

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

**Seventy-Eighth Session
May 14, 2015**

The Senate Committee on Revenue and Economic Development was called to order by Chair Michael Roberson at 5:06 p.m. on Thursday, May 14, 2015, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4404B of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator 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

GUEST LEGISLATORS PRESENT:

Senator David R. Parks, Senatorial District No. 7
Assemblyman Pat Hickey, Assembly District No. 25

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Bryan Fernley, Counsel
Jennifer Pearce, Committee Secretary

OTHERS PRESENT:

Michael Hillerby, International Community of Christ
Gene Savoy, Jr., Right Reverend, International Community of Christ; President,
Nevada Clergy Association
Rebecca E. Wellis, Reverend, International Community of Christ

Mike Dyer, Nevada Catholic Conference
Allan Smith, Religious Alliance in Nevada
Dave Dawley, Nevada Assessors Association
Rocky Finseth, Pivotal Tax and Business Solutions, LLC
Brandt Palmer, Pivotal Tax and Business Solutions, LLC
Bryan Wachter, Retail Association of Nevada
Heather Lunsford, Nevada Association of Realtors
Jordan Davis, Fennemore Craig, P.C.
Mary Ann Weidner, Assessor's Office, Clark County
Jeff Payson, Assessor's Office, Clark County
Katrinka Russell, Nevada Assessors Association
Hillary Bunker, Senior Deputy Attorney General, Office of the Attorney General

Chair Roberson:

We will open the hearing on Assembly Bill (A.B.) 391.

ASSEMBLY BILL 391: Revises provisions governing the exemption from property taxes of certain property used for religious worship. (BDR 32-825)

Assemblyman Pat Hickey (Assembly District No. 25):

I introduce A.B. 391, which passed in our House recently. It provides a tax exemption for parcels of land used exclusively for worship and would include both the developed and undeveloped portion of a parcel used for worship.

Tax exemptions for religious organization are nothing novel in America. The language in modern American tax exemptions can be traced as far back as 1601 to England's statute of charitable uses. In the contemporary world, all 50 states provide some form of property tax exemption to religious organizations, either in their state constitutions or by statute.

The Nevada Constitution authorizes the Legislature to exempt property used for charitable purposes from taxation. The statutes exempt churches, chapels—other than marriage chapels, which are a financial business—parsonages and other buildings used for religious worship from taxation, including their furniture, equipment and the lots on which they sit.

However, if any such property is used in whole or in part for any purpose other than a church purpose, meaning rent or consideration is received for that use, then the property must be taxed appropriately under the law.

In summary, A.B. 391 will provide clarity by expressly stating the tax exemption for parcels of land used exclusively for worship, including undeveloped portions of a parcel. There will no longer be any question about whether property owned by a church is tax-exempt. Some will testify today with specific instances that resulted in a unanimous passage of this bill in the Assembly.

Michael Hillerby (International Community of Christ):

Assembly Bill 391 was brought forward by Assemblyman Pat Hickey on behalf of the International Community of Christ. Section 1, subsection 1, paragraph (b) adds to existing language that "... parcels of land used exclusively for worship, including without limitation, both developed and undeveloped portions of a parcel."

The reason we came forward with A.B. 391 is the International Community of Christ owns a large area of land north of Reno. Congregants worship on that land regularly; they hold weekly and daily services there. The church has owned the land for decades. In the 1980s, Washoe County began to charge property taxes based on an interpretation of the law in *Nevada Revised Statutes* (NRS) 361. The church appealed to the Board of Equalization, the District Court and ultimately the Nevada Supreme Court, which ruled against the church. A sentence from the opinion is why we are here: "A tax exemption should not expand or contract depending on the liturgy or methodology of a religious organization, rather it should be governed by a strict interpretation of the tax-exempt statute." That Supreme Court decision was *Simpson v. International Community of Christ*.

