

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Ninth Session
March 10, 2017**

The Committee on Government Affairs was called to order by Chairman Edgar Flores at 8:34 a.m. on Friday, March 10, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/79th2017.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chairman
Assemblywoman Dina Neal, Vice Chairwoman
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman Richard Carrillo
Assemblyman Skip Daly
Assemblyman John Ellison
Assemblywoman Amber Joiner
Assemblyman Al Kramer
Assemblyman Jim Marchant
Assemblyman Richard McArthur
Assemblyman William McCurdy II
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

Assemblyman Chris Brooks (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman Jim Wheeler, Assembly District No. 39

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Jim Penrose, Committee Counsel
Carol Myers, Committee Secretary
Cheryl Williams, Committee Assistant



OTHERS PRESENT:

Danny L. Thompson, representing Tahoe Reno Industrial Center
John Griffin, representing Amazon.com, Inc.; Apex Holding Limited; City of Elko;
City of Reno; Dermody Properties; DISH Network; Reno Land Inc.;
StoneGate; Switch; Tesla, Inc.; and Zappos.com
Greg "Bum" Hess, Government Affairs Director, Storey County
Jeff Page, County Manager, Lyon County
Pat Whitten, County Manager, Storey County
Joe Mortensen, Commissioner, Lyon Country
Nick Marano, City Manager, Carson City
Dylan Shaver, Vice President, Nevada Mining Association
Marshall McBride, Commissioner, Storey County
Mary C. Walker, representing Carson City, Douglas County, Lyon County, and
Storey County
Nancy McDermid, Commissioner, Douglas County
Barry Penzel, Commissioner, Douglas County
Dagny Stapleton, Deputy Director, Nevada Association of Counties

Chairman Flores:

[Roll was called. Committee rules and protocol were explained.] We will follow the agenda in order and do the work session after the bill presentation. I will open the hearing for Assembly Bill 153.

Assembly Bill 153: Requires counties to pay impact fees to certain local governments for certain costs incurred as a result of projects of intercounty significance. (BDR 22-796)

Assemblyman Skip Daly, Assembly District 31:

I represent Assembly District No. 31. I was approached individually to present this bill. Yesterday, a meeting was held with the stakeholders to discuss concerns with Assembly Bill 153. We had good discussions and are on a path forward. The individuals in opposition had a lot of concerns on the drafting of the bill, but it was agreed those issues could be resolved.

The bill is a testament to our economic growth regarding the projects that come to northern Nevada and statewide. Our growing pains indicate we have a need for greater planning on some of these projects. The three governments located in Washoe County have already resolved how they would deal with significant regional projects. As Washoe County grew, the local governments realized they needed to address cross-jurisdictional issues and procedures were put in place.

Our discussion yesterday dealt with how this bill brought the parties together and how we can move forward in a cooperative direction. That is a partial goal of A.B. 153. We want the

process to be fair and equitable for all sides. We must figure out what the impacts are on projects between counties, what the benefits are, determine the details, the delta, and find a fair solution.

The Office of Economic Development within the Office of the Governor (GOED), will be invited to participate in our meetings. Other agencies and names were mentioned by lobbyists and others, and we are hoping to involve them. The concern is, if A.B. 153 is passed in its current form, it will slow down economic development by acting as a counterbalance to some of the benefits businesses look at when moving to northern Nevada—a quick permitting and licensing turnaround. This was never the intent, and there is language in the bill that addresses that concern.

I anticipate the only pieces that will remain of A.B. 153 are the number, the sponsors, and the summary. Last night, I spoke with the Legislative Counsel Bureau (LCB), and they mentioned creating a technical advisory committee. It would be bipartisan and consist of five legislators and other members. The legislators would have voting authority—to prevent any possible infighting—on recommendations for future legislation. Consultants such as the Department of Transportation or Truckee River Flood Management Project would be available for technical issue advisement. Additionally, we would bring in individuals knowledgeable about their county's issues, such as members of school boards, to address the technical aspects and determine the benefits.

Storey County voiced a benefit on the intent of the bill. Washoe County is interested in addressing the delta in a fair and equitable manner. This is an opportunity for northern Nevada to state it has an improved planning process and cooperation amongst all the players, making it more attractive to do business here. That is the goal.

It is important for the opposition to recognize this is a collaborative path forward for developing solutions concerning significant intercounty projects. As I mentioned earlier, we have already had some success in bringing the parties involved together in a discussion forum. Greater planning is better for the state of Nevada and an encouraging goal to work towards.

Chairman Flores:

Please walk us through some of the preemptive concerns that were raised. Those may address some of the Committee members' questions up front. Also, please explain why certain language was amended or excluded.

Assemblyman Daly:

In my economics classes, one of the reasons for government is to take care of externalities. There are negative and positive externalities. A positive externality is when Chairman Flores gets a flu shot and I am not as likely to get sick. A negative externality is when a business activity or transaction is beneficial to three or more entities, but one is adversely impacted. There is a perception that activities of the Tahoe Regional Industrial Center (TRIC) have had negative impacts on adjacent counties, such as between Lyon County and Washoe County.

