

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

**Seventy-Eighth Session
April 7, 2015**

The Senate Committee on Revenue and Economic Development was called to order by Chair Michael Roberson at 3:53 p.m. on Tuesday, April 7, 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 Mark A. Lipparelli, Senatorial District No. 6
Senator David R. Parks, Senatorial District No. 7
Senator Tick Segerblom, Senatorial District No. 3
Assemblywoman Irene Bustamante Adams, Assembly District No. 42

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Ethan Nadelmann, Executive Director, Drug Policy Alliance
Evan Wood, M.D., Ph.D., Professor of Medicine, University of British Columbia

Martin T. Schechter, O.B.C., M.D., Ph.D., Professor, School of Population and Public Health, University of British Columbia
Denise Everett, Executive Director, Quest Counseling and Consulting
Sean Sullivan, Deputy Public Defender, Public Defender's Office, Washoe County
Steve Yeager, Office of the Public Defender, Clark County
Lesley Pittman, MillerCoors
Alfredo Alonso, Southern Wine and Spirits; Nevada Beer Wholesalers Association
Michael Hillerby, Anheuser-Busch, LLC
Kevin Quint, MBA, Chief, Substance Abuse Prevention and Treatment Agency, Division of Public and Behavioral Health, Department of Health and Human Services
Kate Marshall, Opportunity Alliance Nevada
Nancy Brown, Chair, Opportunity Alliance Nevada
Nancy Brune, Executive Director, Kenny Guinn Center for Policy Priorities
Mendy Elliott, United Way of Northern Nevada and the Sierra
Michele Johnson, President, CEO, Financial Guidance Center
Greg Ferraro, Nevada Resort Association
Jon Leleu, Live Nation Entertainment
Chris Ferrari, Granite Gaming Holdings
Buffy Brown, State Gaming Control Board

Chair Roberson:

We will hear Senate Bill (S.B.) 275.

SENATE BILL 275: Revises provisions governing certain alcohol and drug abuse programs. (BDR 16-39)

Senator Tick Segerblom (Senatorial District No. 3):

I am here to present S.B. 275. The war on drugs is over, and we have lost. It is time for new solutions. This bill presents solutions. I begin with a pioneer program for heroin abuse and policy that is used in other countries dealing with those who abuse heroin.

Ethan Nadelmann (Executive Director, Drug Policy Alliance):

I am impressed with S.B. 275. Like many states, Nevada has a growing problem with increasing heroin use, heroin addiction, heroin arrests and heroin fatalities. No one seems to have new ideas for dealing with this problem. Let us

imagine: someone says I have a partial solution to this problem which will result in reducing heroin use in this State. It will result in a reduction of other illicit drug use in this State; a reduction of the number of people dying of heroin overdoses in this State; a reduction of the spread of HIV, hepatitis C and other drug-related diseases; a reduction of arrests, criminality, crimes and incarceration; and a reduction of public nuisance on the streets. More than that, it will produce a net fiscal benefit for the taxpayer.

One would expect that people would say, we need that solution here, especially if it has worked everywhere it has been tried. What is this new treatment that has worked in half a dozen foreign countries and has produced positive results in all of these countries? It is diamorphine. We have methadone and drug-free treatment. Why not try diamorphine? Some refer to diamorphine as heroin. That is the more common name. Heroin? How can you give heroin to heroin addicts? How can you give junk to junkies? It is like giving booze to alcoholics.

It is important for folks in Nevada and the United States to look at the hard evidence: Half a dozen countries in Europe and Canada have successfully utilized this program.

These programs are not for everybody. They are specifically for individuals who have been using heroin on and off regularly for years and have tried to quit through methadone, buprenorphine and drug-free programs. Many have spent time in jail, many have hepatitis C and many have HIV. They are tired of living life on the streets and living the hustle but cannot imagine doing so without their lady love, the heroin. What we have found in these other countries is to allow these people—who have tried everything and nothing works—to get to a clinic three times a day where they can get help, services and a baseline methadone dose, which is a pharmaceutical, legally-produced heroin. The people in these programs ended up reducing their heroin use and receiving all the other positive benefits that I have described.