Since that time, the church members have paid taxes faithfully each year. They include that they are paying under protest. Over the years, they have developed more and more pieces of the land, parts have been tax-exempt and other parts are not. The total tax bill was over \$5,000 in property taxes last year. This bill would clarify that churches that worship outdoors and all other church land used exclusively for worship whether developed or undeveloped would be tax-exempt. Assembly Bill 391, section 2 says, "... [W]hen any such property is used exclusively or in part for any other than church purposes and a rent or other valuable consideration is received, the property must be taxed." Common

language would be "any commercial activity or any rent." That would already be a taxable activity, so the property needs to be used exclusively for worship purposes.

Gene Savoy, Jr., Right Reverend (International Community of Christ; President, Nevada Clergy Association):

We are interested in expanding the statute. Through the years, the language not only affects us; it also affects other recognized religious organizations, such as Presbyterians and others who actually lost pieces of property that had been donated by parishioners. They were taxed on the properties and unable to pay the taxes on the donated properties.

This is not an exclusive issue that pertains only to the International Community of Christ. We are in favor of expanding the statute. I want to make clear to the members of this Committee that we are not antitax. The International Community of Christ owns and operates a few commercial enterprises, including the Steamboat Hot Springs, and we are glad to pay our taxes on commercial enterprises. However, we feel strongly that when the property is being used for religious purposes of a recognized religious organization, we should all be treated equally. One of the Supreme Court justices recommended that the Legislature should take a close look at this matter.

Senator Hardy:

Is this an expansion then of the tax exemption and does not preclude or make anything more taxable than it was before, such as a church farm, a recreational area with a church ranch or vacant land waiting to have a building put thereon or a girls' campground?

Mr. Hillerby:

We do not want to affect the tax-exempt status of any other existing religious organization. We checked into other counties within the State to determine what other church-owned properties might be affected, and we found a variety of church-owned farms and ranches, large church camps at every corner of the State that are used regularly throughout the year that have a fair amount of undeveloped land to have communion with God and nature. It would allow the International Community of Christ and other religious organizations to enjoy the same tax exemptions.

Senator Hardy:

Are we going to make all churches equal under the law?

Mr. Hillerby:

We hope so. That is the intention. We have many support letters—letters from Muslims, Jews, Catholics, Buddhists and a variety of others in support of this bill.

Rebecca Wellis, Reverend (International Community of Christ):

I introduce the parcel of land we have north of Reno in my presentation ([Exhibit C](#)). We have a seminary and seminary programs that are carried on at the sanctuary. It is a retreat and a wildlife sanctuary. There is a 90-foot tower and a large open-air church associated with it. We planted extensive trees and so forth on the grounds, Slide 2.

On Slide 3, there are pictures of services performed at the large open-air church that we refer to as the Cathedral Church. Close to that, we have gatherings, such as a breakfast gathering after a sunrise service. On Slide 4 is the view from the top of the tallest hill within the sanctuary, and there are several cleared areas. These are each church areas. The location of the sun moves throughout the year; some areas we use in spring and summer, and then we use a different location during the winter.

Slide 6 is an example of a winter service; the sun comes up during the service. We also have a manmade pond for services in the summer and winter, Slide 7. The water also serves as a reservoir for the Truckee Meadows Fire Department—we have an agreement with the Department for usage of the water when necessary to fight fires in the area.

Slide 8 is an example of a summer church within a different location on the sanctuary. There are existing parsonages, and staff members are residents in these parsonages. We have an additional parsonage planned, which will be 3,000 square feet and is under construction, Slide 9.

Slide 10 shows activities taking place outside in designated areas for various services. Wildlife are regularly seen on the land. Another use is for individuals engaging in contemplation as they move through the grounds.

Mike Dyer (Nevada Catholic Conference):

We support this bill.

Allan Smith (Religious Alliance in Nevada):

We are a group of six denominations that have come together to advocate for a variety of social issues. This affects our members, and we support this bill.

