

ASSEMBLY BILL NO. 143—ASSEMBLYWOMAN  
BUSTAMANTE ADAMS

PREFILED FEBRUARY 13, 2017

Referred to Committee on Legislative Operations and Elections

SUMMARY—Creates a Legislative Committee on Tax Expenditures and Incentives for Economic Development. (BDR 17-807)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to legislative affairs; creating the Legislative Committee on Tax Expenditures and Incentives for Economic Development; setting forth the composition and administration of the Committee; prescribing the powers and duties of the Committee; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

**Section 5** of this bill creates the Legislative Committee on Tax Expenditures and Incentives for Economic Development and prescribes the appointment of its membership. **Section 6** of this bill sets forth requirements for meetings of the Committee and the compensation of its members.

Existing law requires the Board of Economic Development to review and evaluate all programs of economic development in Nevada and to make recommendations to the Legislature for legislation to improve the effectiveness of those programs in implementing the State Plan for Economic Development. (NRS 231.037) **Section 7** of this bill requires the Legislative Committee on Tax Expenditures and Incentives for Economic Development to identify and evaluate all incentives for economic development in this State and provide the Legislature with a report concerning its activities. **Section 8** of this bill authorizes the Committee to evaluate, review and comment on tax expenditures and to make recommendations for the addition, modification or elimination of a tax expenditure or incentive for economic development.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 218E of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 8, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 and 4 of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** *“Committee” means the Legislative Committee on Tax Expenditures and Incentives for Economic Development.*

**Sec. 4.** *“Tax expenditure” has the meaning ascribed to it in NRS 360.137.*

**Sec. 5. 1.** *The Legislative Committee on Tax Expenditures and Incentives for Economic Development, consisting of six legislative members, is hereby created. The membership of the Committee consists of:*

*(a) Two members of the Senate appointed by the Majority Leader of the Senate;*

*(b) One member of the Senate appointed by the Minority Leader of the Senate;*

*(c) Two members of the Assembly appointed by the Speaker of the Assembly; and*

*(d) One member of the Assembly appointed by the Minority Leader of the Assembly.*

*↪ In making appointments pursuant to this subsection, first preference must be given to members of the standing committees of the Legislature with primary jurisdiction over matters relating to taxation and second preference to members of the standing committees of the Legislature with primary jurisdiction over matters relating to budgets and finances.*

**2.** *The Majority Leader of the Senate and the Speaker of the Assembly shall jointly select the Chair and Vice Chair of the Committee from among the members of the Committee, with first preference given to members who are members of the standing committees of the Legislature with primary jurisdiction over matters relating to taxation, if any, and second preference to members who are members of the standing committees of the Legislature with primary jurisdiction over matters relating to budgets and finances, if any. After the initial selection, each Chair and Vice Chair holds office for a term of 2 years commencing on July 1 of each odd-numbered year. The office of Chair of the Committee must alternate each biennium between the Houses. If a vacancy occurs in the office of Chair or Vice Chair, the vacancy*



\* A B 1 4 3 R 1 \*

1 *must be filled in the same manner as the original selection for the*  
2 *remainder of the unexpired term.*

3 *3. The Legislative Commission shall review and approve the*  
4 *budget and work program for the Committee and any changes to*  
5 *the budget or work program.*

6 *4. Any member of the Committee who is not a candidate for*  
7 *reelection or who is defeated for reelection continues to serve after*  
8 *the general election until the next regular or special session*  
9 *convenes.*

10 *5. A vacancy on the Committee must be filled in the same*  
11 *manner as the original appointment for the remainder of the*  
12 *unexpired term.*

13 **Sec. 6.** *1. Except as otherwise ordered by the Legislative*  
14 *Commission, the members of the Committee shall meet not earlier*  
15 *than November 1 of each odd-numbered year and not later than*  
16 *August 31 of the following even-numbered year at the times and*  
17 *places specified by a call of the Chair or a majority of the*  
18 *Committee.*

19 *2. The Director or his or her designee shall act as the*  
20 *nonvoting recording Secretary of the Committee.*

21 *3. Four members of the Committee constitute a quorum, and*  
22 *a quorum may exercise all the power and authority conferred*  
23 *upon the Committee.*

24 *4. Except during a regular or special session, for each day or*  
25 *portion of a day during which a member of the Committee attends*  
26 *a meeting of the Committee or is otherwise engaged in the*  
27 *business of the Committee, the member is entitled to receive the:*

28 *(a) Compensation provided for a majority of the Legislators*  
29 *during the first 60 days of the preceding regular session;*

30 *(b) Per diem allowance provided for state officers and*  
31 *employees generally; and*

32 *(c) Travel expenses provided pursuant to NRS 218A.655.*

33 *5. All such compensation, per diem allowances and travel*  
34 *expenses must be paid from the Legislative Fund.*

35 **Sec. 7.** *The Committee shall:*

36 *1. Meet at least once each biennium to review the most recent*  
37 *tax expenditure report submitted by the Executive Director of the*  
38 *Department of Taxation pursuant to NRS 360.137.*

39 *2. Review any other reports submitted to the Legislature*  
40 *relating to tax expenditures and incentives for economic*  
41 *development.*

42 *3. Identify all incentives for economic development provided*  
43 *for by law in this State, including, without limitation, tax*  
44 *incentives, grants, loans and initiatives for workforce*  
45 *development.*



1     4. Evaluate and review each incentive for economic  
2 development identified pursuant to subsection 3 at least once every  
3 6 years. The Committee shall examine, review and comment on,  
4 without limitation:

5     (a) The purpose, intent or goal of the incentive for economic  
6 development.