The government is the only entity that can mitigate any type of impact issues. An example is the planning commission of a local jurisdiction, whether that is North Las Vegas, Las Vegas, or Clark County. When an entity applies for a project, the planning commission determines the impact on schools, traffic flows, neighborhood compatibility, et cetera. They determine the impacts that must be mitigated such as how many parking spaces are needed or if a reduction in light pollution is required.

Currently, there are no conversations between counties throughout the state on significant development projects. The genesis of A.B. 153 is to consider the impacts the same way an entity would prepare for the planning commission. We do not want one county's development project to affect another county's schools, residential areas, or medical facilities.

At our meeting yesterday, I explained this is one way to address the issue. It is by no means the only way, and if there is a better way or a different way, let us discuss that. Let us involve as many parties as we can and determine a set of processes to define the benefits, impacts, and the delta between those. How is the impact defined? How is the impact measured? How do we know it is fair? The answers to these questions will help to create a development process that is stable and predictable for all counties involved.

Chairman Flores:

Committee members, please keep in mind this is a conceptual amendment and a working group has been formed. The language in front of us is mutable. I know it is difficult to ask questions without having the actual language, but because the language is in front of you, all sections are fair game.

Assemblyman Carrillo:

Was there a particular incident that prompted A.B. 153?

Assemblyman Daly:

As I mentioned earlier, a significant project affects more than just the area developed. In the case of TRIC, drivers on Interstate 80 have seen an increase in traffic because employees living in Washoe County but working in Storey County are commuting. There is only one small housing development in Storey County located near TRIC, in Lockwood. Virginia City is up and around the mountain.

If the issue is viewed from Washoe County's perspective or my own, as a citizen, TRIC has had a negative impact on not only traffic but schools. As more people move into the area, there are impacts on city services such as police, fire, social services, and courts. All the growth is based on transactions in another county, and those factors were not considered because it was a different county. I am not blaming Storey County. It was not in their wheelhouse to look at or their responsibility.

If a bill like A.B. 153 were law at the time, it would have required additional regional planning across county lines; an effort to coordinate benefits for everyone. The City of Sparks City Manager, Steve Driscoll, mentioned in his February 28, 2017,

presentation to this Committee about working with the Economic Development Authority of Western Nevada (EDAWN) to bring projects to Washoe County. It does not matter where in Washoe County they end up because of the regional benefits. If there is a project of regional significance—Reno, Sparks, and Washoe County—there is a plan to mitigate any impacts. Currently, there is no intercounty plan, but Nevada is growing, and this needs to be addressed.

I requested that LCB research what other states have done in this area. They found agreements between states such as Pennsylvania and Maryland, or New Jersey and New York. These agreements cover residents commuting from one community to another. Nevada has a similar agreement to address these development impacts between Nevada, California, and Lake Tahoe, but the counties do not. The concept is not entirely new, but we must figure out a way to put processes in place to address this issue in a positive way, and addressing everyone's concerns.

Assemblyman Carrillo:

Was there a model for the language, such as another municipality or the state? I am wondering where the language came from.

Assemblyman Daly:

The language is new, and it would be a new statute. It will fall under Title 22 of the *Nevada Revised Statutes*. The language concerning what constitutes a project of intercounty significance starts in section 6 of A.B. 153. The definition for projects of intercounty significance came directly from an interlocal agreement between Reno, Sparks, and Washoe County. They use that agreement when considering projects of significance. The project is submitted to the planning commission of the locality for their approval. If it is a project of regional significance, it is submitted to the Truckee Meadows Regional Planning Agency for a look at the larger issues. I used definitions already in place at Washoe County as a starting place.

Assemblyman Carrillo:

I presumed most of the language was new, but I was curious if it was duplicated from somewhere else.

Assemblyman Ellison:

I have a lot of questions but will wait until we have heard everyone's testimony. Washoe County's presentation mentioned gaming was down, and if not for the influx of people from Tesla, Inc., and other companies, the business impact would be down. The money these businesses are putting back into the community is stimulating their economy.

My understanding is that schools are based on students and not boundaries. Assembly Bill 153 could open Pandora's box because North Las Vegas and Las Vegas have the same situation. Nevada has 17 counties, and this bill could have a devastating effect throughout the state. That is my biggest fear, and I am hoping it can be worked out.

Also, I think this could be done through interlocal agreements between the counties and not by law. That is why there are county boundaries. My county has been impacted, but we still receive ad valorem tax, sales tax, and other taxes that benefit Elko County. We do not get the net proceeds from the mines, but the county does benefit one way or another.

Section 14, subsection 1 states, "Except as otherwise provided in subsection 2, if on July 1, 2017, a county has not approved or issued all permits" I think that is a big issue because the language is directing another county to have control over the permits. Can you explain this?