Dave Dawley (Nevada Assessors Association):

The Nevada Assessors Association is neutral on this bill. Our concern is about the term "exclusively" used for worship. What does that mean? We have 17 different assessors in the State and we have 17 district attorneys, so we have 34 different opinions on what that could potentially mean.

For instance, there was property in Carson City donated to a church when a street went through the property. If the church were to hold one worship session a year on that property, would that make them exempt? That is our concern.

Chair Roberson:

Did you raise this issue in the Assembly?

Mr. Dawley:

No, sir, we did not.

Chair Roberson:

It is an interesting question. What does it mean by that? Do the sponsors of the bill want to respond to this question?

Senator Hardy:

How do you process it when a church wants to buy a piece of land to build some day? Do you tax the property that is going to be built upon some day?

Mr. Dawley:

It depends on where the property is located. In Carson City, we have property that is located next to one of the churches that is used as overflow parking for holiday services. It is tax-exempt. However, in my earlier example, we are taxing that property and it is not exempt because the church is not developing it right now or holding any services yet. We would like clarification on used "exclusively" for worship.

Senator Hardy:

If a church buys property on Saliman Street and intends to build some day, is that property taxed?

Mr. Dawley:

Yes. We would tax that unless the owners told us they were having services there. We lean toward what we are told.

Mr. Hillerby:

When a piece of property is purchased for the exclusive use of worship, the church would go to the assessor, file that, the assessor would have an opportunity to ask questions. The appeal process would be the Board of Equalization, then to a District Court and maybe to the Nevada Supreme Court to ultimately get an answer. If there was to be a question, the Department of Taxation may be able to weigh in to provide guidance.

While it is a different chapter, it might be instructive for the courts to look at the sales and use tax. In NRS 372.3261, subsection 2, paragraph (b) a property may qualify for a sales tax exemption as a nonprofit, religious, charitable, educational purpose or organization if: "the sole or primary purpose of the organization is the operation of a church ... at which nonprofit, religious services and activities are regularly conducted."

Over the decades, the Legislature has charted a careful course, providing a minimal definition of a religious organization, that does what we think is a good job protecting the public's interest and balancing religious freedom. Most churches have an IRS 501(c)(3) tax status, as well as the state sales and use tax. There are qualifications that a religious organization might show in addition to any other factors when it applies for the tax exemption on a property. This property cannot make any money for the church and cannot be used in commercial purposes or rent.

Chair Roberson:

Is it exclusively or regularly? I would think if the property is not used for other purposes and if services only happen once a year, it is regularly and exclusively.

Senator Ford:

I think that is what Senator Hardy indicated. I might quibble with exclusively and regularly—specifically, parcels of land be used exclusively for worship.

Churches cannot buy up land just to sit on it and expect not to have to pay taxes. Ultimately, they need to use that land exclusively and only for worship, whether it is once a year or otherwise. The land must be used for worship, as opposed to sitting there and waiting for an opportunity to sell it at a higher price down the road.

Mr. Hillerby:

I could not have said it better myself. The International Community of Christ will not ask for refunded taxes paid in previous years should the bill pass.

Chair Roberson:

We are going to close the hearing on A.B. 391. We are going to add it to our work session. We will now hear A.B. 452.

ASSEMBLY BILL 452 (1st Reprint): Revises provisions relating to property taxes. (BDR 32-847)

Rocky Finseth (Pivotal Tax and Business Solutions, LLC):

This issue involves property tax appeals in Nevada and challenges in southern Nevada in Clark County. Section 1 of the bill defines an owner in statute. Particular commercial property owners deal with property tax appeals before the Board of Equalization. Section 2 of the bill involves noticing requirements when an appeal takes place; who can represent a person in those appeals; and if there is an objection to the appeal, how certain notification takes place.

Brandt Palmer (Pivotal Tax and Business Solutions, LLC):

I am a licensed CPA and an attorney in the State of Arizona. We do property tax work across the Country. Over the last few years, I have attended hearings in Clark County, Washoe County and counties all over the State. There are frustrated appellants, owners, taxpayers and consultants. They have filed valid appeals only to have counties reject those appeals and the boards of equalization uphold the decisions to reject the appeals. In 2015, over 12 percent of the appeals filed in Clark County were rejected, 262 parcels were rejected and 2,116 were actually filed.