The advocates of these programs have been police chiefs. After they overcame their initial resistance, police chiefs began to see that this reduced black market heroin and reduced crimes committed by drug addicts, and they saw it was also a nod to public health services. It is not that these people will be high all day, because long-term heroin users are no longer able to get high. It is maintenance usage to prevent feeling the effects of the sickness that occurs when heroin

usage stops. The thought is that if these addicts get into these programs, they will just want more and more heroin; it turns out that most end up using less.

Among the people who drop out of the program, most of them do not go back to using heroin on the streets; they go to a methadone program, and many of them decide successfully for the first time in their lives to become abstinent. They have finally had their dream come true—they have gotten heroin for free, only a couple dollars a day, totally clean and legal, and it is the first time for many of them who have decided enough is enough and truly want to stop and make this work.

Senate Bill 275 introduced by Senator Segerblom may look radical on its face, but if you look at the scientific evidence, if you rely on rational argumentation, if the bottom line is about reducing addiction, overdose, disease, crime and arrests, and if you want to make the most effective use of the taxpayers' resources, then this program should have been started a long time ago. It would be great to see Nevada be the first to do so.

Chair Roberson:

I am looking at the hefty price tag on this bill. Is it \$75 million a year?

Senator Segerblom:

That is for the whole ball of wax. This is just a small piece. The revenue will come in this next segment where we tax marijuana.

Chair Roberson:

I will wait patiently with eager anticipation.

Senator Segerblom:

We are on the same page to tax and get us out of this hole.

Evan Wood, M.D., Ph.D. (Professor of Medicine, University of British Columbia):

I am an internal medicine physician with accreditation from the American Board of Addiction Medicine. I am a professor of medicine at the University of British Columbia where I hold the Canada Research Chair in Inner City Medicine. I am funded by the U.S. National Institute on Drug Abuse to fund a large addiction research program in a clinical capacity.

I work at the heroin prescription program we have. I am supportive of abstinence-based treatment. I am a father, and I have seen the harm and devastation that drug addiction causes. I have spent my career studying opioid addiction, which is a frustrating disease of the brain. People who become addicted to opioids—whether it is a prescription drug, such as OxyContin, or heroin—are extremely difficult to treat with abstinence-based approaches. Even when people have been imprisoned for potentially drug-related crimes and have been abstinent for years, the rate of relapse to heroin use even after years of incarceration is extremely high. We have an effective treatment with methadone, and buprenorphine and naloxone, brand name Suboxone.

Unfortunately, those treatments do not work for everyone. The slim segment of the population that tends to engage in criminality or has the highest risk of fatal overdose or transmission or acquisition of blood-borne infections like hepatitis C or HIV are the ones who tend to fall through the cracks and why economic analyses suggests that this is a cost-effective treatment.

Many people do not know that heroin is actually a trade name for a pharmaceutical drug that has a half-life similar to morphine. The clinics treat these people three times a day, so it engages them and extinguishes the use of street heroin and all the drug-acquisition behaviors that go along with that—whether that is breaking into people's cars, sex-work activity or collecting bottles or cans. This treatment engages addicts in a way that helps them get control of their lives and oftentimes reengage with family and do things that enable them to take a look at their behavior and transition to methadone. It is a transformative treatment for people who are highly stigmatized, having spent most of their lives on the margins of society.

This is a community benefit rather than just an individual benefit—it helps reduce the spread of costly infections and reduces crime. It benefits individuals when they do not have to engage in these activities or put themselves at risk of fatal overdose from injecting in abandoned buildings. It also benefits public health. With the health care system we have in Canada and increasingly in the United States, there are healthcare dollars available. I recommend this bill.

Martin T. Schechter, O.B.C., M.D., Ph.D. (Professor, School of Population and Public Health, University of British Columbia):

With regard to this sliver of people who do not respond to conventional therapies, the question has been addressed in a number of randomized clinical

trials which are considered the highest level of evidence in medicine. The trials were conducted in Spain, Switzerland, Holland, Germany, England and Canada.

