

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

**Seventy-Ninth Session
March 27, 2017**

The Committee on Government Affairs was called to order by Chairman Edgar Flores at 9:01 a.m. on Monday, March 27, 2017, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, 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 Chris Brooks
Assemblyman Richard Carrillo
Assemblyman Skip Daly
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 John Ellison (excused)

GUEST LEGISLATORS PRESENT:

Assemblywoman Heidi Swank, Assembly District No. 16

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Isabel Youngs, Committee Secretary
Cheryl Williams, Committee Assistant

Minutes ID: 561



OTHERS PRESENT:

Mary McElhone, CPA, Manager, Business License Section, City of Las Vegas
Lois Tarkanian, Councilwoman, Ward 1, City of Las Vegas
David Cherry, Communications and Intergovernmental Relations Manager,
City of Henderson
Fernando Coronado, Private Citizen, Las Vegas, Nevada
Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada
Jewel Dixon, Private Citizen, Las Vegas, Nevada
Scott F. Gilles, Legislative Relations Program Manager, Office of the City Manager,
City of Reno
Robert Chisel, Finance Director, Finance Administration, City of Reno
Cheryl Blomstrom, Interim President, Nevada Taxpayers Association

Chairman Flores:

We will start with Assembly Bill 321 when Assemblywoman Swank gets here.

Assembly Bill 321: Requires a hosting platform to make certain reports to a county or city. (BDR 20-1138)

Assemblywoman Heidi Swank, Assembly District No. 16:

I am presenting Assembly Bill 321 for the Committee this morning. I have a few people who will be presenting some information and testifying in Las Vegas. Assembly District No. 16 encompasses the Las Vegas Strip and parts north and south of that. On the Nevada Electronic Legislative Information System, there is a friendly amendment from the City of Henderson ([Exhibit C](#)). It changes "shall" to "may." We are totally fine with that.

This bill is part of a larger effort to help local jurisdictions become better informed on the growth of the sharing economy under their jurisdiction. Assembly Bill 321 allows local jurisdictions to adopt an ordinance that would require a hosting platform—such as Airbnb, Inc.—to gather data on the businesses active in their jurisdiction. The data-sharing idea comes out of Airbnb's policy tool chest. This tool policy has been adopted either in whole or in part by various jurisdictions, including the City of New Orleans (which has a tourism economy much like ours), the city of Amsterdam, the entire country of Portugal, and the state of Arizona, among many others.

The bill is needed because there has been significant growth in the number of these short-term rentals. Most of the people who run these short-term rentals are very good actors: they are known to be good neighbors, and they work very well in the neighborhoods in which they are located. However, there have also been several problems. In my neighborhood of Beverly Green, which is right off the north end of the Strip in the shadow of the Stratosphere Casino, Hotel & Tower, we have had three recent issues.

The first was a theft. One of my neighbors down the street from me has a swimming pool with expensive floaties—things like the big swan or the big piece of pizza. She had them stolen from her backyard by people staying at an unregistered short-term rental immediately behind her home. They climbed over the wall, stole them, took one of her chairs, put it by the wall, and climbed over with it. They damaged the floaties, and she had to purchase new ones. This was not a huge deal, but it was still kind of annoying.

There has also been a problem with voyeurs. This happened with the same person and the same unregistered short-term rental. Many of the older houses have large windows in the back. Drones were flown into her backyard and were peering through her sliding glass doors and windows while she was at home.

Another thing that happened at a short-term rental down the street caught my eye and brought forward some child-protection issues. Our neighborhood is very family-friendly. Kids play in the streets, and everyone knows each other. Down the street, my neighbors found their small children, both under the age of eight, looking over the backyard wall into the yard of a short-term rental. A music video was being filmed, and there were many people in the backyard who were not very clothed. Families do not necessarily want their children in that atmosphere.

Just to make it clear, this bill is not intended to get rid of short-term rentals in Nevada. It is meant to create a good relationship between local jurisdictions, short-term rental platforms, short-term renters, and the neighborhoods in which people live. We all love a good Airbnb; I am sure we have all stayed at one. This tool will just help create better neighbors.

Section 1 and section 2 address different chapters of *Nevada Revised Statutes* (NRS) for counties and cities, respectively. Otherwise, the content is identical. In sections 1 and 2, subsections 1, the amendment from Henderson changes the "shall" to "may" ([Exhibit C](#)). It allows local jurisdictions to adopt an ordinance for data collection and states it would be collected on a quarterly basis.

Sections 1 and 2, subsections 2 lay out the details for the types of data that may be collected. This includes the number of bookings per year, the year-to-date booking value, the year-to-date revenue, the average number of bookings per listing, the annual revenue collected per owner or lessee, and the average length of stay.

Sections 1 and 2, subsections 3 allow the ordinances to state that a local jurisdiction can issue a subpoena to the hosting platform for information if it is suspected that a short-term rental is operating contrary to state law. The requirements for issuing a subpoena are also stated. Complaints need to have sufficient evidence, and the violation must be identified in the subpoena.

