that it would not have an adverse effect on the Judicial Retirement Plan or the Public Employees' Retirement System (PERS). The sunset was June 30, 2015. The purpose of Senate Bill (S.B.) 69 (1st Reprint) was to continue the senior judge program. He thought it had been a successful program, and at least 24 senior judges had been deployed around the state. The bill had been amended by the Senate.

Justice Hardesty said that the bill provided for a retired justice or judge to enter the program within 90 days of retirement rather than the previously legislated 6 months. It also allowed for a judge who had been in PERS for 30 years to become a senior judge on full retirement before age 60. Finally, S.B. 69 (R1) eliminated the sunset provision.

Justice Hardesty explained that a critical labor shortage had made the bill necessary. Judges still had to meet the requirements under Supreme Court Rule 10 before they could become a senior judge, meaning they had a minimum of four years' service, and they had never been defeated in an election. Senior judges were subject to recall and assignment at the discretion of the Chief Justice. He said the bill had no fiscal effect.

Assemblyman Sprinkle asked whether senior judges collected retirement and pay for their duties.

Justice Hardesty said senior judges received an hourly pay rate per diem and did not receive added contributions to PERS. He noted that the amount they earned was minimal compared to their retirement.

Chair Anderson called for testimony in support of, neutral on, or opposed to S.B. 69 (R1).

Tina M. Leiss, Executive Officer, Public Employees' Retirement System, said that with the Senate amendment to the bill, the fiscal note had been eliminated.

Hearing no other response to his request for testimony, Chair Anderson closed the hearing on S.B. 69 (R1). He said the Committee would go into work session.

**Senate Bill 69 (1st Reprint): Revises provisions governing judicial retirement.
(BDR 1-496)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill (S.B.) 69 (1st Reprint) had been heard earlier in the meeting. The bill authorized a retired judge or justice to accept employment as a senior judge, justice of the peace, or senior municipal judge in the State of Nevada. The fiscal note was removed with the Senate amendment of the bill.

Chair Anderson requested a motion on S.B. 69 (R1).

ASSEMBLYMAN KIRNER MOVED TO DO PASS
SENATE BILL 69 (1ST REPRINT).

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Anderson asked Assemblyman Sprinkle to present the floor statement.

**Assembly Bill 485: Revises provisions governing the duties and structure of the
Office of Science, Innovation and Technology. (BDR 18-1155)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Assembly Bill (A.B.) 485 revised provisions governing the duties and structure of the Office of Science, Innovation and Technology. The bill was processed by the Committee on May 23, 2015, and staff requested that the action from May 23 be rescinded and a new conceptual amendment (Exhibit C) adopted. Ms. Jones said this was due to her error—she had two amendments with the number 7047, one was the original one submitted, and the other was a conceptual amendment with the same amendment number. She noted three primary areas where the bill had changed. Section 2 removed a provision for reimbursement of actual and reasonable expenses of board members. Section 2, subsection 2, paragraph (b), subparagraph (1) also clarified the membership of the Advisory Council on Science, Technology, Engineering and Mathematics by adding the word "administrators." Lastly, section 3, subsection 2 clarified that the events held to recognize students who

demonstrate exemplary achievement would be held annually. Staff requested that the Committee rescind the previous action and revote on the error.

Chair Anderson requested a motion on A.B. 485.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO RESCIND THE COMMITTEE ACTION ON ASSEMBLY BILL 485 TAKEN ON MAY 23, 2015.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Ms. Jones said the proposed amendment 7047 ([Exhibit C](#)) was the correct version to pass out of Committee.

ASSEMBLYMAN OSCARSON MOVED TO AMEND AND DO PASS ASSEMBLY BILL 485.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywomen Bustamante Adams, Carlton, and Kirkpatrick voted no.)

Chair Anderson asked Assemblyman Oscarson to present the floor statement.

