

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

**Seventy-Eighth Session
March 10, 2015**

The Senate Committee on Revenue and Economic Development was called to order by Chair Michael Roberson at 3:46 p.m. on Tuesday, March 10, 2015, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E 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 Aaron D. Ford
Senator Pat Spearman

COMMITTEE MEMBERS ABSENT:

Senator Ruben J. Kihuen (Excused)

GUEST LEGISLATORS PRESENT:

Senator David R. Parks, Senatorial District No. 7

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

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

Senate Committee on Revenue and Economic Development
March 10, 2015
Page 2

Paul Aizley

Dave Dawley, Assessor, Carson City; Nevada Assessors Association

Josh Wilson, Chief Deputy Assessor, Assessor's Office Washoe County

Kyle Davis, Nevada Conservation League

Carole Vilardo, President, Nevada Taxpayers Association

Jeff Fontaine, Nevada Association of Counties

Barry Smith, Executive Director, Nevada Press Association

Chair Roberson:

We are going to start a work session with S.B. 74.

SENATE BILL 74: Revises provisions governing the abatement of certain taxes for economic development purposes. (BDR 32-293)

Joe Reel (Deputy Fiscal Analyst) :

I have a work session document for S.B. 74 ([Exhibit C](#)) that includes a mock-up for Proposed Amendment 9715. Senate Bill 74 is sponsored by this Committee on behalf of the Governor's Office of Economic Development (GOED) and was heard by this Committee on February 20. The bill makes changes to the eligibility requirements and the administration of the economic development abatements administered by the GOED as described in the summary of my work session document and the attached Proposed Amendment 9715.

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

Senate Bill 74 has thresholds for which companies would be eligible for abatements and below which providing abatements would be prohibited. Those thresholds depend on the level of unemployment in each county, 60 percent when unemployment is at 6 percent or above and 75 percent when unemployment is below 6 percent.

At the suggestion of the Chair and the Committee, the proposed amendment raises those percentages to 65 percent and 80 percent, respectively. With the average wages paid by a company below these amounts, depending on the unemployment rate in that county, these companies would be ineligible for abatements. Above those minimum thresholds and up to 100 percent of the State average wage, we propose to reduce the level of abatements by half that the company would be eligible for with respect to the Modified Business Tax and personal property tax.

At the suggestion of the Chair and the Committee, we looked at the sales tax component of the abatements, which compromises the third abatement. This is available in a standard abatement package. Proposed Amendment 9715 reflects an increase in the amount of sales tax that would need to be paid by a business from the original 2 percent, which is the standard abatement. Depending on which county you are in, the sales tax abatement would be from 8 percent down to 2 percent. We have proposed that the abatement would move from an 8 percent standard tax down to 4.6 percent. That 4.6 percent would then include the State portion that goes to the General Fund, which is 2 percent, and the Local School Support Tax (LSST), which is 2.6 percent. Both components of the sales tax would be paid. Those are the substantive differences in the amendment.

We attempt to ensure that the abatement statute and provisions in both S.B. 74 and in S.B. 93 are in alignment with one another. In S.B. 74, we requested an adjustment to allow businesses the first eight calendar quarters they are in business to generate the jobs they commit to as projected in the application process.

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

The proposed amendment eliminates the definition of primary jobs in the first bill. That is in regulation. In conjunction with your staff, we have reached the conclusion that the most appropriate place for the specific definition of a primary job is in regulation. We request that change be made. This bill creates regulations for the level of health care that companies must provide to their employees in order to be eligible for abatement. We ask that this requirement remain in the statute. We intended to request a cost component as a requirement for regulation. We think cost is an aspect of health care and analysis, but the actual benefit provided to the employee needs to be included. It came out in Senate Bill 74 as if we did not want regulation, and that is not the case. That concludes the summary of the major changes in the Proposed Amendment 9715.

Chair Roberson:

The changes strengthen the bill.

Senator Kieckhefer:

We are no longer abating the LSST in either tier?

Mr. Hill:

There are three tiers for potential abatements. If the company pays above the State average wage, then the abatement would be 2 percent.

Senator Kieckhefer:

Regardless of the unemployment rate in the county?

Mr. Hill:

Yes, if the company pays above the State average wage regardless of the unemployment rate. If the company pays below the statutory average wage of either 65 percent or 80 percent, depending on the unemployment rate below that average rate, there would be no abatement at all. Then sandwiched between the lower percentage and 100 percent, it would be 25 percent of personal property tax, 25 percent of Modified Business Tax and sales tax at 4.6 percent.