Assemblyman Daly:

Not all impacts or issues from economic growth, including Washoe County, are currently being addressed. There is no nexus for interlocal agreements. Washoe County could meet with Storey County today and provide a list of impacts for resolution through interlocal agreements. Storey County might respond no. There is no recourse for Washoe County. Elko County and Eureka County could be in the same situation. Interlocal agreements can be created but they are not, and A.B. 153 provides a basis to get started. We need a catalyst to get started.

I am not familiar with section 14 because it is existing. The language within the bill will be replaced with new language. I may have failed to mention this during the introduction, but we are looking at going forward with four or five northern Nevada counties as a part of the technical advisory committee. Eureka County and Elko County will not be involved.

Assemblyman Ellison:

As an example, when gold was up Eureka County prospered, but when it went down, the net proceeds of the mine went down and the county suffered. Each county has a moving target, and that is what I see as a danger. I am glad the technical advisory committee will be a subset of counties because when one county is telling another county how they need to operate their permitting process, it can have a devastating effect. I am glad that has been removed, or it may be removed.

Assemblyman Daly:

I heard those same concerns from several people. As I mentioned, the intent was not to slow the process down but to create a starting point for discussion. At yesterday's meeting, I stated that if A.B. 153 had not been submitted, we would not have 25 people in the room. The discussion needed a catalyst to bring the counties together to work collaboratively; I hope it is with a positive outcome. The technical advisory committee will address the issues and assign parameters and mechanisms for resolution. That is the goal. It is about planning the effect of a significant development project on a region-wide basis. I am glad the state is drawing enough businesses to have this problem, but it is something we need to address.

Assemblyman Kramer:

You answered part of my question by stating some of the language may be amended out. The other part of my question concerns EDAWN. If EDAWN is working with a business that wants to expand or move their business from another state, it is desirable to eliminate as many uncertainties as possible. It seems like A.B. 153 introduces a big uncertainty regarding delays and a significant amount of resolution time. How would EDAWN address that roadblock with a business bringing jobs to the area and, in some cases, very high-tech and high-paying jobs?

Assemblyman Daly:

Assembly Bill 153 is an idea to solve the problem of a significant development project affecting county localities other than the county responsible for the development. If the project was only about the number of jobs a business may offer, then we would eliminate all the rules, processes, and fees necessary to begin a development project. There must be some planning to anticipate the effects on a community and balance those against the benefits. This analysis is the same process that occurs when making any type of decision. This answers the question, What is the risk?

I agree that the current language of A.B. 153 would create turmoil and indecision in the planning process. That is one of the reasons for the technical advisory committee. The technical advisory committee can identify the issues, figure out the balance points, and address the concerns in a fair and equitable manner for everyone involved.

If a project adversely affects Nevada, it may not be in the state's best interest, even though there is the potential for jobs and investment. The cost is too high. The impacts must be identified, and it is the same process used by agencies statewide.

Assemblyman Kramer:

That answers my question, but Chairman Flores requested we ask questions based on what is written. As you well know, the devil is in the details, and the details are not available. That is where my question originated.

Assemblyman Daly:

Agreed. I understand, and I will reiterate that A.B. 153 has had the desired effect of bringing people to the table and working toward a solution.

Assemblyman Marchant:

Have the positive impacts—property taxes and sales taxes from shopping locally—of workers moving to an adjacent county been factored into A.B. 153?

Assemblyman Daly:

No, those are not factored in. Those will be the factors that we identify if we move forward with the technical advisory committee. Storey County brought that up at last night's meeting.

Many of these impacts were brought up to GOED during the 30th Special Session; that is why GOED was invited. They can help us identify the economic and other impact issues to consider. That will help us balance the impacts and see where the delta is.

Assemblywoman Neal:

I need some clarification on what the technical advisory group will do and which portions of A.B. 153 will be deleted.

Assemblyman Daly:

I anticipate keeping the bill number, the signed sponsors, and the summary.

Assemblywoman Neal:

I was thinking the language might have people suing each other and using the alternative dispute resolution processes. I am not sure of the proper question to ask. When I first read the bill, I tried to figure out why one county is responsible for another county's growth and the duties they have to each other. When a county grows, there is a natural flow over to another county. There should be a discussion about this situation, but I cannot figure out how each county has a duty to each other.

Assemblyman Daly:

This currently occurs within a county such as the project agreements between Reno, Sparks, and Washoe County. As I understand it, there is a similar process with North Las Vegas, Las Vegas, Henderson, and Clark County. There is a duty between cities and their jurisdictions. With A.B. 153 that duty is overlaid between counties. Counties will address the impacts of a transaction that is beneficial to one county but may have impacts on another county. That negative externality is one reason for legislative involvement. This was an approach to get the ball rolling. We used Washoe County as the blueprint for a project of reasonable significance and the process for agreement.

I will answer your question on the technical advisory committee. I spoke with LCB and was given some suggestions. I envision the committee composed of legislators appointed by the Speaker and the Majority Leader from both houses and both parties. The legislators would be voting members. The other parties, Lyon County, Storey County, Washoe County, the school districts, TRIC, and GOED, will be technical advisors. They will provide the committee with information on the best way to move forward and the issues between the counties. As I mentioned before, we will get information from as many experts as necessary and other interested parties to determine the next steps.