In sections 1 and 2, subsections 4 state that the hosting platform must give notice of the subpoena to the entity listing the rental. The subpoena goes to Airbnb and Airbnb has to notify the owner of the rental being listed. The hosting platform must produce any required documents within 21 days. In sections 1 and 2, subsections 5 allow that local jurisdictions use the district courts should the documentation not be provided. Sections 1 and 2, subsections 6 are just definitions.

Mary McElhone, CPA, Manager, Business License Section, City of Las Vegas:

The City of Las Vegas is in support of this bill since this will assist us in properly licensing short-term residential units. While not allowed in all communities, the City of Las Vegas does allow short-term residential rentals within the city limits. Over the last several years, the city has become concerned over the number of complaints that neighbors have raised with short-term rentals within their neighborhoods. Some of these residences have turned into party houses and have created a nuisance with parking, noise, and trash in neighborhoods.

In November of 2015, the city amended its ordinances. All units with five or more bedrooms are now required to have a special-use permit. Those with four bedrooms or less are only required to have a special-use permit if they are closer than 660 feet from any other short-term residential unit. Obtaining a special use permit requires a public hearing before the planning commission and the city council. It not only ensures proper zoning, but it gives the neighbors the ability to have a voice whether they want this activity in their neighborhood or not. The City of Las Vegas has another amendment proposed, but it is not yet adopted. It will further require special-use permits.

In the future, short-term rentals that are owner-occupied with two or fewer bedrooms will not require a special use permit unless they are within 660 feet of another short-term rental. However, all the residential units with three bedrooms or more will require a special use permit. Additionally, those with six bedrooms or more will be required to have an on-site staff member 24 hours a day. We are proposing a few other changes. If they are using a hosting platform, we need to know which one. We are also requiring liability insurance coverage and a two-person maximum per bedroom.

Business licensing is not only a matter of noise or trash. It is also a matter of safety. We send a code enforcement officer before we license rental units. The officer does a life safety inspection that includes ensuring all the sleeping rooms have properly-functioning smoke detectors; the garage, kitchen, and each floor has a fire extinguisher; all egress doors can open and close properly; the unit is equipped with an evacuation map showing the locations of the exits and fire extinguishers; the door between the garage and the house is a self-closing, solid wood door; the hot water heater is not above 120 degrees Fahrenheit; the electrical boxes and wires are protected and secure; and the proper pool access barrier requirements are met.

The City of Las Vegas is in support of this bill, as it will assist us in the proper licensing and compliance of short-term residential units.

Assemblywoman Bilbray-Axelrod:

It sounds like there will be many home checks to get this permit. Do we have an idea of the cost associated with that? Also, will this bill deal with any Fair Housing Act issues? I know Airbnb had issues with property owners not renting to people of certain races or with certain names. Will this address that issue?

Assemblywoman Swank:

What this bill does is complement the policies Ms. McElhone was testifying about. This is just about getting quarterly reports. The checks and those types of things happen at the local jurisdiction level. I know Councilwoman Tarkanian has been working on these things in the City of Las Vegas. Assembly Bill 321 just requires quarterly reporting on the number of bookings per year and that type of thing. It does not address fair housing. It is just starting to get some of these pieces in place in this new sharing economy.

Assemblywoman Bilbray-Axelrod:

Perhaps the City of Las Vegas could address the cost associated with these inspections. Unincorporated Clark County and the City of Henderson do not allow short-term rentals, is that correct?

Assemblywoman Swank:

I believe that is correct. The City of Las Vegas does allow it, however. Over the last few years, especially for neighborhoods like mine that are along the Las Vegas Strip, there has been an uptick in the number of short-term rentals that have been set up. This is a way to ensure these are working well in the neighborhoods. I have been working with the City of Las Vegas on this bill. They helped me come up with the ideas of what they needed. I have not heard that it costs anything. They will receive the reports from the hosting platforms themselves.

Mary McElhone:

We do not anticipate any additional costs in relationship to this bill.

Assemblyman Carrillo:

You mentioned liability insurance. Can you clarify? You already have to have insurance. Would the property owner have to carry a certain size policy? Would they need \$1 million coverage?

Mary McElhone:

Right now, the City of Las Vegas does not require any insurance on any of these short-term residential units. In our proposed ordinance, we require a proof of valid liability insurance coverage and a minimum amount of \$500,000. That is to protect the renters from anything that should happen at that location.

Assemblyman Carrillo:

This might be a typo, but the amendment shows "shall may." One is not struck out.

Assemblywoman Swank:

That is a typo. It should strike out the "shall" and put in "may." We do not want to force any local jurisdictions to do this. In Henderson, they do not allow these short-term rentals, so we did not want to require them to get quarterly reporting for something they do not even allow. This is just enabling language to give local jurisdictions an additional tool to deal with the growing sharing economy.

Assemblyman Brooks:

I have a question about section 1, subsection 3. It gives the agency of the county the ability to issue subpoenas. It says, ". . . may be issued only if: (a) . . . a reasonable belief that a residential unit in the county or a room or space within such a residential unit has been rented . . . in violation of any law" Would the county subpoena the listed owner of the property if they had reasonable belief the renters were in violation of the law? What would be the time frame? I see in section 1, subsection 4, paragraph (b), you give 21 days to the hosting platform to provide documentation. Let us say you are a homeowner and one of your neighbors thinks you have too many California license plates. They report you to the county, and the county does their own internal investigation. The county subpoenas you. What are your rights as a homeowner to respond to this? It can be overwhelming for some people.