I was the principal investigator of the North American Opiate Medication Initiative (NAOMI) trial conducted in Vancouver and Montreal. Every single one of these randomized trials demonstrated that this stigmatized, marginalized subpopulation who have not benefitted from conventional therapy respond to the use of diacetyl-assisted therapy. I prefer that term to heroin because heroin is a dirty street drug, but we are talking about a pure pharmaceutical molecule called diacetylmorphine. Diacetylmorphine is similar to many of the drugs you will find in a hospital pharmacy: morphine, Demerol, Dilaudid and so on. Every study showed that a course of diacetylmorphine-assisted therapy was more beneficial than trying another course of conventional therapy for this particular population.

All of the things mentioned have been established. As medical health went up, criminal activity went down. There were benefits across a number of social integration scales, as well as medical and psychological health.

I will address the Senator's question regarding cost. In addition to the diacetylmorphine-assisted studies conducted in Canada, Holland and England, studies were also conducted on the cost-effectiveness of this therapy. This study was conducted through technical analysis by health economists in the three different countries. In every instance, this therapy was shown to be more cost-effective than conventional therapy. The reasons are that, though it is more expensive to deliver the treatment, when you factor in all of the costs associated with this illness, including criminal activity, policing, jails, prisons, emergency rooms and hospitalizations, it actually ends up saving money despite the investment made in the treatment cost. You get that back by far more as a result of the savings to society. This is called the societal perspective, and it is considered the proper perspective when studying the cost-effectiveness of treatment.

The highest level in medicine is called the Cochrane Collaboration, which is a global consortium of people who weigh medical evidence and attempt to bring together all the studies in a certain area. Two years ago, the Cochrane Collaboration analysts brought together the data from all the clinical trials, and they concluded that the use of diacetylmorphine-assisted treatment for this subpopulation is more effective and more beneficial for these people

than any conventional therapy. Most medical experts say that is the highest type of evidence to support an intervention.

Senator Segerblom:

The second part of S.B. 275 deals with regular treatment programs in Nevada. The war on drugs has been a disaster in our Country and those countries south of the United States. It is time to move forward. The reality is that Nevada has the lowest percentage of treatment programs in the Country. We are woeful. We know certain behaviors are addictive, and we actually encourage them in this State: gaming, alcohol, prescription drugs, cigarettes and, hopefully, marijuana in a couple years. If we know that those behaviors and substances are addictive, why not tax those? It diverts people out of our criminal justice system, it assists families, it saves everyone money in the long run.

This bill is designed to put a small tax on substances—gaming, alcohol, cigarettes—and divert that revenue to the State which will fund treatment programs, including diversion programs for the criminal justice system. Every time we keep people out of prison, we are saving money.

In speaking with judges in Washoe and Clark Counties, we have drug courts, but people are turned away because of a lack of resources. Instead, they are put in criminal court, which means they go to prison at a cost of \$25,000 a year. That is the crux of the bill. I know it is innovative for 2015. My goal is to get marijuana legislation enacted and use that money to fund this in fiscal years 2016 to 2018, but future Legislators shall deal with this. Witnesses will testify today for the need of these programs and the possible resources.

Denise Everett (Executive Director, Quest Counseling and Consulting):

I am here to support the amendment language in S.B. 275 that opens up funding to expand services for the treatment of drug abuse and co-occurring disorders. Refer to my written testimony ([Exhibit C](#)).

Sean Sullivan (Deputy Public Defender, Public Defender's Office, Washoe County):

I echo the sentiment and the comments of Ms. Everett. The Washoe County Public Defender's Office supports S.B. 275 and the spirit and intent of this bill. We spend a good deal of our time working with drug addicts, alcoholics and mentally ill people to get them into the treatment programs they desperately need—whether it is inpatient treatment, co-occurring disorders, drug issues or

alcohol issues. Of those people incarcerated, 70 percent to 80 percent have some sort of drug and alcohol issue.

I spend the chief amount of my time attempting to get them into inpatient treatment programs and the like. Judges or parole boards ask, where is the treatment center located? What is the game plan? Where are they going to go? Unfortunately, most of these programs are outside of Washoe County. We submit that S.B. 275 is a good thing. We need more funding for treatment centers. We support the spirit and intent of this bill.