Assembly Bill 464: Revises provisions relating to state financial administration. (BDR 32-851)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Assembly Bill (A.B.) 464 as introduced increased the modified business tax (MBT) to 1.56 percent and lowered the exemption to \$50,000 per quarter for all businesses. The bill repealed the healthcare deduction for the MBT computation, eliminated the bank branch excise tax, increased the business license fee to \$500 for corporations and \$300 for all other businesses, and started the process of collecting certain data not currently collected by the state. A proposed amendment to the bill was submitted and heard at a presentation on May 21, 2015, and again at a hearing on May 25, 2015, at a joint meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance. At the May 25 meeting, proposed amendment 7519 was discussed, and the Office of the Governor made a recommended change to the revenue package submitted with

the Governor's recommended budget. The new amendment had the following components to raise revenue for the State of Nevada:

- Increased the business license fee from \$200 to \$500 for corporations and \$200 to \$300 for all other businesses.
- Increased the modified business tax to 1.475 percent for businesses and 2 percent for mining and financial institutions.
- Reduced the standard exemption and retained the employer healthcare deduction.
- Created an industry-specific, annual levy on businesses that had annual revenue of \$3.5 million or more.
- Provided a 50 percent credit for that new tax against the firm's MBT liability.

Assemblyman Kirner expressed concern over the bill, particularly as it related to the commerce tax. He recognized that it was important for his caucus and the body as a whole to be able to discuss the bill further, so he would be supporting it as the Committee moved it to the Assembly floor.

Assemblywoman Titus said she would not be supporting A.B. 464. She believed she would be letting down the people in her district and the people of Nevada if she in any way condoned a margins tax, gross receipts tax, or commerce tax.

Assemblywoman Kirkpatrick said she would be voting the bill to the Assembly floor because she believed the Committee had spent sufficient time discussing the budget and the funding for education. Because the budgets had been closed, she thought it was appropriate to move forward with some revenue to fund them.

Assemblyman Edwards said that A.B. 464 in its original form met the challenge of funding the budget. With the amendment adding a gross receipts tax, he could not support the bill.

Assemblywoman Dickman echoed the concerns of Assemblyman Edwards.

Assemblyman Armstrong said he would not be able to support the bill, but he supported the Governor's vision for education reform in Nevada. He had voted for education savings accounts, opportunity scholarships, and Achievement School Districts. He felt A.B. 464 was not the right funding mechanism.

Assemblyman Hickey said the state had taken a gamble on approving the Tesla bill in the 28th Special Session (2014). Following that, he agreed with the

Governor that education was the number one priority, not just in the policies that had been adopted, but in the revenue stream that needed to be raised to meet the needs going forward. The Committee had passed the budget that incorporated the reforms and programs that Governor Sandoval had outlined, and he was proud to support a way forward.

Assemblyman Oscarson said he had participated in the process in the Assembly Committee on Health and Human Services and the Assembly Committee on Ways and Means. He understood the work that had been done by members of the Committee and believed it was now time for the entire Assembly to assume the responsibility. He would be voting to move the bill to the Assembly floor.

Chair Anderson said that he believed the Committee on Ways and Means had built a budget that would change the landscape of education in Nevada. He thought there were investments they could all be proud of and would produce results. He agreed that it was time to move the discussion to the Assembly floor and requested a motion.

ASSEMBLYMAN HAMBRICK MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 464.

ASSEMBLYWOMAN HICKEY SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Armstrong, Dickman,
Edwards, and Titus voted no.)

Senate Bill 276 (2nd Reprint): Revises provisions governing medical marijuana establishments. (BDR 40-996)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said Senate Bill (S.B.) 276 (2nd Reprint) had been heard earlier in the day and was presented by Senator Patricia Farley, Senate District No. 8. As amended, the bill required the Division of Public and Behavioral Health, Department of Health and Human Services, to reallocate medical marijuana establishment (MME) certificates between counties under certain circumstances. The bill allowed the Division to reallocate the certificates from one location to another within the same governmental entity under certain circumstances. The bill authorized the transfer of ownership of an establishment from one party to another after complying with certain requirements.