Mary McElhone:

When we find out about short-term rentals in the City of Las Vegas, usually that is because a neighbor experiencing a problem complains. At that point, we will send code enforcement or compliance officers to investigate. Sometimes it is a difficult task, because if you ring the doorbell and someone is there, it is usually a renter, not the homeowner. We do not want to be disturbing the renter. The other problem is that according to the records of the Clark County Assessor's office, sometimes these homes do not have a name—they have a trust or business name. It can be difficult to get ahold of the actual owner of the property to talk to them. Assembly Bill 321 gives the City of Las Vegas the ability to complete a subpoena and move forward with the hosting platform to get the information from them. We can properly address the compliance or licensing issue with the actual owner.

Assemblyman Brooks:

What if the property was not listed on a hosting platform, but the city had a suspicion they were doing short-term rentals in violation of the law? Say you tried to contact the homeowner and did not get a response. You do not have a hosting platform to go after, but you have a pending case that the homeowner was in violation of the law. What happens next? I am trying to follow through that scenario.

Mary McElhone:

It is a very difficult process. If we do not have any other avenue and we cannot find them, sometimes the short-term rentals are owned out of state. We will post a notice outside of the building in the hopes that someone will see it—perhaps a cleaning crew or the next renters—who will probably put us in touch with the rightful owner. It is a very difficult task sometimes.

Assemblyman Brooks:

What would a homeowner have to provide to you to prove they were not in violation of the law? What would it take for you to drop the case?

Mary McElhone:

Often just a conversation. Usually we have a good idea of whether it is a short-term rental or whether someone is living there permanently. Sometimes a conversation with them will take care of the situation. Usually if you are posting something on the outside of the building and people are really living there, they will respond to it.

Assemblyman Marchant:

You mentioned three issues you had in your neighborhood—how does this bill remedy those situations?

Assemblywoman Swank:

I would say that the efforts at the city level together with this bill take care of all three situations. The theft and the voyeur examples were from an unregistered Airbnb. This would allow the neighbor to make the complaint and find out where the short-term rental is listed. It does give a bit more recourse for the neighbors. The child protection issues will be a longer-term issue. I find that one to be the most disturbing because it involves the kids in my neighborhood. That was a registered short-term rental. There are many efforts at the City of Las Vegas. I think these are just growing pains of the sharing economy, and we will get through them. Everyone will get to be better neighbors again.

Assemblywoman Bilbray-Axelrod:

I mentioned the fair housing issue. I think that is a huge issue for the sharing economy. I have done Airbnb and Vacation Rentals by Owner before. Say, for example, someone says they would not rent to me, but they rented to my white friend. Will anything like that be listed on the report? It sounds like we are protecting neighbors from bad actors, but are we protecting the tenants? That might help as well.

Assemblywoman Swank:

This bill does not do that. The inspections the City of Las Vegas will do should take care of some of those problems. I think we are trying to get the first steps in place. We are open to other conversations. I think there definitely are issues when it comes to fair housing. I am always one that likes to see legislation in increments to ensure we are getting the small steps done. I would be open to amending something in this bill or working on further legislation.

Assemblyman McArthur:

Does this bill only pertain to people who advertise online? Section 1, subsection 6, paragraph (a) says, "'Hosting platform' means a person who, for a fee or other charge, provides on an Internet website . . . that facilitates the rental of a residential unit" If they advertise any other way, does this bill not pertain to them?

Assemblywoman Swank:

That is correct. This piece just applies to people who advertise on a website. This will capture the vast majority of people who run short-term rentals in the state of Nevada. Will it get everyone? Not yet. As a first step, it gets a lot of people.

Chairman Flores:

Are there any other questions from the Committee? [There were none.] Is there anyone wishing to testify in favor of the bill?

Lois Tarkanian, Councilwoman, Ward 1, City of Las Vegas:

I am here to speak about a problem I have been working on trying to solve for eight years. The city council ward I represent runs parallel to a good part of the Strip. We have had innumerable people setting up short-term rental party houses. I have tried to get people to understand this problem, but I think you do not understand until you are near one yourself.

Other than noise, we also get taxicabs coming at 2 or 3 a.m. People look out their windows and see scantily-clad women going in and out of a house from 9 p.m. until 3 a.m. That bothers the sleep of some citizens in our community. The areas I am talking about house families that have lived there for 30 to 40 years. These families have been good members of our state, and they are contributors. I do not think it is fair to them to allow big business into areas that are zoned residential. Other people may differ in their positions, but that is what I believe. If you have an area that is residential, why are you letting business come in?

Are these small businesses? No. How about a woman in the county who owns 30 short-term rentals? That is her business. The county says short-term rentals are not allowed, but she does it. We have people who come in from out of state. The new idea they have is to buy up houses that went down in cost, fix them up, and use them for short-term rentals. This is a big business. It is operating in residential areas.