Steve Yeager (Office of the Public Defender, Clark County):

I agree wholeheartedly with Mr. Sullivan. The drug court program in Clark County has been fantastic. There is nothing better than going to a graduation and seeing folks graduate and move on. However, the drug court has closed. There are no resources to admit anyone else to the drug court program. It has been overstaffed there for 3 or 4 years. My hope is that a bill like this would provide added resources and reduce our caseload. Nothing would make me happier than to step aside from the Public Defender's Office because we do not have the work. For those reasons, we support S.B. 275.

Lesley Pittman (MillerCoors):

I want to indicate our opposition to S.B. 275. The revisions of this bill represent close to a 50 percent tax increase to our customers. While we are sympathetic to those with substance abuse problems, we do not believe that the cost of treatment should be borne by those who use our product responsibly.

Alfredo Alonso (Southern Wine and Spirits; Nevada Beer Wholesalers Association):

We are opposed to being singled out in this bill. I spoke to the sponsor, and it appears to not be his intention to do so. Perhaps he will find another way to fund these programs that is less difficult on the hospitality industry.

Michael Hillerby (Anheuser-Busch, LLC):

We oppose the specific parts of S.B. 275 that would increase the alcohol tax by 50 percent. We support the programs' intent and realize their importance. There is savings to the General Fund from diversion programs, drug court and others.

Kevin Quint, MBA (Chief, Substance Abuse Prevention and Treatment Agency, Division of Public and Behavioral Health, Department of Health and Human Services):

We are neutral on S.B. 275.

Chair Roberson:

I close the hearing on S.B. 275. We will now hear S.B. 381.

SENATE BILL 381: Creates the Nevada Task Force on Financial Security.
(BDR S-1037)

Senator Aaron D. Ford (Senatorial District No. 11):

I am here to introduce S.B. 381 which creates a Financial Security Task Force at no cost to the State. My joint sponsor on this bill is Assemblywoman Irene Bustamante Adams. The Task Force will provide a comprehensive examination of financial security of individuals and families in Nevada at no cost to the State and present a report on its findings and recommendations to this Legislature in time for the next Session.

The goal of the Task Force will be to identify best practices on collaboration among government, private and nonprofit sectors to support the ability of Nevadans to participate in our growing economic prosperity. The financial strains have been put on Nevadans on every level. Nevada has had a record number of home foreclosures, soaring unemployment and stagnant wages which have created an environment of financial insecurity for many Nevada families. However, we are faced with an opportunity because of our growing economy, and we should seek to put Nevadans in the best position. The Task Force will allow us to review best practices here and around the Country and to bring examination back in time for next Session.

One example of an effective collaborative partnership that the Task Force will be able to review is a financial coaching network. Put quite simply, financial coaching is taking the concept of a coach to assist people to learn how to manage their finances and to reach their financial goals. A financial coaching network trains coaches who then return to their organizations, places of business, agencies or programs to be available for employees or members.

Financial coaching is effective and measurable and has been successfully implemented in other states: Texas, Arizona, New Jersey, West Virginia,

Vermont and Maine. The nonprofit sector in Nevada is in the start-up phase of establishing such a program.

Assemblywoman Irene Bustamante Adams (Assembly District No. 42):

This bill is at no cost to the State. Finances affect every aspect of Nevadans' lives—having the ability to manage one's finances and having access to resources needed to better one's financial prospects can lead to an increase of financial security with the tools to maximize one's income.

One-third of Nevadans have no retirement savings, 67 percent of Nevadans have subprime credit, over 55 percent of Nevadans do not have a rainy-day fund. I have had the opportunity to work with the State Treasurer's Office and the Women's Money mentoring program. This mentoring program is the kind of program that the Task Force could review under its charge. At these conferences, women are given information and tools to set and reach their financial goals. The mentoring program provides a framework from which women can gain expert insight, support and an accountability system. In the last 4 years, Women's Money has had approximately 3,600 women attend these conferences. People are hungry for information. The concentration of effort has been toward women because they are believed to be the base for financial literacy in the household.

Last year, Women's Money launched Mujeres y Dinero, the first financial conference for women in Nevada conducted entirely in Spanish. There was such success in Las Vegas, a similar conference is planned for Reno. The participants have been able to establish credit, get out of payday loans, pay off debt and save for down payments on new homes. While these programs are successful, efforts to address the financial strains and insecurity of Nevadans are fragmented and disconnected from each other. Senate Bill 381 will give us a framework to build the partnerships and work collaboratively to support the ability for Nevada families to access our economic prosperity and obtain financial security for their families and their futures.