Senator Kieckhefer:

In a county with less than 6 percent unemployment, will LSST still be collected if the average wage is between 80 percent and 100 percent of State average wage?

Mr. Hill:

That is correct.

Senator Kieckhefer:

Will you be eligible to have it abated at the State 2 percent—to abate the LSST portion—if the County has above 6 percent unemployment and you have wages between above 65 percent but below 80 percent?

Mr. Hill:

Will you repeat that, please?

Chair Roberson:

Mr. Hill, let me try to clarify this. It is my understanding that in this amendment, there is no abatement of LSST if the wages paid are below 100 percent of the State average wage—

Mr. Hill:

I would like a minute to consult with your staff.

Chair Roberson:

That is for abatements in counties where the unemployment is less than 6 percent. If it is less than 6 percent, I do not believe there is an abatement of the LSST unless the hourly wage is at least 100 percent of the statewide average.

Senator Kieckhefer:

I agree. In counties where the unemployment rate is higher, the LSST could be abated as an additional incentive to create more jobs with the higher unemployment rate.

Chair Roberson:

That is my understanding. Is that your understanding, Mr. Hill?

Mr. Hill:

Yes, it is.

Chair Roberson:

Thank you for working with us on the language of this amendment. Does anyone have a motion on this bill as amended by Proposed Amendment 9715 to S.B. 74?

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 74 WITH PROPOSED AMENDMENT 9715.

SENATOR FORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Roberson:

We will now discuss S.B. 93.

Mr. Reel:

The work session document with attached Proposed Amendment 9740 ([Exhibit D](#)) outlines the qualifications required to receive that abatement.

The amendment of this bill is to create consistency with the provisions brought forward in S.B. 74 as amended. Mr. Hill will go through these amendments.

Mr. Hill:

Our Proposed Amendment 9740 to S.B. 93 is to provide alignment with the statute and the changes that are in S.B. 74. On page 2, line 1 of the Proposed Amendment 9740, we insert the definition of the effective date for contracts we will sign with the companies approved for the abatements under the statute, which is in line with the same language throughout NRS 360.

Subsection 2, paragraph (a), subparagraph (4) binds the successors in interest; that is another consistency provision. On page 4 of Proposed Amendment 9740, line 30 adds the definition of full-time employee to provide consistency with the rest of that chapter in S.B. 74. There is one interpretation on behalf of GOED that I point out for the record. Looking at the Proposed Amendment 9740 on page 1, lines 3 through 10 deal with the personal property taxes associated with aircraft, as well as the personal property that goes into operating, manufacturing, service, maintenance, etc.

Page 1 of Proposed Amendment 9740, beginning on line 11, S.B. 93 deals with the sales and use tax imposed on the purchase of tangible personal property used to operate, manufacture, service, etc. It does not pertain to own or operate. Our interpretation of that is that the sales tax abatement would not be available for the sales tax owed when an aircraft is purchased. That is the intention of this bill.

Chair Roberson:

My interpretation of the intent of this bill is the same as yours.

Senator Hardy:

Proposed Amendment 9740 states an owner of a business or a person who intends to locate or expand a business ... is this getting at a business, not a person, buying an aircraft for business use, not personal use?

Mr. Hill:

My understanding is that the purchase of the aircraft is for a business or a person.

Senator Hardy:

A person in our jargon is an entity, not a natural person, right?

Mr. Hill:

Not a natural person.

Senator Hardy:

Do you interpret this as a natural person buying an aircraft would be paying or not paying the sales tax or the personal property tax?

Mr. Hill:

The end result is that everybody who buys an aircraft in this State would pay the sales tax on the purchase of an aircraft.

Senator Hardy:

If I go to Utah, buy a car and bring it back here, I pay the equivalent of sales tax in Clark County. If someone buys an aircraft some other place and then comes here to use it, do we charge them Governmental Services Tax? Or the person bought it somewhere else and does not pay personal property tax here?

Mr. Hill:

That is the use tax law. Legislation before you further clarifies that or potentially changes that. But the use tax law would apply to an aircraft as well as a car or anything else.

Senator Hardy:

Will we capture the use tax, no matter where the person buys it, if it is going to be used here?

Mr. Hill:

To the extent that it is used here, yes.

Chair Roberson:

To clarify: the distinction is that everyone would not pay the personal property tax but would pay the sales and use tax when someone purchases a plane.

Mr. Hill:

Yes, that is correct.