There is an unclear definition of owner in the statute. Under NRS, an owner can file or authorize an appeal of his or her property taxes. The question is who is the owner. It becomes tricky in a Fortune 500 corporation; who is the owner? Even with a small corporation, it becomes tricky when it is a trust or

partnership. If a person is considered a corporate officer for a large corporation, how realistic is it to get an authorization from one of the corporate executives?

Clark County and other counties are looking to the Secretary of State's Website to locate corporate officers' names listed to determine whether the name on the appeal form or authorization form ties to the names on the Website. This becomes a feasibility issue. Getting in touch with a corporate executive is impossible. The other issue is the list kept by the Office of the Secretary of State is not exhaustive. Corporations are not required to list each corporate officer, executive or partner. We have had instances where authorized signatures did not coincide with the officers listed on the Secretary of State's Website. The bill we propose clarifies the definition of owner.

The second issue is the 48-hour grace period. The NRS states that if you file an appeal on behalf of an owner but the authorization form is omitted with the submission, there is a 48-hour grace period in which to supply the authorization form after the appeal deadline. Clark County—and some other counties—whether intentional or unintentional, I do not know—do not review the appeals until well after the 48-hour deadline. So there would be no possible way to know if the appeal was filed correctly or if it is lacking something. The County Assessor's Office does not see the connection between the person authorizing the appeal and the owner of the property. Even though there is a rightful appellant that provides the documentation, it is simply rejected. The County Board of Equalization upholds these decisions because the Board's interpretation has been that if the supporting documentation is not provided within the 48-hour deadline, it is not considered and simply rejected.

It is a catch-22 if a person doing the filing does not know that the paperwork filed was rejected within the 48-hour time period. You do not know that the Clark County Assessor's Office does not make the connection between an authorizer and the owner. How can you possibly provide supporting documentation that is required without some sort of a cure period? That is what we are proposing in A.B. 452, a cure period, a notification from the county via email or certified mail. Certified mail would cost the taxpayer money. The amount it would cost, about \$800, would be worth the price to enable tax payers to have their due process and appeal their property taxes. This is a good fix for everyone throughout the State.

Mr. Finseth:

The Nevada Assessors Association submitted a proposed amendment to Chair Derek Armstrong of the Assembly Committee on Taxation. You have Proposed Amendment 7328 ([Exhibit D](#)) proposed by the Chair. After a review of the proposal and discussing the issues, Chair Armstrong allowed us to bring forth an amendment.

Chair Roberson:

So you support Proposed Amendment 7328?

Mr. Finseth:

We do.

Senator Hardy:

Proposed Amendment 7328 says "owns, controls or possesses taxable property." How big is this property? Is this envisioning a mall? Who can appeal? The owner of the mall or the owner of the shop? Is it the guy who owns the sunglass kiosk in the middle of the mall? Who appeals? The middle man or the person who owns the multitenant property?

Mr. Palmer:

Realistically, this is a situation that is not going to come up often. The Assembly raised the issue of a kiosk owner or lessee appealing an entire shopping mall. That is a rare occurrence because in that situation the square footage of a kiosk or even a small tenant in a mall is minimal compared to the size of the entire mall. Whether you are an attorney or a consultant, when you file an appeal you are appealing the entire property. The evidence required is reflective of the entire property and you have to work to get the entire property reduced, not just a small portion. With that in mind, the bill for the attorney or the consultant to represent and appeal that property is going to outweigh the tax savings that a kiosk owner would get on that tiny portion of that property. It is not financially feasible.