Kate Marshall (Opportunity Alliance Nevada):

I support S.B. 381. I offer my written testimony ([Exhibit D](#)).

Nancy Brown (Chair, Opportunity Alliance Nevada):

I support S.B. 381, and I have presented my written testimony ([Exhibit E](#)).

Nancy Brune (Executive Director, Kenny Guinn Center for Policy Priorities):
I support S.B. 381, and I have submitted written testimony ([Exhibit F](#)).

Mendy Elliott (United Way of Northern Nevada and the Sierra):

We have provided a letter of support signed by the United Way CEO and President, Karen Barsell ([Exhibit G](#)). United Way is proud of its work to develop long-term solutions in the areas of education, financial stability and health as well as supporting safety-net services. These are the building blocks for a good life, a quality of education that leads to a stable job, enough income to support a family through retirement and good health for a more productive life. Financial stability is the foundation of hope for a hard-working Nevada family. This Task Force would complement the efforts of United Way and its board of directors—its vision, goals and objectives.

I have personally been involved with financial stability issues since 1996. There are numerous programs in the State, but somehow someone needs to let people know these programs are available and, more important, to understand the outcome, accountability and success of the programs. We support S.B. 381.

Michele Johnson (President, CEO, Financial Guidance Center):

I support S.B. 381, and my written testimony is submitted ([Exhibit H](#)).

Senator Ford:

There is a great opportunity with S.B. 381 at no cost to the State. I urge this Committee to support this bill.

Chair Roberson:

We close the hearing on S.B. 381 and open the hearing on S.B. 266.

SENATE BILL 266: Revises provisions relating to the tax on live entertainment.
(BDR 32-720)

Senator Mark A. Lipparelli (Senatorial District No. 6):

Senate Bill 266 will get a lot of attention as it has a parallel bill in the Assembly from Assemblywoman Marilyn Kirkpatrick. She has put a tremendous amount of energy into this.

The goal that I set out to accomplish with S.B. 266 was to address a couple of key problems observed during my former tenure as the Chair of the State

Gaming Control Board that primarily relate to subjectivity in the application of tax. When our auditors at the Gaming Control Board would go out to various locations, one of their real challenges related to interpretation issues associated with how the language in the law was constructed. This bill will be revised in the coming days, but it attempts to set a standard within *Nevada Revised Statute* (NRS) 368A that is more objective, one of admission rather than observation in an entertainment venue. An entrance fee to a venue will trigger the tax to be paid. That is important because it becomes easier to audit an objective standard as opposed to attempt to go into a live entertainment venue and determine whether an entertainer is performing or not performing in what has become known as the “ambient entertainment challenge.”

Some of the entertainment venues—restaurants, casinos, hotels—offer entertainment that clearly provides a stage show. In that case, no one is confused about the tax. In other cases, interpretations under NRS 368A referred to as “ambient entertainment”—a piano player or a dancer in the background—in and of themselves do not rise to the definition of what is considered to be true entertainment.

Senate Bill 266 attempts to set the standard that if admission is charged, the Live Entertainment Tax (LET) would apply and there would be no interpretation of whether someone is dancing. If admission is charged, the tax applies; if there is no charge for admission, then the LET would not apply.

That brings up concerns about what other kinds of possible admission standards could be created, such as a two-drink minimum, but it has been well established that a purchase required after entrance could be construed to be an equivalent of an admission charge.

A proposed amendment to the bill ([Exhibit I](#)) deals with another section of NRS 368A that became the subject of litigation, and that concerns what kind of fees can be exempted from the tax. There was lack of clarity in the definition of what would be exempt from the charge on a ticket. In [Exhibit I](#), two things could be exempted from a ticket, one being a traditional payment of credit card or debit card fees to a financial institution that are unreturned to the location. To the extent that a credit card charge for a ticket has an associated fee the hotel/casino location could deduct those charges from the application of the tax. That does not change.