7     (b) Whether the incentive for economic development is  
8 accomplishing its purpose, intent or goal.

9     (c) Whether there is a more effective method to achieve the  
10 goal of the incentive for economic development.

11     (d) The cost of the incentive for economic development to the  
12 State, including, without limitation, administrative costs and lost  
13 revenue.

14     (e) The impact of the incentive for economic development on  
15 the revenues of and services provided by local governments.

16     (f) The economic and fiscal impact of the incentive for  
17 economic development, including, without limitation:

18         (1) The extent to which the incentive changes business  
19 behavior;

20         (2) The results of the incentive for the state and local  
21 economies, including, without limitation, both positive direct and  
22 indirect impacts and any negative impacts on businesses in this  
23 State; and

24         (3) A comparison to the results of other incentives or  
25 programs for economic development with similar goals.

26     (g) Any other matters that, in the determination of the  
27 Committee, concern incentives for economic development in this  
28 State.

29     5. On or before January 15 of each odd-numbered year,  
30 submit to the Director for transmittal to the Legislature a report  
31 concerning the activities of the Committee during the applicable  
32 legislative interim. The Committee shall present its findings to the  
33 standing committees of the Legislature with primary jurisdiction  
34 over matters relating to taxation during the next regular session of  
35 the Legislature.

36     Sec. 8. The Committee may:

37     1. Evaluate, review and comment upon any tax expenditure  
38 within the State, including, without limitation:

39         (a) The purpose, intent or goal of the tax expenditure.

40         (b) The intended beneficiaries of the tax expenditure.

41         (c) Whether the tax expenditure is accomplishing its purpose,  
42 intent or goal.

43         (d) The manner in which the tax expenditure compares to  
44 similar tax expenditures in other states.



1       (e) Whether there are other tax expenditures in this State that  
2 have the same or a similar purpose, intent or goal as the tax  
3 expenditure being reviewed and the manner in which the two tax  
4 expenditures are coordinated, including, without limitation,  
5 whether the coordination between the two tax expenditures could  
6 be improved or if there are any redundancies that could be  
7 eliminated.

8       (f) Whether the evaluation of the tax expenditure is hindered  
9 by the unavailability of certain data.

10       (g) The cost of the tax expenditure, including, without  
11 limitation, administrative costs and lost revenue of the State and  
12 local governments, and an evaluation of the extent to which the  
13 tax expenditure is a cost-effective use of resources compared to  
14 other methods of accomplishing the same purpose or goal.

15       (h) Opportunities to improve the effectiveness of the tax  
16 expenditure.

17       2. Contract with private consultants or academic institutions  
18 to complete the reviews provided for by this section and section 7  
19 of this act.

20       3. Request that the Legislative Counsel Bureau assist in the  
21 research, investigations, hearings and reviews of the Committee.

22       4. Request that a representative of the Office of Economic  
23 Development within the Office of the Governor or a representative  
24 of the Office of Energy within the Office of the Governor appear  
25 before the Committee and provide information on programs for  
26 economic development, including, without limitation:

27       (a) The number of entities applying or approved for a  
28 particular program for economic development;

29       (b) The number of entities approved for a particular incentive  
30 for economic development;

31       (c) The number of entities who have used a particular  
32 incentive for economic development; and

33       (d) The projected and actual benefits of the programs for  
34 economic development in this State.

35       5. Request books, papers, records and other information from  
36 state or local governmental agencies, including, without  
37 limitation, the Nevada System of Higher Education.

38       6. Apply for any available grants and accept any gifts, grants  
39 or donations to assist the Committee in carrying out its duties.

40       7. Conduct investigations and hold hearings in connection  
41 with its duties pursuant to this section and section 7 of this act,  
42 and exercise any of the investigative powers set forth in NRS  
43 218E.105 to 218E.140, inclusive.



1       **8. *Make recommendations to the Legislature concerning the***  
2       ***addition, elimination or modification of tax expenditures and***  
3       ***incentives for economic development.***

4       **Sec. 9.** The provisions of subsection 1 of NRS 218D.380 do  
5       not apply to any provision of this act which adds or revises a  
6       requirement to submit a report to the Legislature.

7       **Sec. 10.** This act becomes effective upon passage and  
8       approval.