Assembly Bill 153 is a catalyst to get the conversation started. As Assemblyman Ellison mentioned, counties can work among themselves, and this bill might take us in that direction. Maybe legislation is not needed, but if it is, this bill addresses the issues of how that should occur. The technical advisory committee can meet and come back with recommendations for a future legislative session.

Assemblywoman Neal:

I wish you well in reaching your goal. If there is a next time, I would advise not to throw a bomb into the situation to start a conversation. Maybe say, "Let us talk."

Chairman Flores:

Is there anyone wishing to speak in support of A.B. 153? [There was no one.] Is there anyone wishing to speak in the neutral position of A.B. 153? [There was no one.] Is there anyone wishing to speak in opposition of A.B. 153? Please keep your testimony to two minutes.

Danny L. Thompson, representing Tahoe Reno Industrial Center:

I want to thank Assemblyman Daly for bringing this issue forward. Impact fees are important, and over the years we have found that they are very complicated. I live in Storey County. I live on a dirt road maintained by the owners, three miles one way, two miles the other way, depending on which way you go. I live at the top of a mountain, and I have lived there for close to seven years.

I shop in Reno, Sparks, or Carson City because there are no grocery stores in the entirety of Storey County. I buy my gas on C Street because there is only one gas station in Storey County. I have four dogs and buy all my dog food at PetSmart in Reno because there are no pet food stores in Storey County. I get my car fixed in Reno because there is no auto body shop in Storey County. I buy all my tires and batteries in Reno or Carson City at Les Schwab Tire Center because there is no tire shop in Storey City.

The point is this: you can multiply the entire county times me. Everybody in that county has to shop elsewhere. It is tough. At one time Storey County was the poorest county in the state. It is the smallest county in the state. The Tahoe Reno Industrial Center, as a tax base, has had a positive impact on Storey County. However, during the 28th Special Session, a bill was passed providing tax abatements, and Storey County will not realize any tax dollars for 20 years.

Impacts are complicated. I will finish with this thought: this is a very complicated process with far-reaching implications beyond what I just told you, both for mining, future businesses, and citizens. I am glad that Assemblyman Daly brought the information forward, and we will look forward to discussing it with this Committee.

John Griffin, representing Amazon.com, Inc.; Apex Holding Limited; City of Elko; City of Reno; Dermody Properties; DISH Network; Reno Land Inc.; StoneGate; Switch; Tesla, Inc.; and Zappos.com:

I will make my comments brief. We have a number of clients that are impacted by the bill as drafted. I was not able to attend Assemblyman Daly's meeting yesterday. I will list my clients for the record: Amazon.com; Apex Holding Limited; City of Elko; City of Reno; Dermody; DISH Network; Reno Land Development; StoneGate; Switch; Tesla; and Zappos.com. All of these companies are impacted by the bill as drafted. I have listened to

Assemblyman Daly's comments. His focus and his intent should remove a number of these clients off the opposition list. We are happy to participate in any working group and/or discussion with the bill's sponsor as the process moves forward.

Greg "Bum" Hess, Government Affairs Director, Storey County:

I was a Storey County Commissioner for 14 years beginning in 1998. At that time, we were the poorest county in the state, and our budget was \$4.5 million. Today, our budget is \$20 million, and most of it has to do with TRIC. The industrial park is a huge benefit and economic guru for northern Nevada and all of Nevada as well. It keeps one of Nevada's very rural counties off the legislative charge. For many years, Clark County has subsidized the rural counties.

We are very proud of this park. Storey County has always had a good relationship with Washoe County and other counties. We have done many cooperative agreements throughout the years, and we continue to do them. For example, Washoe County could not pass a bill or a permit for any landfills. Seven years they went without passing anything. They came to Storey County, and now we take all their garbage. It is not the best thing for a county to have a landfill, but we did that on a cooperative agreement with Washoe County. We have every power plant that powers Washoe County, for the most part. They are all in Storey County because, once again, Washoe County could not get air quality permits, nor did they have the water, nor did they have areas that wanted a power plant next to them. They went to Storey County. That is cooperation. They came to us and we helped them out.

Just a few years ago, a land transfer occurred between Washoe County and Storey County. In lieu of payment we provided fire protection. Counties work together all the time, and we are used to that. It does not have to be done legislatively. We have always gotten along with other counties and will continue to do that.

I wish everyone could go out and see TRIC: we are very proud of it. It does not make people have to work in casinos or menial jobs, and most of the jobs out there must pay over \$20 an hour for their required tax deferments and/or abatements. In order to obtain those, they must pay a good wage—over \$20 an hour—and provide health insurance. In some cases they provide retirement. We are very proud of this. We feel there are zero negative benefits to anybody with this industrial park. It has been very positive. Every person I have talked with from Washoe County has had nothing but praise, and I have not heard any negativity other than what was said today.