However, the definition in paragraph (d) on page 2 of [Exhibit I](#), became the subject of debate when allowing someone else to operate the ticket office and sharing a revenue arrangement. Debate on the sharing involved whether there was a repayment or a payment back of the portion of the sales. The Gaming Control Board considered that as revenue that should not be exempted, but the case ultimately failed for the State and those were included as potential deductions. This part of the amendment makes it clear that service charges associated with the issuance of the ticket—to the extent that you hire someone to issue the tickets—have to be true charges paid out and not returned in any fashion. Those are the two exceptions.

Without the clarity of the language, it is possible that people could exploit the term service charges and potentially apply anything to the tax, saying a service charge is relative to the facility admission. This bill attempts to limit it to the two areas that most people understand are in bounds to be deducted from the tax.

The last piece, in section 4 of [S.B. 266](#), relates to a clarity regarding violations of this section which could be considered to be under the State Gaming Control Board and the Nevada Gaming Commission's rules concerning an unsuitable method of operation to the extent that someone does not comply with the collection and payment of the taxes. That is the general framework of this bill.

Senator Ford:

Do you have an estimation as to how much additional revenue would be raised by changing the statutes under your suggestion?

Senator Lipparelli:

We are attempting to figure that out. From the point of view of the industry as well as that of Legislators, the common goal is to clarify this tax without putting a hole in the budget with various things included in hopes that the tax payment would be neutral. There are people in the industry in support of this bill with clarification of the tax. They are willing to pay more in a percentage fee or include venues formerly excluded; the goal is clarity and as little impact to the budget as possible.

Senator Ford:

Do you anticipate a revenue with neutral impact under [S.B. 266](#)?

Senator Lipparelli:

We hope so, but all outdoor concerts—I am not sure what that means in terms of revenue potential—would include some events that are not part of the LET. I defer to Assemblywoman Kirkpatrick since she has worked hard on that side of it. To the degree we can marry these bills in order to keep this revenue-neutral, I have promised to work with her to utilize common language to realize this goal. We could have enhancements—we are unsure of what revenue the outdoor venues may contribute.

Greg Ferraro (Nevada Resort Association):

I met with Senator Lipparelli and Assemblywoman Kirkpatrick, and it was agreed to create a work session to discuss a bill regarding LET. There are two bills in the other House, in addition to Senator Lipparelli's bill, with respect to the gaming chapter and beyond. We have agreed to put ourselves in a working group environment to sort out the issues, many of which are calculating fiscal projections with Russell Guindon. This is the third session that we have attempted to tackle this subject.

On behalf of the Resort Association, I support fixing the problem of inadequate clarity or predictability on the existing LET that has caused taxpayers and tax collectors to end up in lengthy and unnecessary disputes. The work from the last two sessions—and now with Senator Lipparelli's experience—further the hope that under the LET, we find a simple but meaningful fix. That is the bright-line fix. Charge admission, the tax applies; do not charge admission, the tax does not apply.

Senator Lipparelli:

State Gaming Control Board Chair, A.G. Burnett, has agreed to work with us on the technicalities of S.B. 266 and work with Mr. Guindon to estimate the impacts. He has pledged to help us.

Mr. Ferraro:

We will be discussing the bills on the Assembly side later today to come up with a resolution regarding the Live Entertainment Tax.

Jon Leleu (Live Nation Entertainment):

We have been discussing this matter for a year with Assemblywoman Kirkpatrick and members of the industry. We believe reform is required. The base should be widened. We want to be included. The rate should

be lower. We are committed to participating in all discussions on this matter. Our system requires us to check in as in favor or opposed to the bill. We are opposed to this bill as it stands, but we are in favor of the concept. This law needs to be changed when this Session ends.

Chris Ferrari (Granite Gaming Holdings):

We support S.B. 266. In lines 5 and 6 on page 6, the bill maintains the 200-person threshold. My client holds an unrestricted gaming license, has two small casinos on Fremont Street and owns Glitter Gulch, an adult entertainment club in Las Vegas. Many small businesses could be wrapped in the LET if that threshold is not maintained. There are several measures on this topic.