I will tell you a few things that happened early on. We had a 13-year-old girl whose bedroom was on the second floor. She went upstairs to go to bed and looks out the window. There are two individuals next door having rowdy sex by the swimming pool. Obviously, her mother was very upset, so she called our office. We had code enforcement called for a noisy home. A young woman was leading the unit for this code enforcement team. The renters let her in with two other men on the code enforcement team. The renters were all nude. This was a group of plastic surgeons from California, and this was their party.

I live near the Our Lady of Las Vegas Catholic School, and one of my neighbors is a lawyer. He was walking his child to school on the main street. There is a big van sticking out of a house and it says, "Honk if you want a whore." He felt this was absolutely unnecessary. He went to court and helped to get rid of it, but how many people can afford to do that?

I had someone else who called and told me about the trash, beer cans, and liquor bottles in a cul-de-sac where there was a short-term rental. There were condoms all over the place. I hear that all the time. She wrote a letter to me asking for help from the city. About a week later, she got a letter from Airbnb. It was one of the most threatening letters I have ever read. I still have a copy in my file. It said she had no business to do that, and that if she continued to do that, she would be taken to court. It also said they wanted a written statement from her stating that she would no longer make comments about them. I think this is totally ridiculous. We are talking about places that are residential. I have had hundreds of calls throughout the city because people know I work hard on this.

I feel one of the things that could help us is ensuring these short-term rental businesses maintain the same standards we have in our motels and hotels. Who is checking for bed bugs? Who is checking the swimming pool to ensure it is safe for individuals? Who is checking to see the trash is picked up in an orderly fashion? Who is checking that we do not have condoms and beer cases all over the place? There are numerous things I could mention.

At first they did not even pay taxes the way a motel would. Maybe people feel that it is not important, but when it comes to being a business, I think it is. I feel this bill is helpful in many, many ways. As a suggestion, it would help us a lot if the state would allow cities to increase our penalties. Right now, our largest penalty is \$500. Quite honestly, people laugh at that. What is \$500 when you can get \$3,200 for a weekend in an area where I live?

Our way of finding out who rents these places when people complain is by researching who is advertising the house. It is sort of ridiculous. Airbnb refuses to give us that information. It is not right, and it is not fair to residents.

Assemblywoman Neal:

Were the examples you gave illegal renting situations? Or did they have the proper rental agreement set up?

Lois Tarkanian:

They were renting legally. All they were doing was renting from a person who owns the house. We tried to control this in a proper way, but the hosting platforms were clever enough to get through because they had many lawyers and a lot of money.

Assemblywoman Neal:

Section 2, subsection 3, paragraph (a) says that a subpoena may be issued if "There is evidence sufficient to support a reasonable belief that a residential unit in the incorporated city . . . is being rented in violation of any law" If these people are renting legally, their activities are private. I do not understand how this bill would effectuate what you want unless we are getting ready to do a moral code around the renting of those houses.

Lois Tarkanian:

I am not requesting a moral code. I am just requesting that they obey some of the rules we have. For example, if you rent a home, we have no idea what they will do in the area. For example, there are hundreds of places in Clark County—I thought it was 120,000—that rent. They rent legally, but I do not think the things they do are legal. Maybe two of those examples were moral. But the fact is, there is interference with the lifestyle of residents who live there and pay taxes. That is something that needs to be addressed. What can we do? We do not have enough people on code enforcement to go out to all these places.

Assemblyman McCurdy:

When we have visitors who come to our state, we have no idea what they will do with their time in a room they are legally obtaining. How will we address some of these concerns you are talking about? This bill does not help with the concerns I am hearing. I understand what you are saying, but this bill does not address those concerns.

Lois Tarkanian:

I agree with you. I would make a few amendments to the bill. I mentioned raising the fine, because that seems to affect them a bit. This is not our bill. We are supporting this bill because we believe it gets us a little closer to handling the problem. Will it handle the big problems? I do not know.

Mary McElhone:

You are correct. We are not trying to legislate morality. There are some things we cannot control. We do get phone calls from people complaining that the renters next door are having sex in the backyard. Unfortunately, there is nothing we can do. However, we have also gotten phone calls where a residential rental location has been rented by a commercial business to do filming for the sex trade. That is an illegal activity and the city can act upon that. That is one example of a moral situation that we can do something about. We also have a large residential location right now, and one of the problems we have is that they are running a brothel out of it. We do not have enough evidence yet. That is another problem the city can address when we have enough evidence.

This bill will aid us in identifying the owners and getting their attention. It is moral activity going on, but because it is a certain type of activity, we cannot act. In our short-term ordinance right now, we have a "three-strikes-and-you-are-out" rule for people who have been properly licensed. We had a party house we were able to close down. They were having parties for underage minors. This ordinance and getting them properly licensed assisted us in getting that location closed through the justice system.

Lois Tarkanian:

That was a good question that you asked. If you asked me what I would like, I would love not having businesses operating in residential areas. I do not think it is fair to the people who bought their homes or who are buying their homes in the future. I think our new ruling will make it so that if you want to rent out a room so someone can live there to help you, that will be okay. It is the big businesses we are after.