Chair Roberson:

Can you restate that and make it clear for the record?

Mr. Hill:

The initial line in this bill refers to a business or person, not a natural person, that may apply for the abatement. It does not reference who will pay the tax. In section 1, subsection 1, paragraph (b), the language as it relates to these abatements is that the person is not eligible for the abatement of the sales tax when he or she buys an aircraft. A natural person is not able to apply for an abatement. The business, the person and the natural person ultimately will pay the sales tax on any aircraft purchased in Nevada.

Senator Hardy:

An owner of a business or a person who intends to locate or expand a business—it is unclear which is the antecedent where the “or” is or where it is not. Do I understand that anyone who buys an aircraft will pay sales and use tax, whether it is a business or a person?

Mr. Hill:

That is correct.

Senator Hardy:

I defer to the people who write the bills to correctly set forth the language and utilize punctuation to clarify.

Senator Ford:

The definition of an owner of a business or a person—it is limited to nonnatural persons. Is that appropriate in this language? Does it define owner somewhere? When you say owner of a business, you mean a nonnatural person? Where is the definition under those circumstances in the statutes?

Mr. Hill:

Can staff weigh in? The language in the statutes is an art. Is that possible?

Senator Ford:

It is my understanding that it is the opposite; when it states person, we mean natural persons and entities. If the definition is intended to be different than the way we normally view it, then we should state that. This concerns me. If the intent of the language is that nonnatural persons can apply for this abatement, the language does not reach that issue.

Chair Roberson:

Please explain the intent of this bill, Mr. Hill.

Mr. Hill:

Any business, person, natural person—all may apply for the abatement. Criteria must be met for any applicant to be approved for the abatement. Business, person, natural person—all will pay sales tax on the purchase of an aircraft.

Chair Roberson:

I will entertain a motion.

SENATOR SPEARMAN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 93 WITH PROPOSED AMENDMENT 9740.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Roberson:

We will now hear S.B. 95 from Senator Parks.

SENATE BILL 95: Revises provisions governing the publication of property tax rolls. (BDR 32-630)

Senator David R. Parks (Senatorial District No. 7):

I have my written testimony ([Exhibit E](#)) and a printout ([Exhibit F](#)) that is a summary of newspaper publication costs for all Nevada counties.

There are some people to testify in support of this bill. I believe there is already an amendment. Former Assemblyman Paul Aizley, who presented this bill in the

last three sessions, is in the Las Vegas audience to testify today. He was successful in 2009 to get the bill to both Houses of the Legislature, only to be vetoed by former Governor Jim Gibbons.

Senator Spearman:

How much does this whole process cost—paper, mailing, delivery?

Senator Parks:

[Exhibit F](#) shows that in the 2013-2014 printing cycle, counties spent \$785,000. In 2014-2015, it was \$810,000.

Senator Brower:

This is a slightly different version. It is a sensitive topic. It needs to be addressed.

Senator Parks:

The Nevada Assessors Association is here. Dave Dawley would like to put an amendment forward. There are other assessors here as well.

Paul Aizley:

Most of my statements have been made by Senator Parks. [Senate Bill 95](#) is the bill about the newspaper, only Senator Parks is presenting it this Session. There is no need to print the tax rolls in a newspaper. The information is available on the assessors' Websites and has been available for years.

There have been arguments as to why we need the printed version in the newspaper. One is older people do not use or have access to computers. I consider myself an old person, and I have pretty good use of computers with no trouble. However, I cannot read the 2-point type in the newspaper.

Six years ago, I began my efforts to stop this waste, and in that time Clark County has spent \$3 million publishing the county tax roll. We spend about \$500,000 for each publication. That has been the same each year over the last three sessions. Over time, the newspaper's subscriptions have gone down to 100,000, but the cost has not dropped. It is a matter of money—millions of dollars—and we should stop wasting the money. There has to be a better use for \$3 million—and that is only Clark County. Anything is a better use for the money than just burying it in a landfill.

Chair Roberson:

In my estimation, \$3 million would pay for 60 teachers. We need those.

Senator Brower:

It is a money issue. Why are we printing all this? The law requires that the U.S. Government Publishing Office makes printed copies of the *Congressional Record* every night, whether anyone on the Hill looks at the written copy or not, and then this is immediately sent to recycle. The same works here—it is anecdotal that no one is using it any more. The tax roll should be available online.