Ms. Jones said the effective date of the bill was upon passage and approval for the purpose of adopting regulations and performing other preparatory tasks and was October 1, 2015, for all other purposes. The fiscal note that was attached

to the bill indicated that some resources might be required by the Division of Public and Behavioral Health to audit any new entities; however, the costs would be supported by the fees that were collected to support the program. The bill had no effect on the State General Fund.

Assemblywoman Bustamante Adams said her concerns had been addressed, and she would be supporting the bill.

Assemblyman Kirner said much of the testimony earlier that day had come from his constituents. The portion of the bill that allowed the county to address proximity of MMEs to each other was critical to him. He was not in favor of the establishments that had been taken from the rural areas and moved to the more populated areas. The most important thing for him to deal with was that four out of the five MMEs authorized in unincorporated Washoe County were in his district and were clustered together. He would support the bill because he wanted to see some changes in the MME allocation.

Assemblyman Sprinkle said that most of his concerns had been alleviated by previous testimony. The process that had been put in place two years ago was working. He had learned that there were problems at the local level, and he said those problems needed to be fixed. He did not feel it was the Legislature's job to make the changes, but he believed it was the Legislature's job to give direction. He would be supporting the bill.

Assemblywoman Titus said she had concerns in removing the potential licenses from the rural areas. Listening to testimony, it sounded like the ordinances were not in place to prevent the clustering of the MMEs. She would vote to get the bill out of Committee, but reserved the right to change her vote.

Assemblyman Hickey said he was not a supporter of the legislation in the 77th Legislative Session (2013), but he acknowledged that it was now the law. He was concerned that the excess permits were being rerouted to the larger urban areas, somewhat circumventing the process of state approval. He was not anxious to see more permits issued because he believed the rollout of MMEs should proceed slowly.

Assemblywoman Benitez-Thompson said that citizens had been very enthusiastic in an entrepreneurial way to enter the MME market. She disliked the reallocation of licenses, and she echoed Assemblyman Sprinkle's comments about the need for the local governments to establish the ordinances that governed the MMEs. She believed if, in two years, the municipalities had not regulated the industry satisfactorily, then it was the Legislature's job to do so. She thought the process was imperfect and the bill did not address the flaws.

Assemblywoman Carlton said her concerns had been addressed and she was comfortable with the bill with the same caveats voiced by others regarding the local governments.

Assemblyman Oscarson said he was concerned that some rural Nevadans who might wish to initiate an MME in the future would be limited in their ability to do so. There was a cap on the total numbers and, if all the licenses were reallocated, some rural areas could be left out. He would vote to get the bill out of Committee, but reserved the right to change his vote.

Assemblyman Hambrick said he would be voting to get S.B. 276 (R2) out of Committee, but reserved the right to change his vote on the Assembly floor.

ASSEMBLYWOMAN DICKMAN MOVED TO DO PASS
SENATE BILL 276 (2ND REPRINT).

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Benitez-Thompson
voted no.)

Chair Anderson asked Assemblywoman Dickman to present the floor statement and opened the floor to public comment.

Carole Vilardo, President, Nevada Taxpayers Association, said she understood Assembly Bill 464 would be amended again, and she asked whether there would be an opportunity for the public to read and comment on any amendments.

Chair Anderson assured her the amendments would be widely available.

Helen Foley, representing T-Mobile USA, said that the amendment to A.B. 464 had a problem she hoped would be corrected. Many companies had a business model that had multiple entities. She gave the example of T-Mobile: T-Mobile West met the payroll and T-Mobile USA collected the revenue. The bill talked about affiliated entities, but in the section covering the 50 percent credit applicable to the MBT, it said only "employer." She believed the amendment should include the authority for the Department of Taxation to adopt regulations that would consider affiliated entities. She was sure the Governor and the Committee did not want the bill to have unintended consequences.

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Hearing no response to his call for further public comment, Chair Anderson adjourned the meeting at 8:11 p.m.

RESPECTFULLY SUBMITTED:

Barbara Williams
Committee Secretary

APPROVED BY:

Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means

Date: May 28, 2015

Time of Meeting: 7:37 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 485	C	Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Proposed Amendment 7047