I know it may be difficult to understand, but I will tell you, I had introduced bills to our city council. Two times I lost by one vote. Now I have that vote because that council member has a short-term rental one house away from him and understands the situation. You do not understand the problem with having strange people coming in and out of a neighborhood that is very family-friendly until you have experienced it. I appreciate the work you are doing. You are listening to us today and trying to help us with this problem.

Assemblyman McArthur:

I thought places that you can rent for less than 30 days were illegal. Is that the case? If it is the case, why are we unable to enforce that law?

Lois Tarkanian:

The county has that law, but we do not have it. We had it for a while, and we found that the short-term rental economy was growing greatly. I met with Clark County Commissioner Chris Giunchigliani recently, and she said we should ban them altogether. But that is not the answer, because they come anyway, and the hosting platforms will not tell you who is operating, and you find out through harms to the community. If we had a large police force or more funding for code enforcement, maybe we could make all short-term rentals illegal. It is staggering the number of short-term rentals there are. It is hard to get a handle on it. The examples Ms. McElhone gave are from when it was illegal to offer short-term rentals.

I can answer any questions if you call my office. In the eight years we have been involved in this, we have collected information from throughout the United States. This issue is a problem. It is not just a problem for our state. Lawsuits have been filed in San Francisco, New York, et cetera. Those states made rules so strong that they could control the problem. They have all had the same problems we have had. I can share any of that information with anyone who is interested.

**David Cherry, Communications and Intergovernmental Relations Manager,
City of Henderson:**

I want to express our thanks to the bill sponsor for accepting our friendly amendment ([Exhibit C](#)). This language would make these permissive provisions rather than mandated provisions. The typo was a drafting error on my part. If you want to refer to the amendment, in section 1, subsection 1, you would strike the word "shall" and in its place would be the word "may." The same thing would appear in section 2, subsection 1 of the amendment. That section changes NRS Chapter 268, which covers cities like Henderson. That is the only thing our amendment seeks to do.

I want to thank the bill sponsor for making it clear that a municipality could adopt this ordinance, while still having the reporting requirement in place. We wanted to ensure there was no conflict there. By simply adopting the reporting requirement, it does not mean short-term rentals have to be legal.

Fernando Coronado, Private Citizen, Las Vegas, Nevada:

I want to share some issues we have had with these short-term rentals. I am committed to this. I came down here to support this bill. I am a 30-year resident of Easy Street. I am sorry if I get emotional, but it is because this is my home. We have had loud parties, litter on the street, drug use, and on February 17, 2017, there was a shooting. I live five houses down from this short-term rental house. There were two shots at the short-term rental. There were another two shots two houses down. In front of my house, there were five shots. We all know that bullets have no names. This was covered by Channel 13 news. You can find this on video, and I have footage on my camera of people trying to get away from the shooting, going into backyards, and breaking into people's houses. They were putting my mom, my neighbors, and me in jeopardy.

We have also had three loud parties. Once at 2 a.m. someone tried to open my door and tell me that they rented my house for the weekend. I am resting, trying to get ready to go to work. Someone is trying to open my door because the house they rented is 516 Easy Street and my house is 616 Easy Street. They got the number wrong, and they claimed they rented our house. They had alcohol, food, bags, et cetera. I support the bill because we have to start at some point. This is my home; my kids were born there. In the bad economy, I kept the home. I believe I am a good neighbor, and I welcome good neighbors into my neighborhood. But short-term renters do not respect our residential area or the neighbors. We need to start somewhere. I have been working with Lois Tarkanian, and she has been a great help. I did not pay attention to the short-term rentals until I experienced parties and the shooting in front of my house. I have videos to prove all of this, and my neighbors are willing to testify.

We have to start somewhere. They are destroying our neighborhoods. The worst part is that we know who owns the house. He lives in a \$1 million house while destroying neighborhoods. It is not okay. I have evidence for everything I have said. I came here today because I am committed to making a change in my neighborhood.

Chairman Flores:

Is there anyone wishing to testify in opposition to the bill?

Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada:

I would initially like to address these concerns directly. While we are sensitive to the concern presented by Mr. Coronado and the City of Las Vegas regarding the behavior of renters, we do not believe that imposing additional bureaucratic requirements on hosts will alter this bad behavior, which exists as well in full-fledged hotels where theft, voyeurism, and other types of bad behavior still occur. If renters are breaking existing laws, disturbing the peace, stealing, exposing themselves publicly, littering, or doing anything else illegal, they should face the full weight of the law. However, the vast majority of Airbnb renters are well-behaved. The vast majority of hosts are not renting out 30 rooms; they are renting a spare bedroom.

The Libertarian Party of Nevada opposes restrictions on consensual trades of goods and services. We believe imposing reporting requirements on small-scale property owners, who are often trying to make ends meet, is protectionism that will favor big hotels over regular people. Reporting costs are fixed, no matter how small a person's operation is. Those costs will land disproportionately heavily on those with the smallest operations who may simply be renting a spare bedroom. Our other concern with the bill was the requirement that counties impose some type of ordinance, but we were pleased with the Henderson amendment that changes that to an option. Given that small renters will be hit disproportionately by this, and we do not believe the bad behavior of renters will be dramatically affected by the bill, we oppose A.B. 321.