Dave Dawley (Assessor, Carson City; Nevada Assessors Association):

We support this bill as we have for the last 7 years. We have one clarification where it says the property valuations have to be printed and delivered by the county assessor or mailed by him or her. The word “or” was taken out. We would like that back in. A number of counties actually mail the tax rolls out. Esmeralda County does not have a newspaper and mails the tax rolls out. One method should be required, not both.

Chair Roberson:

There is an “or” in S.B. 95, page 2, line 19 that makes it an either/or, so it is covered.

Mr. Dawley:

Since 2006, you have been able to see what the taxes are on a Website. We want local government to be transparent. There are search mechanisms available. The printed publication is an antiquated way of notifying the taxpayer. I support the passage of this bill.

Josh Wilson (Chief Deputy Assessor, Assessor’s Office, Washoe County):

We support Senator Parks’ discussion on the declining distribution of this assessment roll. In 2007, the distribution was 57,000 papers. In 2014, distribution was down to 20,786. In a county of over 400,000 people, we are reaching a very small portion of our community of taxpayers through the publication of the tax roll. We promote transparency in government. People can go on the Website and look up their neighbors’ values using a name, address or parcel number. There could be a conceptual amendment.

Chair Roberson:

That will be forthcoming.

Kyle Davis (Nevada Conservation League):

I am in favor of S.B. 95. This is a good bill. Senator Parks mentioned the impact on landfills. This is an opportunity to save trees. We urge your support.

Carole Vilardo (President, Nevada Taxpayers Association):

We are in favor of the bill. We reserve judgment to support S.B. 95 if there is a viable amendment. I have supported this bill every time it has come up.

Jeff Fontaine (Nevada Association of Counties):

We want to be clear that we support this bill. We support an open and transparent government, but as we get closer to universal broadband access and Internet usage that continues to increase in every demographic, it is time that counties provide this tax information on the Internet.

I represent local government. The Nevada Broadband Task Force was established by executive order in 2009. The Task Force oversaw the *State Broadband Action Plan* published in 2014. This report shows the percentage of households that have broadband accessibility available in 6 megabytes per second download. The 1.5 megabytes per second upload speed is estimated to be 95.79 percent. This means that we are making the digital divide smaller. Access to broadband has been an issue in the past. Senate Bill 95 would enable counties that want to publish tax rolls in the paper to do so. Ultimately, S.B. 95 gives counties the flexibility to utilize technology to provide this information in a cost-effective manner. In S.B. 95, the counties that choose to publish their tax rolls on the Internet would be required to provide public notice in the newspaper regarding the tax roll availability. We support this bill.

Chair Roberson:

Any opposed to S.B. 95?

Barry Smith (Executive Director, Nevada Press Association):

I say the same thing every Session with S.B. 95. Our position is the publishing of the tax roll should not be a choice between the Internet or the newspaper, but our position is that it needs to be both because the tax roll needs to be as accessible as possible. There are still taxpayers who rely on the tax roll printed in the newspaper.

The difference between availability and public notice is that notice is in the statute because it needs to be pushed out to the residents, public taxpayers. All

records are available. There are no specific details in the bill as to how the tax roll will be available on the Website. It does not determine whether preservation of the tax roll will be archived. There needs to be a copy somewhere that cannot be altered, exists as a physical record and is as accessible as possible. An historical reason behind the public notice of the tax roll is to maintain a sense of fairness and ensure that property assessments are performed in a fair and equitable fashion. This is why the printed distribution is important.

County assessors need to utilize the best approach to notify the public, not the cheapest. The intent of the bill is to provide public notice. This contains a provision for a notice in the paper. There are some minimum requirements that need to be met by the bill as to the method in which we provide public notice. We need to resolve this.

Senator Kieckhefer:

As a former newspaper reporter, I am sympathetic to the industry and I understand your position. I was on the editorial side, not the advertising side. Do newspapers offer government rates? What is the rate to be charged for public notice and printing of the tax roll? Do newspapers charge standard advertising rates to government?

Mr. Smith:

The larger the newspaper, the more rates there are. For example, the *Las Vegas Review-Journal* has a specific rate provided to government in Clark County. A smaller paper—in Eureka or Hawthorne—may have a single rate for all advertising. There are also distinct rates for classified advertising, display advertising or legal advertising.

Senator Kieckhefer:

This would not be a classified advertising rate.

Mr. Smith:

No, this would be considered a legal advertising rate. Legal advertising rates are usually the lowest.

Senator Spearman:

I want to reconcile the need to use both methods when there is an opportunity to save the taxpayers money. I stopped using a telephone book 5 years ago. I

prefer the electronic version as opposed to receiving a paper version. It saves money and is environmentally friendly.