In the rare situations that it does come up, we think the market, the owner and the lessee can contractually arrange for that accordingly. If owners want lessees to have appeal rights, it can be stated in their leases. If owners do not want appeal rights for a kiosk owner, they do not have to provide that. Chair Armstrong stated this perfectly: "The risk of not including 'possesses' or somebody that is a tenant in the property to be able to appeal will exclude many

more appeals than the rare situations that will come up by including 'possesses' and maybe have a smaller tenant appeal an entire property." We are concerned with taxpayers' rights and their ability to file protests on their property. We support this bill.

Bryan Wachter (Retail Association of Nevada):

We support this bill. We view this as an economic development issue. We have had numerous problems when bringing in the corporate members—the CEO, CFO—to fill out tax forms. We support this bill.

Heather Lunsford (Nevada Association of Realtors):

We support this bill.

Jordan Davis (Fennemore Craig, P.C.):

Fennemore Craig, P.C., supports this bill on behalf of our business and real estate clients.

Senator Hardy:

The amendment says owns, controls or possesses. Someone who is in control would also be authorized to sign a form. Is this your understanding? And/or possesses? Is your understanding the same as our understanding as far as legislative intent goes?

Mr. Wachter:

That is our understanding as well.

Ms. Lunsford:

That is our understanding.

Mr. Davis:

Yes, that is our understanding.

Mr. Dawley:

The Nevada Assessors Association opposes this bill because of section 1 with regard to the definition of owner. Section 2, subsection 3 as far as the mailing is concerned ...

Chair Roberson:

Excuse me, do you not think the current situation is arbitrary and capricious wherein you have 48 hours to respond with a tax appeal and you do not find out until after the deadline has passed? Is that not problematic?

Mr. Dawley:

It is a problem. We have a problem with section 2, subsection 3, paragraph (a) because we are required to send certified mailings. It takes quite a bit of time to get certified mailings to the rural areas of Nevada and back to obtain the required information. We have a total of 44 days from January 15 until the end of February to complete these appeals. We have to do the noticing for the Open Meeting Law, which is also time-consuming. We are under a tremendous time constraint. We appreciate the email option. Our concern is with section 1, we did approach and testify in opposition to this bill in the Assembly. We found out about the amendment after the fact.

Chair Roberson:

Do you have a concern with the cost of the certified mailings?

Mr. Dawley:

No, I do not.

Chair Roberson:

You have a concern with the time period?

Mr. Dawley:

It has nothing to do with the cost. It has everything to do with the time constraints.

Chair Roberson:

Are you concerned with section 1?

Mr. Dawley:

Yes.

Mary Ann Weidner (Assessor's Office, Clark County):

Our biggest concern is with "control and possess" in section 1. This muddies the waters as to who has the right to appeal the valuation of a property. Owners are not appealing taxes, they are appealing their valuation. We are

concerned with the protection of owners' rights to file an appeal on their property values. This bill could potentially infringe on those rights based on the interpretation of control and possess pieces.

Chair Roberson:

Do you really believe that is going to happen? Do you believe that individuals with the leasehold interest are going to appeal the valuation? I do not see that occurring very often.

Ms. Weidner:

This issue has occurred.

Chair Roberson:

How many times?

Ms. Weidner:

We have had many individual leasehold tenants in a multitenant property where a tax representative has appealed the value on behalf of the tenants, and the Clark County Board of Equalization denied the appeals because of the lack of control over the whole parcel.

Chair Roberson:

How many times?

Ms. Weidner:

I cannot give you an exact number.

Chair Roberson:

Can you give me a ballpark?

Ms. Weidner:

Maybe 50 appeals.

Chair Roberson:

In a year?

Ms. Weidner:

Yes, in a year. This bill could open it up. We have examples in ([Exhibit E](#)). On page 7, an agent authorization is signed by an individual posing as a treasurer.

The owner called and stated that he did not wish to file an appeal—nor did he authorize anyone to file an appeal on his tax valuation. On page 9 of [Exhibit E](#), there is a map of the parcel, and it shows the portion that is occupied by the tenant. That was the portion that the person was attempting to appeal.