Chairman Flores:

Is there anyone wishing to testify as neutral to the bill?

Jewel Dixon, Private Citizen, Las Vegas, Nevada:

I am in support.

Chairman Flores:

Okay, we will open up support again.

Jewel Dixon:

We live next to a party house. We live in an expensive neighborhood. I have worked very hard all my life to get where I got. I started out as a cotton picker. I served 21 years in the Navy. I moved to Las Vegas and built a hotel/casino. I ran it very well. I sold it in 2008. I run 224 apartments. We constantly live in fear and on pins and needles about when the next big party will take place next door. Councilwoman Tarkanian has been magnificent in trying to eliminate these party houses. Everyone has a reason for why they should continue, but we live in an R-1 neighborhood close to the Strip. It is a natural gathering place for parties, and we have not been able to accomplish much.

I have spent over 40 hours listening to city council meetings, waiting for the topic of party houses to come up. It took a lot of my time, and I still have not gotten anywhere. I live at 612 Campbell Drive, and 616 Campbell Drive is the party house. The owner bought it for \$600,000 at a bank foreclosure sale. He painted it up a bit and furnished it. Immediately it became a party house. This has been going on for six to eight years. It is not right. I worked all my life to get where I am. I have a nice home and I cannot have the privacy I should have. It has been a nightly motel, a wedding chapel, and a general party house for all occasions. It has had disc jockeys, wedding bands, outside catering, commercial buses up to 25 people, prostitutes climbing the fence at night and negotiating with people inside, taxicabs at all hours, escort companies driving people there, et cetera. The website of Crystal Properties & Investments, Inc. advertises a 1-800 number and links to escort services for renters.

As a resident next door, I object to this activity in the strongest measure possible. I have been trying to get their license revoked for over five years. I have called the police numerous times, and to my knowledge, they have never been fined or penalized. I have filed two complaints and never heard anything in response. We are in a residential zone where this commercial activity is banned. Had it been a land-use issue to start with, it would have never been permitted. People are skirting the residential community issue. We request that you do what you can to preserve our neighborhoods. I gathered 124 signatures of people half a mile around my house for a petition to stop party houses. I presented it at the city council and it was ineffective. Joe Brown showed up just in the nick of time with his bag.

Chairman Flores:

Can you make any closing remarks you would like to? We have another bill hearing we have to get to.

Jewel Dixon:

I am overwhelmingly against party houses. We should not be having them in our neighborhood. Why can a man buy a house for \$600,000 and rent it into a party house and pay for it in six years? It is \$1,200 a night. Not only that, he is trying to sell it as a party house. How would you like to have a party house next door?

Chairman Flores:

Will the bill sponsor please come back up?

Assemblywoman Swank:

I would like to thank Mr. Coronado and Mr. Dixon for coming out and testifying today, especially since Mr. Coronado had to take the day off. This is just one piece of the puzzle. This is just about quarterly reporting. This comes right out of the Airbnb policy tool chest. This is not new. This is something Airbnb has suggested in other places so they can be good neighbors. I am happy to get a copy of this policy handbook for the Committee members, but this is something good hosting platforms have suggested to do in other jurisdictions.

I would also like to talk briefly about problem houses. In a way, this does help solve the issue of problem houses. If a house is a registered short-term rental on a hosting platform, local jurisdictions can go to the hosting platform if there are complaints and work with them and the short-term rental to ensure that house becomes a better neighbor. I would encourage local jurisdictions that do not allow short-term rentals to request quarterly reporting. I think they may be surprised by how many short-term rentals are functioning in their jurisdictions. To correct the woman who testified on behalf of the Libertarian Party, the majority of short-term rentals are whole-home rentals, not individual bedrooms.

[([Exhibit D](#)) was submitted but not discussed and is included as an exhibit for the meeting.]

Chairman Flores:

I will close the hearing on A.B. 321. Will the bill sponsor for Assembly Bill 80 come up?

**Assembly Bill 80: Revises provisions governing redevelopment in certain cities.
(BDR 22-416)**

**Scott F. Gilles, Legislative Relations Program Manager, Office of the City Manager,
City of Reno:**

To clarify up front, Assembly Bill 80 applies to one city—the City of Reno—and one redevelopment district within our city, which is our downtown redevelopment district. We refer to that district as redevelopment agency (RDA) 1. Reno has one other redevelopment district, but this legislation does not apply to it. We are solely focused on our downtown redevelopment district with this piece of legislation.

I want to start with background on downtown Reno and RDA 1. First, having a thriving downtown is a strategic priority for our city council, which has it memorialized in our vision and mission statements. More importantly than that, the citizens of Reno and Washoe County have told us revitalizing and improving downtown is their biggest priority. As part of our current and ongoing master plan survey, the city conducted its largest outreach ever to obtain public participation in an effort we have named Reimagine Reno. The goal of Reimagine Reno was to develop a clear consensus as to our residents' vision as to what they want in our city moving forward. We reached over 6,000 people. Most individuals noted improving downtown as their priority. Under any measure, a thriving, clean downtown with a vibrant mix of activities is important to our community and elected officials.