Senator Parks indicated the printed 2-point font in the newspaper, and that it is difficult for people to read. This costs a lot of money. How do we reconcile the cost legitimately and rationally?

Mr. Smith:

The legal minimum is 6 points. There is a legislative Website that is useful and handy. The Legislative Counsel Bureau would like the public to utilize the Nevada Electronic Legislative Information System to upload documents for testimony or exhibits, but they are not required to do so. The paper copies of the bills are made available upon request. The permanency and the accountability that a notice is published by a newspaper, somebody independent of the government itself, assures that it is not changed and not altered at some point in the future. Are there not mistakes made that can be fixed on the Website? A historical process ensures a level of accountability.

Senator Spearman:

I do not see how we can rationalize this cost.

Mr. Smith:

The cost?

Senator Spearman:

Not only the monetary cost, but how do we rationalize whether we are being good stewards of our environment?

Mr. Smith:

The environment? I thought I heard the gentleman refer to saving trees. The majority of the tax roll is printed on recycled paper.

Senator Spearman:

I am not only referring to the printed paper. What about the landfill?

Mr. Smith:

Newspapers are recycled.

Senator Spearman:

They are only recycled if people choose to put the printed copies into the recycle bin. Some people just throw them in the trash with leftover food. How is this prudent and fiscally responsible?

Mr. Smith:

The bill provides those options. The law states that the notices can be mailed individually or printed in the newspaper publicly. For most counties, the cost-effective, successful way has been to print it in the newspaper. The assessors now provide all this information on their Websites. There are 300 to 350 governmental agencies within the State that have their own Websites. When people are directed to access the information on a Website, they will need to know where to find it.

Senator Spearman:

What is the size of the ad in the newspaper?

Mr. Smith:

It is a full-page ad that covers dates and states when the property will be reappraised. It answers: How can I appeal? How is my tax computed? Why did my taxes change? A great deal of information is provided on the page layout. Carson City's Website also provides this information, but how is the information going to be preserved? There are many issues that need to be addressed.

Senator Spearman:

The issues you just brought up compromise the preservation of paper.

Mr. Aizley:

We need to make the information available, not necessarily deliver it to every doorstep. We make it available on the Website.

Chair Roberson:

Is there an amendment to this bill?

Mr. Smith:

I can tell you the outline for our concept, but nothing is in writing.

Chair Roberson:

We would like to see the written amendment, but please briefly explain the outline.

Mr. Smith:

The notice provided in the bill would specify four full-page calendar ads during a calendar year. It would include an explanation of how property taxes are computed, how rates are determined, how often the values change, how to file an appeal, due dates for installment payments, explanation of exemptions and how to apply, explanation of abbreviations used in the roll and a statement of certification by the assessor that the roll is complete and accurate.

There should be a certain number of printed copies for permanent storage, delivered to a library or State archives, and the county should provide a copy free for inspection at the office or a terminal for free searching of the Website.

Chair Roberson:

Are you going to put this amendment in writing? This bill should be in work session for Thursday. We need the written amendment as soon as possible.

Senator Parks:

The reason why the tax roll ends up on your driveway in December is because there is a deadline of January 1 driven by an appeal deadline. If you want to appeal, you have 15 days in which to appeal. Four times a year is a bit much. Once a year prior to the filing of the deadline to make the information available in a timely manner would be sufficient. I would be happy to get the assessors' input as to what would be necessary and helpful for the property owner.

Chair Roberson:

The hearing is closed on S.B. 95.

Senate Committee on Revenue and Economic Development
March 10, 2015
Page 17

Chair Roberson:

The meeting is adjourned at 5:09 p.m.

RESPECTFULLY SUBMITTED:

Jennifer Pearce,
Committee Secretary

APPROVED BY:

Senator Michael Roberson, Chair

DATE: _____

| EXHIBIT SUMMARY | | | | |
|------------------------|----------------|----|--------------------------|--|
| Bill | Exhibit | | Witness or Agency | Description |
| | A | 1 | | Agenda |
| | B | 4 | | Attendance Roster |
| S.B. 74 | C | 17 | Joe Reel | Work Session Document |
| S.B. 93 | D | 14 | Joe Reel | Work Session Document |
| S.B. 95 | E | 2 | Senator David R. Parks | Written Testimony |
| S.B. 95 | F | 1 | Senator David R. Parks | Summary of Newspaper Publication Costs for All Nevada Counties |