We have many appeals that are filed by tenants that occupy the entire parcel, and if they provided the lease agreements granting them proper authority to file an appeal, those appeals have gone through. That has happened multiple times. We had a total of 2,450 appeals filed for fiscal year 2015-2016. Of those, 1,700—or 70 percent—had to be verified because the owner on record was not an individual but was a trust, corporation, LLC, etc. The verification process is to ensure that the person filing the appeal had the proper authorization to file the appeal. Of that 70 percent, only 245 went to the County Board of Equalization. The Clark County Assessor's Office did not make the decision to deny jurisdiction. We do not have the authority to make that decision. We provide the information that has been provided to us. The appeal goes before the County Board of Equalization as a Notice of Appearance Hearing. The Board does not look at the documentation for valuation purposes, it looks for the authorized signer. If there is not enough evidence, the Board denies the request.

Page 7 of [Exhibit E](#) is an example of the agent authorization form approved by the State Board of Equalization that provides guidance to our office and the County. In that document, there is a header that says "All supporting documentation as needed must be submitted with this form, in compliance with NRS 361.362." At the bottom is also a paragraph that states what documents are needed. On pages 12 through 14 are instructions for when an appeal form is requested from our office and the owner is not an individual. The documents state the County Board of Equalization determines whether it will take jurisdiction on a case-by-case basis.

Senator Kieckhefer:

Of the 1,700 appeals for which you had to track down the owners, you said that 245 went forward. Did the remainder not have the authorization to appeal?

Ms. Weidner:

That is what the County Board of Equalization found. Of those 190 that were denied by the County Board of Equalization, there were 55 that were withdrawn by the petitioner. We have a few that are filed for protection, but that is unnecessary. Other appeals had no authorization at all.

Senator Kieckhefer:

Is it legal to file an appeal on a piece of property without the owner's consent?

Mr. Dawley:

This bill would say that anyone who possesses or controls the property has the authorization to file an appeal.

Chair Roberson:

Did anyone raise these concerns in the Assembly when this bill was brought forward?

Mr. Dawley:

Yes.

Chair Roberson:

The Assembly Committee on Taxation and the whole Assembly decided to go forward on this bill notwithstanding such objections, is that correct?

Mr. Dawley:

That is correct.

Jeff Payson (Assessor's Office, Clark County):

We get several appeals each year. During the last 3 to 5 years, we have seen an influx of tax agents from other states with different laws. Each state has its own way of handling appeals. We are in favor of the amendment, except in section 1 with regard to owner. What does "an owner" really mean? We would like to see the language in our amendment added to section 1.

Katrinka Russell (Nevada Assessors Association):

We had a tenant file an appeal; a tax representative for a grocery chain filed an appeal on its leased portion. We made the owner aware that an appeal was filed. That appeal was withdrawn. If this amendment goes through, how do we determine who takes priority? Does the owner have the right to deny the tenant the right to file an appeal? If we define an owner, we will open many doors and other areas. We already have a definition in NRS 108.22148 which defines an owner as someone who acquires interest in a property by a conveyance that is recorded in the Recorder's Office.

Senator Ford:

I can see the difference in the proposed amendments. I am wondering why the language does not reflect what you are attempting to do.

Chair Roberson:

We will move forward with this bill today. The proponents can work together and propose an amendment, and if that amendment is accepted by the Rules Committee, then it can be heard on the floor. We are under a deadline. This bill came out of the Assembly with a unanimous vote.

Mr. Finseth:

Understanding the concerns of the assessors that were addressed in the Assembly, we have worked to deal with these concerns, specifically the certified mail and email.

Mr. Palmer:

In answer to Senator Kieckhefer's question, no, it is not legal to file an appeal on a person's property without proper authorization. The issue comes down to who is responsible for paying those taxes. In today's world, there are so many triple net leases where tenants are responsible for the taxes and the owners do not care about filing the appeals, but the tenants who bear the tax burden do want to do that. The provisions put forth here will allow them to appeal and reduce their taxes. There is language in the amendment that we are willing to agree to in section 1; if "in its entirety" is added, we would agree to that. The question of who the owner is needs to be clarified.