If allowed to be extended by A.B. 80, RDA 1 could become a tool for some of that change in the future, as it has done in the past. The redevelopment agency was created in 1983, so it is within the construct of *Nevada Revised Statutes* (NRS) Chapter 279, a pre-1991 redevelopment district (which are handled differently than redevelopment districts created after 1991). Without the legislative change proposed in A.B. 80, the district must expire after 45 years, which would 2028—roughly 11 years from now. Since its creation, tax increment from the district has been used to finance a number of projects and efforts within the district. If you will indulge me, I would like to show you a few slides of the project in our downtown redevelopment district ([Exhibit E](#)).

First we have the Greater Nevada Field [pages 2 and 3, ([Exhibit E](#))]. This is where the Reno Aces play. They are a triple A, minor league affiliate of the Arizona Diamondbacks. More recently, the United Soccer League's Reno 1868 football club has begun playing at this stadium. There is the completed stadium. It is a very popular downtown destination. Within the redevelopment district, the city has been involved in building the Century Riverside 12 movie theatre located next to the Truckee River [pages 4 and 5, ([Exhibit E](#))]. This is one of the first projects by the river and has brought many bars and restaurants to the downtown area. Another project created with redevelopment financing is the parking gallery downtown [pages 6 and 7, ([Exhibit E](#))]. This is a project owned by the redevelopment district and provides parking for downtown, which is sorely needed. It also offers multiple retail spaces, and includes a branch of the popular Silver Peak Brewery.

Another project is the downtown Riverwalk, which cleaned up areas around the river [pages 8 and 9 ([Exhibit E](#))]. On days when the weather is nice, the Riverwalk is very busy. Wine walks along the river are very popular. Not pictured for the Committee is also the West Street Market, the Freight House District adjacent to the ballpark, and various other sidewalk, lighting, and street upgrades to the district over the years.

Here is a map of RDA 1 [page 10]. It is relatively geographically small and really just encompasses the downtown area. While the district has resulted in many positive projects, currently the reality is the property tax revenues in the district have not kept up with the debt incurred from various projects, primarily because of the dip in property values during the recession. That has only been compounded by the inability to fully recover in the collection of these property tax revenues due to existing caps on property tax revenue. Currently there is approximately \$23.4 million in bond debt owed by the RDA for the various projects within the district. As such, in an effort to be fiscally responsible in dealing with this debt, the city council is requesting enabling legislation from this legislative body to extend the life of this redevelopment tool and ultimately restructure this existing debt.

The legislation is very simple. Section 1 of the bill simply enables the City of Reno to extend the life of RDA 1 by 15 years. It does this by adding our city into an existing enabling section of the *Nevada Revised Statutes* (NRS). This would allow us to utilize RDA 1 up to the year 2043. That would be if future councils so desired to extend the life of the redevelopment district to that extent. As laid out in the bill, extending the life of RDA 1 would require adoption of an ordinance by the city council. Therefore, this portion of the legislation is enabling.

The additional years will give our finance team some flexibility in their ability to refinance and restructure debt under better terms, providing short-term savings and debt expenditures in exchange for more time to exhaust the existing obligations while revenues presumably grow in this district. Furthermore, extending the life of the district will give us additional years on the back end of the redevelopment plan for the district to utilize as positive tax increment. We can use the tools provided in NRS Chapter 279 to revitalize and work on redevelopment projects within the district.

Section 2 of the bill relates to the 18 percent set-aside for schools for revenue collected in the district. There is an existing statutory provision in NRS 279.6855, which requires that applicable redevelopment agencies must set aside not less than 18 percent of revenue from property tax on properties within the district to improve and preserve existing public educational facilities located in the district or which serve pupils residing in the redevelopment area. A note of reference—within the district, we have one high school, Innovations Comprehensive Alternative High School. Approximately 160 students go there. Working with the Washoe County School District, we have been able to identify 135 students throughout the city who live within the district and go to different schools.

A few notes regarding the 18 percent set-aside change. The language in the section as it exists requires the obligation set-aside revenue be subordinate to any existing obligations of the agency. Thus, because of the extent of existing bond debt in RDA 1, we believe it will be some time before the set-aside produces any significant revenue that could be set aside for the purposes set forth in the chapter.

I want to bring this Committee's attention to Assembly Bill 70 from this legislative session, which the Committee passed out last Friday. Assembly Bill 70 would make changes as to how this 18 percent set-aside could be spent. The changes made in that bill if it were to pass as written would apply to the 18 percent set-aside in the Reno bill as well. The City of Reno asked to be amended into this section of the chapter for a few reasons. First, the city council believed it to be the right thing to do because the 18 percent set-aside for the schools and the students, which would only be set aside after existing debts were paid, would allow schools to receive a portion of the 31 percent allocation they would be entitled to under a normal property tax allocation. This does not make the school district whole from the redevelopment district, but it is a step in that direction.