Assemblyman Ellison:

I think you hit the nail on the head. The landfill, power plants, and everything Storey County achieved was via interlocal agreements. Is that correct? Your testimony is a great example of what I mentioned earlier. Counties can work together, now and in the future. I am glad to get that on the record.

Bum Hess:

That was done seven or eight years before my time. I do not know if it was a cooperative agreement, but it was something that Washoe County needed, and they came to Storey County to provide it. Whether there was an agreement or a handshake, which they did back then, I cannot tell you, but it was done.

Jeff Page, County Manager, Lyon County:

I am the person partially responsible for going from what we have today with the bill to having a discussion of looking at this from a perspective of a study. What I requested of Assemblyman Daly, respectfully, was to kill the bill and move it to an interim study. Let us look at this thing over a two-year period to determine what the impacts truly are. This is because I do not know if what is happening in Storey County is adversely impacting Lyon County, Washoe County, Carson City, or Douglas County.

Most of you may not know where Lyon County is. It is right over the hill. I am a third-generation Lyon County resident; my kids are fourth-generation Lyon County residents. All of my children will be leaving Lyon County when they graduate from high school to find jobs elsewhere because we are a bedroom community to Washoe County, Carson City, and Churchill County. That is beginning to change with manufacturing returning.

Lyon County's history was agriculture and mining. Mining shut down in 1978 when the Anaconda Copper Mine closed in Yerington. My challenge is that I do not even know if what occurs in Storey County will have an impact on Lyon County. We have an increase in population, but for the most part, Lyon County has been a bedroom community. We have learned how to work smart within our local governments to make things happen and to provide the required services. I do not know, for example, how many new businesses and industries have come into Washoe County and created part of the impact that they are dealing with in their school systems or public safety.

We have those very same issues. I know this because in 1985, when I started as a deputy sheriff for the Lyon County Sheriff's Office, our population was less than 20,000 people. We are pushing 54,000 people now. In the mid-2000s we were the fastest-growing county in Nevada and the second or third in the nation. By 2010 we had the highest foreclosure rate and the highest unemployment rate.

I will tell you this: because of what has happened in Washoe County, Carson City, and Storey County, our unemployment rate went from about 19.9 percent to about 6.9 percent. There have been some positive impacts which occurred within the region. So my suggestion, or my thought process, is let us take a look at what the impacts are before we start making laws that pit government against government and add another layer of bureaucracy to scare businesses away.

In Lyon County, there are not any businesses looking at employing thousands of people. I do not want to scare away those folks looking at the industrial park in Fernley or the soon-to-be new industrial park in south county and Mound House areas. Those businesses will bring

jobs to Lyon County. We are trying to diversify our economy so that the next time we have a Great Recession—and we will have another Great Recession—our economy is diversified. We are not relying heavily on mining or agriculture to get us through. This bill as written, in my view, kills economic development for not only Lyon County but also the state of Nevada.

Assemblyman Jim Wheeler, Assembly District No. 39:

I am the representative for District No. 39, which includes all of Douglas County, a small portion of Lyon County, and all of Storey County. I was a bit surprised that I was not included in any of the discussions concerning A.B. 153 or any of the working sessions since I am the representative of Storey County, and the bill is obviously aimed at Storey County. I may be coming from behind, and please let me know if I say something that has already been said. I apologize in advance for that. There are other companies looking in Storey County and to TRIC. From what I understand, one of those companies may dwarf Tesla and Switch combined. This particular bill as written, or even as a study, may push that particular company off to a different state. Obviously, I do not want to see that happen to northern Nevada, and I certainly do not want to see it happen in my district. I hope to be included in any further discussions or working sessions on A.B. 153.

Pat Whitten, County Manager, Storey County:

I had quite a testimony scratched out last night and this morning indicating Storey County's strong opposition. I have lost count of the number of times Storey County, TRIC, and even Tesla has been mentioned in testimony already this morning. It is pretty hard to testify against a bill that has essentially gone to an empty page.

For those of you that we have not had a chance to meet with, I want to focus on TRIC, Storey County, and our region. "Region" is the keyword I want to stress. The Tahoe Reno Industrial Center is home to about 100 companies. Those include Walmart, JamesHardie, PPG Pittsburgh Paints, obviously Tesla and Switch, and countless others. Current full-time equivalent employees are actually only about 5,000. We track that as a business licensing component; the reason why is to keep track of the number of bodies out there. I encourage you to take a tour. I have given my card to the committee secretary—give me a call and we can tour any of the facilities. The level of automation in this industrial park, no matter which project you are talking about, is incredible. So we are not talking about this massive infrastructure.

I want to portray TRIC as one of the many economic engines here in northern Nevada; not the economic engine, but one economic engine. It takes a vital Reno, a vital Sparks, and a vital Fernley. That to me is how we live and cooperate. I want to switch back to the word "cooperate." It is something we have to do. I will wait and talk to my friend Chairman Lucey from Washoe County and Mr. Mortensen from Lyon County. We work together; I think we work together darn well, leveraging off of each other's strength.