Senator Ford:

I want to understand what portion of the amendment that you accept with regard to section 1.

Mr. Palmer:

We are fine if we want to add "in its entirety" to the amendment that we put forth. The last part in section 1 "and is responsible for the payment of taxes." The issue is that we have property managers. The owner gives control to the property managers to handle the relationship with the tenants. The owner authorizes appeals. You cannot have that last clause in there without having many valid appeals. The assessors are looking for specific people in the language.

Senate Committee on Revenue and Economic Development
May 14, 2015
Page 17

Mr. Finseth:

If you want to add "in its entirety," we will support that.

Chair Roberson:

I am not going to accept the amendment from the assessors at all today. I will accept Proposed Amendment 7328. I encourage the proponents of the bill to work with the assessors on this amendment and if there are changes to be made, they can be made on the floor.

I close the hearing on A.B. 452. I open the work session.

Joe Reel (Deputy Fiscal Analyst):

The first bill to discuss in our work session is A.B. 17 ([Exhibit F](#)).

ASSEMBLY BILL 17 (1st Reprint): Revises provisions relating to economic development. (BDR 18-292)

Chair Roberson:

I will entertain a motion.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 17.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Reel:

Next is A.B. 32 ([Exhibit G](#)).

ASSEMBLY BILL 32 (1st Reprint): Revises provisions relating to special fuels. (BDR 32-382)

Chair Roberson:

Do I have a motion?

SENATOR KIHUEN MOVED TO DO PASS A.B. 32.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Reel:

The next is A.B. 57 ([Exhibit H](#)).

ASSEMBLY BILL 57: Revises provisions governing the taxation of purchases of direct mail. (BDR 32-306)

Chair Roberson:

Can I get a motion?

SENATOR HARDY MOVED TO DO PASS A.B. 57.

SENATOR KIHUEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Reel:

The next bill in the work session is A.B. 83. A proposed amendment is attached to the work session document ([Exhibit I](#)).

ASSEMBLY BILL 83 (1st Reprint): Revises provisions relating to tobacco. (BDR 32-175)

Senator Ford:

Can I get more information on the "consistent" part? I am also concerned about the Indian tribes with regard to this bill. I need to be certain that there was communication with them relative to statutes that are being repealed concerning the Indian tribes.

Hillary Bunker (Senior Deputy Attorney General, Office of the Attorney General):

The State of Nevada and 21 other states settled with tobacco manufacturers. We are operating on a term sheet, which is our interim settlement agreement

with the tobacco manufacturers. The term sheet was finalized in November 2012, but we are still negotiating the terms of the Master Settlement Agreement (MSA). Because of the timing of the term sheet against Nevada's biennial Legislative Session, S.B. No. 516 of the 77th Session was brought with the intention of incorporating the term sheet into our current tobacco statutes. The statute being referenced is NRS 370A.157, an optional provision of the term sheet.

The issue is there is discussion of this provision of the term sheet being excluded from the final settlement agreement, since the settling states were not required to put it into statute, which is different than the terms of the term sheet which all states were required to include. By repealing this statute, the nonparticipating manufacturers will still be required to make the quarterly escrow payments for cigarette sales in the State to include those that are made for sales on tribal land. The nonparticipating manufacturers also still have the ability to work with tribal retailers to receive those deposits back pursuant to exceptions for units sold under NRS 370A.120 and even in repealing NRS 370A.157. Any deposits made by the nonparticipating manufacturers will still be held to the remaining release provisions pursuant to NRS 370A.150 in terms of getting their money back after 25 years, unless there is a judgment that the State gets against one of them.

Senator Ford:

What happens if that section does not pass? Does that affect what you are attempting to do with NRS 370A.157? If that bill does not pass, how is that relative to what you want to do, which is to repeal statutes related to the Indian tribes and the monies they are supposed to receive from escrow accounts related to tobacco?