From a historical perspective, the 300-seat exemption was put into NRS 368A.200 by S.B. No. 8 of the 20th Special Session; testimony indicated that the statute was aimed at prohibiting smaller restaurants and bars that do not have gaming from having to collect tax. Then, it was amended to 200 seats by A.B. No. 554 of the 73rd Session for those who were attempting to skirt or avoid paying that tax, and it has been in place for the last 10 years.

There are challenges with the enforcement and collection of the LET and the manpower required by Gaming Control and others. We are concerned that by adding small businesses, the State stands to gain very little revenue and expend too much on enforcement.

Our other primary concern for small businesses is the proposed 8 percent tax, a decrease from 10 percent. We looked at possibly a staggered scale similar to what is done for gaming, mining and business licensure. We oppose a flat one-size-fits-all rate, but we do strongly support S.B. 266.

Buffy Brown (State Gaming Control Board):

I represent Chair Burnett. The Gaming Control Board thinks that conducting a work session with all the stakeholders would be an effective way to resolve this. In preparing the fiscal notes for these bills with all their differences, it has been a challenge to predict the next move. We support the concerted approach to clarify for our staff what will be required of them.

Senator Lipparelli:

The main objective of S.B. 266 is to address a serious problem for our licensees in the State wherein businesses can make day-to-day business decisions that potentially have an impact up to 2 years after the fact. Unfortunately, the law is constructed so that these businesses may face a subjective interpretation by an auditor, and those bills can be significant. The language in the law needs to be changed. Our regulators and our licensees are at odds with each other over language that is not as clear as it should be. We cannot have a negative fiscal impact, and I pledge to work with Assemblywoman Kirkpatrick and the stakeholders to this end. It will be difficult but doable.

Chair Roberson:

I close the hearing on S.B. 266 and open the hearing on S.B. 346.

SENATE BILL 346: Authorizes certain credits against the taxes imposed on financial institutions and other businesses for certain costs incurred by employers relating to the provision of day care to the children of their employees. (BDR 32-1015)

Senator Pat Spearman (Senatorial District No. 1):

Senate Bill 346 allows a business that assists its employees with the cost of day care for any child of an employee to a credit against the Modified Business Tax (MBT) in an amount equal to 50 percent of the amount paid or the cost incurred by the employee for such assistance not to exceed \$2,500 an employee per year.

I am sure that you are acutely aware of the rising child care costs for Nevada's working families. Child care for parents with children aged 6 months to 2 years comes in at a minimum of \$800 a month for each child. The choice of having children is becoming more difficult for lower- and middle-class families. Additionally, the Council of Economic Advisers reporting on the economics of early childhood investments found that expanding early learning initiatives would provide benefits to society of roughly \$8 for every \$1 spent. The Council found that high quality early education could narrow the achievement gap and bolster children's earnings later in life and that the overall cost of providing early childhood education would deliver economic benefits outweighing the cost of a comprehensive early childhood education program.

Research has established that early childhood education is crucial to children's success, and providing opportunities for single parents and married couples to enter and stay in the workforce is critical to these families' financial stability. According to the National Women's Law Center, the tax codes of the federal government and over half the states provide some assistance to families in meeting their employment-related day care expenses. However, many states provide little or no tax assistance for families struggling to pay for the care that is so essential to their economic well-being.

Since Nevada does not impose an income tax on residents, it becomes difficult to find methods to provide credits to working families who need to obtain quality child care and early educational opportunities for children. Senate Bill 346 would provide an incentive for Nevada's employers to assist their employees in covering the expense of child care by allowing the business to take a tax credit against the MBT for up to 50 percent of the amount paid or cost incurred and to cover employees' child care expenses or referral services that assist employees in obtaining child care not to exceed \$2,500 an employee each year.

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Chairman Roberson:

The meeting is adjourned at 5:21 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	3		Attendance Roster
S.B. 275	C	2	Denise Everett	Written Testimony
S.B. 381	D	3	Kate Marshall	Written Testimony
S.B. 381	E	5	Opportunity Alliance Nevada	Written Testimony
S.B. 381	F	3	Kenny Guinn Center for Policy Priorities	Written Testimony
S.B. 381	G	1	Karen Barsell/United Way	Letter
S.B. 381	H	2	Financial Guidance Center	Written Testimony
S.B. 266	I	2	Senator Mark A. Lipparelli	Proposed Amendment