With that in mind, a lot of discussion has focused on impacts. Yesterday, with all due respect to Assemblyman Daly, apparently we started talking about positive impacts, and I do take

exception to that. I do not really want to talk specifically to Tesla, but Tesla has been mentioned and obviously they are a major component and one we are darn proud of. Back in 2014, GOED commissioned an independent economic study done by Applied Economics on the economic impact of Tesla on Washoe County and Storey County. It looked at the negative impacts, but it also looked at the cost beneficial impacts.

Just to summarize a few, some of those positive impacts include an annual economic benefit to the region averaging \$97 billion over the 20-year span. There are 23,000 new direct and indirect jobs, and we must keep in mind that one of the requirements of the 2014 Special Session was that 50 percent of those to be hired have to be Nevadans. The last report I saw through GOED, Tesla was meeting and exceeding those numbers. Again as was pointed out, I want everyone to keep in mind that we accepted that responsibility with no property taxes for 10 years, that is until 2024, and no sales and use taxes until 2034, or 20 years. Elon Musk said that Nevada is a can-do state. Our biggest concern is that the provisions in this bill look to become an economic development killer, as was previously stated.

Joe Mortensen, Commissioner, Lyon County:

I have a couple of comments. First, all residents of Lyon County shop in Washoe County, Pershing County, Storey County, Douglas County, and Carson City. There are some that commute on a weekly basis to the mining communities of northeastern Nevada. One of the reasons why growth in Storey County has occurred is because of their timely fashion in handling economic development. During my seven years on the Fernley City Council and eight years as a County Commissioner, the biggest issues we had were to confront the paperwork. It takes forever to get through the paperwork to proceed with any kind of economic development in the county. To add an additional layer of bureaucracy, like this bill would require, would definitely be harmful to economic development.

Nick Marano, City Manager, Carson City:

I will keep my comments brief. Carson City would like to be able to support the conceptual approach that was outlined by Assemblyman Daly. However, we oppose this bill in its current form for many of the reasons discussed here this morning.

Dylan Shaver, Vice President, Nevada Mining Association:

The Nevada Mining Association is opposed to A.B. 153. Originally, my intent was to testify about our concerns with sections 5, 10, 11, 12, 13, and 14. My understanding is those sections will no longer exist. We look at mining's impact on counties. For example, there are more than \$200 million in salaries paid to people who live, shop, work, and eat in Elko but work in Eureka County. We explained to Assemblyman Daly yesterday that it takes seven to ten years to permit a mine. This bill will extend that permitting time frame dramatically. To his credit, Assemblyman Daly was very receptive to those concerns. I will close with this: we appreciate the opportunity to work on this effort further. Again, we are here in opposition to the bill as drafted.

Marshall McBride, Commissioner, Storey County:

I am Chairman of the Storey County Board of Commissioners. There are definitely economic impacts from one county to another. In a lot of respects, they are good impacts. We have recently come through the Great Recession. Nevada has one of the highest unemployment rates in the nation. Storey County would like to take some of the credit for helping to reduce the unemployment rate for Nevadans by creating jobs at TRIC.

Also, if you look at the foreclosure and vacancy rates of housing—which is in the hundreds of thousands in northern Nevada—Storey County will take some of the credit for those houses being put back on the market and sold to the people who work at TRIC. These are positive impacts. We look back at Senate Bill 1 of the 28th Special Session, and one company alone, once built out, will have an annual payroll of \$350 million. That company, with Switch and others at the industrial park, are tax-abated for several years with the blessing of the GOED. We did not take this road alone: we took it with a lot of expertise from our government. I will not take up any more of your time. Storey County is opposed to A.B. 153. It is an economic killer for Storey County and northern Nevada.

Mary C. Walker, representing Carson City, Douglas County, Lyon County, and Storey County:

All four counties are against A.B. 153. In 2014, prior to the Legislature's approval for the Tesla project, a report was provided. The Nevada Governor's Office of Economic Development produced a report, *Economic Impact of Tesla On Washoe and Storey Counties* ([Exhibit F](#)). I believe it can be found on GOED's website. On page 17 of the report is a chart of the indirect revenue impact of Tesla based on regional multipliers. In 2017, the schools will receive property tax revenue over \$5 million. What schools? In Storey County, the property taxes have been abated. Storey County has zero property tax revenue for schools from Tesla. The schools category is primarily Washoe County. When this study was done, Washoe County property tax factors were used to model it. Storey County property tax factors were not used because the employees of Tesla primarily lived in Washoe County.

In this report, 96 percent of the benefit goes to Washoe County, and Storey County is lumped into it. The other 4 percent went to Fernley and Lyon County. Ninety-six percent of over \$5 million in property taxes goes to Washoe County, and zero goes to Storey County because of the abatements.

In sales tax, the report estimates \$3.9 million will go to the school district. What school district? Storey County will get zero because the sales tax was abated but 96 percent will go to Washoe County. Under the category, "County and Other Local Govts," \$10.5 million in property tax will go to counties other than Storey County because the tax was abated. The sales tax for this category is \$4.7 million. Who is receiving that? Ninety-six percent of this benefit is received by Reno, Sparks, Washoe County, and other local jurisdictions.