Ms. Bunker:

This has nothing to do with MSA payments; this is a separate settlement that we have made. The S.B. No. 516 of the 77th Session was brought forward in the last Legislative Session. To date, we are still finalizing the settlement agreement with the tobacco manufacturers. We do not know at what point we will have a settlement agreement.

Senator Ford:

Maybe you could provide me your analysis when you have it before the floor session. I can review it then and reserve a right to vote.

Chair Roberson:

I will accept a motion on A.B. 83.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS
AMENDED A.B. 83.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Reel:

Our next bill in work session is A.B. 116 ([Exhibit J](#)).

ASSEMBLY BILL 116 (1st Reprint): Revises provisions governing the Regional
Business Development Advisory Council for Clark County. (BDR S-263)

Chair Roberson:

I will accept a motion on A.B. 116.

SENATOR SPEARMAN MOVED TO DO PASS A.B. 116.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Reel:

Next is A.B. 366 ([Exhibit K](#)).

ASSEMBLY BILL 366 (1st Reprint): Revises provisions relating to the use of
certain motor vehicle fuel taxes. (BDR 32-927)

Chair Roberson:

I will accept a motion on A.B. 366.

SENATOR HARDY MOVED TO DO PASS A.B. 366.

Senate Committee on Revenue and Economic Development
May 14, 2015
Page 21

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Reel:

The next work session document is for A.B. 451 ([Exhibit L](#)). The Committee heard the bill on May 12.

ASSEMBLY BILL 451: Revises provisions relating to the University of Nevada, Las Vegas, Campus Improvement Authority. (BDR S-1075)

Chair Roberson:

I will accept a motion on A.B. 451.

SENATOR KIHUEN MOVED TO DO PASS A.B. 451.

SENATOR FORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Reel:

I refer to A.B. 391; there is no work session document for this bill.

Chair Roberson:

I will accept a motion on A.B. 391.

SENATOR FORD MOVED TO DO PASS A.B. 391.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Roberson:

There were issues raised today, but I encourage the parties to work on them after they leave this Committee. This is the last meeting before our deadline. I will accept a motion to pass A.B. 452 with Proposed Amendment 7328 proposed by Assemblyman Armstrong.

Senator Ford:

I reserve the right to change my vote on the Senate Floor. I look forward to working with the gentlemen on the language of the amendment.

Senator Spearman:

I echo the sentiments of my colleague, Senator Ford. With something this important, I cannot make a knee-jerk decision. I would like to talk to all the parties involved so I can gain a better understanding. I reserve my right to change my vote on the Senate Floor.

Chair Roberson:

This bill unanimously passed in the Assembly. I respect that. It gives me great comfort to know it was passed unanimously. I also know that Assemblywoman Marilyn Kirkpatrick will continue to work hard on this bill.

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 452 WITH PROPOSED AMENDMENT 7328.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Senate Committee on Revenue and Economic Development
May 14, 2015
Page 23

Chair Roberson:

The meeting was adjourned at 6:35 p.m.

RESPECTFULLY SUBMITTED:

Jennifer Pearce,
Committee Secretary

APPROVED BY:

Senator Michael Roberson, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	3		Attendance Roster
A.B. 391	C	12	Rebecca Wellis	Presentation
A.B. 452	D	1	Legal Division	Proposed Amendment 7328
A.B. 83	E	14	Mary Ann Weidner / Clark County Assessors Office	Examples of Property Tax Appeals
A.B. 17	F	1	Joe Reel	Work Session Document
A.B. 32	G	1	Joe Reel	Work Session Document
A.B. 57	H	1	Joe Reel	Work Session Document
A.B. 83	I	3	Joe Reel	Work Session Document
A.B. 116	J	1	Joe Reel	Work Session Document
A.B. 366	K	1	Joe Reel	Work Session Document
A.B. 451	L	1	Joe Reel	Work Session Document