What does Storey County get? They have an additional revenue of about \$759,000 in building permits. That is not a gain but the cost of providing permitting and inspection for a building or a group of buildings. Storey County gains nothing. They had to abate their

building permits. What else does Storey County get? They got \$45 million in debt. In order for Storey County to build the TRIC infrastructure, they made an agreement with the developers to pay back \$45 million in debt. They get zero revenues for 10 years on property tax, they get zero revenues on sales tax for 20 years, but they have \$45 million in debt. Did Washoe County go and get \$45 million in debt to build infrastructure for an industrial center? Did Reno do it? Did Sparks do it? No. Little old Storey County, population 4,000, one of the smallest counties in the state, got into this debt because they saw, along with their visionary private partners, that they could really do something with TRIC. All of the impacts really need to be looked at, not just the negative impacts to Washoe County, Reno, Sparks, or that area.

Assemblywoman Neal:

I am focusing on your last statement about both positive and negative impacts. I would like you to flesh that out a bit more. I know about Tesla. When it passed, my first thought was, can they afford this? What impacts are you referring to?

Mary Walker:

What I was referring to is A.B. 153 as I look at it and its intent. The basic premise is there has been a negative impact on Washoe County and its cities due to these large projects. I disagree with that premise. As Storey County has stated, there are so many positive benefits to that development. I think Assemblyman Daly stated that this bill was not based on the positive benefits. This is all about one entity.

Assemblywoman Neal:

I understand what you are saying now which is, do not cry over spilled milk because benefits were reaped by Storey County's sacrifice.

Nancy McDermid, Commissioner, Douglas County:

When I am not wearing my commissioner hat, I am a developer in three or four states including California and Boulder, Colorado. This bill is a complete deterrent to any type of economic development for Nevada. Douglas County, according to the state demographer, will not receive any additional residences as a result of Tesla. We do not think that is true because we are seeing an increase in housing developments and an increase in people coming to live in Douglas County. We look at TRIC as being a real model in terms of having certified sites. Developers have a risk of uncertainty concerning entitlements and permits, and that is a deal killer in many instances. The Tahoe Reno Industrial Center has certified sites.

We are working with the private sector in Douglas County to develop some certified sites. These sites are not of the magnitude of TRIC, but remember, a rising tide floats all boats. Douglas County and the surrounding counties of TRIC are the boats that get floated because no one lives at TRIC. There is not any housing as Lance Gilman, the developer, stated. There are no soccer moms pushing baby carriages across the streets. The industrial center is strictly a workplace.

One of the benefits of our surrounding counties is access to the recreational outdoors located in the Sierras. Many millennials are captivated by the recreational activities available when they are not in the workplace. This is not a minimum wage industrial park. These are highly skilled and technical people. Those are the type of people we want to attract. Douglas County has a high incidence of people over the age of 55 and retirees. We need the influx of the young working class in order to have a community that does not end up being like Bodie, California. A thriving community must be multigenerational. One of the advantages of TRIC is the people who work there will be living elsewhere. Their children will be going to schools in different counties and they will be spending their money in those areas. I believe there is no net negative impact to TRIC.

My hope is that this bill dies because in Douglas County, we work with our surrounding neighbors. As you know, the Carson City freeway will be completed this year, and that will have a big impact on the southern part of Carson City and the northern part of Douglas County. We are looking forward to incrementally seeing more of this type of economic development benefitting all.

Barry Penzel, Commissioner, Douglas County:

I am also a commissioner for Douglas County. Douglas County is a bedroom community to Carson City and Reno. If this bill passes, those communities would be responsible for paying impact fees to little Douglas County. I do not think that was the intent of A.B. 153. The thought that Douglas County would have to pay, for instance, fees to Storey County would put a crimp in our budget. In my view, this bill as conceived and written is detrimental to the economic development of not only our counties but the state at large.

Assemblyman Daly's bill does have one idea: perhaps our planning commission is the venue for any kind of discussion on impact. Maybe a larger discussion on what the planning commissions can provide and a direction from this Committee would be helpful to coordinate the counties. Right now, getting this bill into a hearing will be detrimental to Douglas County developing its economic base. I would appreciate a very quick, very sound resolution using something that already exists, so we are not scaring developers away.

Dagny Stapleton, Deputy Director, Nevada Association of Counties:

We are opposed to this bill as written. The board of the Nevada Association of Counties, which represents all Nevada counties, voted unanimously to oppose this bill. We did so because of the many concerns articulated in this hearing. Basically, we do not believe the proposal is a good governance process and is not an efficient or equitable way to deal with development. Also, I would like to echo the comments of a handful of others that testified before, regarding the way counties work together. We witness this on a regular basis in our own association. Counties throughout the state, both urban and rural, work well together. We appreciate the sponsor's recognition of all the concerns that have been expressed with the bill. We look forward to seeing his alternative proposal.

Chairman Flores:

Is there anyone else wishing to testify in opposition? [There was no one.] Bill sponsor, please come up for closing remarks.

Assemblyman Daly:

We had a hand grenade, we pulled the pin out, but we did not let go of it. We are going to put the pin back in. I am going to focus on the positive of everything that was said today. I think there are some things we can do to move forward. I will make one comment concerning Assemblyman Wheeler's testimony. Maybe it is on me, maybe not. The bill was available for several days; he did not come to my office to speak to me. We will put him on the list, and if he has something positive to add, we will give it the same equal consideration as anyone else. But he did not reach out to me.

Chairman Flores:

We look forward to the product that comes out of those meetings, and hopefully, there is some middle ground there. [The following exhibits were submitted but not discussed and will become part of the record: ([Exhibit C](#)), ([Exhibit D](#)), and ([Exhibit E](#)).]

I will close the hearing on A.B. 153. Next on the agenda we have our work session. I will hand it off to Mr. McDonald.

Senate Bill 58: Revises various provisions relating to veterans. (BDR 37-124)

Jered McDonald, Committee Policy Analyst:

There are two bills on work session today, and there should be copies on your desk. Also, there are copies available for the public and on the Nevada Electronic Legislative Information System. The first bill is Senate Bill 58. This revises provisions related to veterans and was heard in this Committee on March 9, 2017. Senate Bill 58 revises provisions governing certain state veterans organizations ([Exhibit G](#)). This bill specifically adds the Administrator of the Division of Human Resource Management, Department of Administration, as a member of the Interagency Council on Veterans Affairs. The bill requires the Director and Deputy Director of the Department of Veterans Services to aid, assist, encourage, and cooperate with certain state veterans service organizations. Finally, the bill increases the membership of the Nevada Veterans Services Commission from 9 to 11, adding two members. One of the new members must also be a member of the Women Veterans Advisory Committee. The second new member must be one who is enrolled as a student at an institution of higher education in this state and also possesses an honorable discharge from one of the branches of the military. There are no amendments to this bill.

Chairman Flores:

I will entertain a motion.

ASSEMBLYMAN ELLISON MOVED TO DO PASS SENATE BILL 58.

ASSEMBLYMAN CARRILLO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN BROOKS AND
WOODBURY WERE ABSENT FOR THE VOTE.)

Assemblyman Ellison will take the floor statement, and we will move on to Senate Bill 70.

Senate Bill 70: Revises provisions governing the management of certain abandoned or unclaimed property by the Department of Veterans Services. (BDR 37-166)

Jered McDonald, Committee Policy Analyst:

Senate Bill 70 revises provisions governing the management of certain abandoned or unclaimed property by the Department of Veterans Services ([Exhibit H](#)) and was heard in this Committee on March 9, 2017. Senate Bill 70 expands the entities to which the Director of the Department of Veterans Services is authorized to transfer abandoned or unclaimed property to include the Nevada State Museum, the Nevada Historical Society, and any other governmental agency or nonprofit entity, including without limitation, a veterans' organization and the U.S. Department of Veterans Affairs. The measure authorizes the Director to destroy or otherwise dispose of such property that is not transferred. The Director must establish and post on the Department's website an internal policy regarding the transfer, destruction, or other disposal of such abandoned or unclaimed property. We have no amendments on this bill.

Chairman Flores:

I will entertain a motion.

ASSEMBLYMAN McCURDY MOVED TO DO PASS SENATE BILL 70.

ASSEMBLYWOMAN BILBRAY-AXELROD SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN BROOKS AND
WOODBURY WERE ABSENT FOR THE VOTE.)

Assemblywoman Bilbray-Axelrod will take the floor statement. I will close the work session and thank the sponsors for their hard work. Is there anyone here for public comment? [There was no one.] This meeting is adjourned [at 9:54 a.m.].

RESPECTFULLY SUBMITTED:

Carol Myers
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chairman

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a letter dated March 8, 2017, in opposition of Assembly Bill 153 to Chairman Flores and members of the Assembly Committee on Government Affairs, authored and submitted by Jeff Page, County Manager, Lyon County.

[Exhibit D](#) is a letter dated March 8, 2017, in opposition of Assembly Bill 153 to Chairman Flores of the Assembly Committee on Government Affairs, authored and submitted by Pat Whitten, County Manager, Storey County.

[Exhibit E](#) is a document titled "Summary of Nevada Governor's Office of Economic Development Economic Impact Analysis of Tesla Project on Washoe County and Storey County," submitted Pat Whitten, County Manager, Storey County.

[Exhibit F](#) is a copy of a publication titled *Economic Impact of Tesla On Washoe and Storey Counties*, prepared by Applied Economics in September 2014, submitted Pat Whitten, County Manager, Storey County and presented in opposition to Assembly Bill 153 by Mary C. Walker, representing Carson City, Douglas County, Lyon County, and Storey County.

[Exhibit G](#) is the Work Session Document for Senate Bill 58, dated March 10, 2017, presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit H](#) is the Work Session Document for Senate Bill 70, dated March 10, 2017, presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.