After researching the last two redevelopment district extensions granted by this body—which were for the City of Henderson in 2015 (Assembly Bill 445 of the 78th Session) and the City of Las Vegas in 2013 (Assembly Bill 50 of the 77th Session)—both bills passed with the mandate of the set-aside for education or affordable housing. Based on that precedent, we felt that it was appropriate to write the City of Reno into this section, as we are asking for this 15-year extension as well.

Finally, because of the large amount of debt in RDA 1 we must exhaust before money is set aside, we have not begun formal discussions with the school district as to how these funds could or would be spent. Going forward, if we know we will be able to extend the district by 15 years; if we know A.B. 70 will be enacted to tell us how we can spend this money; if we know under what future terms we can restructure this debt, we will have a better idea of what money will be set aside under this provision. We will begin discussions with the schools for what is appropriate for that set-aside and how it should be used for the school or students in the district. Again, not knowing where A.B. 70 will finally land, we will be looking at other options for how we would spend this 18 percent set-aside going forward.

That concludes the presentation on the bill and what it does. I want to reiterate the motivation from the City of Reno and city council to bring this bill was to extend the lifespan of this redevelopment tool and help with downtown. Primarily, this bill is brought to give us financial flexibility so that we can be good stewards of this previously incurred debt. The current council has shown that it is fiscally responsible. This bill is intended to allow the council to continue to appropriately and responsibly deal with this debt within this redevelopment district.

Assemblywoman Joiner:

Downtown Reno is in my district, so I have a particular interest in this bill. You mentioned being good stewards of the current debt you have, and you really need this extension. What would happen if the extension did not happen? Do you have reason to believe that since the recession, things are now on the up? Have you been seeing more tax income coming in, so you have reason to believe you will be able to pay it off? What time frame will the debt be paid off?

Robert Chisel, Finance Director, Finance Administration, City of Reno:

It is hard to predict what would happen. We have enough revenue and fund balance for the bonds. We make about \$2.8 million in payments every year. That is good through 2020 based on our current projections and the increment coming in. To answer the second part of the question, the increment has not been recovering that much, partly due to the cap. This year the cap only went up 0.2 percent. The growth of that increment has been held back because of that. Right now there is about \$1.2 million of abatement within the RDA 1 area. It is abated as part of the tax increase.

Assemblywoman Neal:

How much debt is currently in RDA 1 right now? Why have you not been successful in being able to make the money turn over in that area? What is the debt weighing you down right now?

Robert Chisel:

Currently there are four series of bonds that have been issued. One was issued in 1998, and will be paid off this year. Currently, as of December 31, 2016, there is \$1.1 million outstanding on that bond. The other three bonds were issued in 2007. They are Tax Allocation Bonds Series A, B, and C. There is approximately \$20,690,000 outstanding on those.

Partly because the 1998 Tax Allocation Bonds Series F is about paid off, it did not make sense to refinance and restructure that debt. In addition, most of the bonds were issued in 2007 and there is an inability to refinance and restructure in the first ten years. Because of the increment and the life of the RDA only going through 2027, we have not had an opportunity to restructure that debt.

Assemblywoman Neal:

Are the properties you bonded for in 2007 performing the way you expected?

Robert Chisel:

I do not think any projections done prior to the Great Recession have been performing the way people anticipated they would in 2007. To be honest, our property tax is still below that of the 2008 level. It is a tough answer. No, I do not believe our performances met those criteria.

Assemblywoman Neal:

You said there are about 135 children that reside within the area. We have heard many bills in this Committee. I do not understand why you would need that money. You have the 2015 school bond money. You apparently passed Washoe County Question 1 (WC-1) in 2016. I do not understand why you need a set-aside, even if someone dropped out of the pie in the future, for 135 kids. Can you explain that?

Scott Gilles:

Part of the reason for including the set-aside was the timing of the submission of the bill. The bill draft was submitted on September 1, 2016. At that point, we did not know what the result of WC-1 would be at the ballot. Without trying to offend my friend Lindsay Anderson in the room, I think there was not a lot of optimism that it would pass at that point. Seeing the burdens the schools were under at that time, and seeing the precedent from this body of mandating that set-aside in previous extension requests, we felt it was prudent to write the City of Reno into that section.

Assemblywoman Neal:

Now that you know a different political circumstance, do you feel that it is a needed part of the bill, or would you be willing to delete it?

Scott Gilles:

If it is the Committee's desire to remove that provision from the bill, we would be okay with that. I think there is a different reality today. Obviously the school district may say otherwise, as I am sure they could come up with ways to spend that money. However, amending that section out would be friendly to the City of Reno. Our primary focus is the extension of time to appropriately deal with the debt.

Assemblywoman Neal:

How much money is at play currently in the space with 2015 and WC-1? What do you have for capital improvement dollars right now? If you could do that projection, that would be helpful. If you extend the timeline to refinance, what projects would you have in the works for this area?

Scott Gilles:

Regarding some of the capital expenditures for the school within that RDA, I can get back to you after following up with the school district. Can you repeat your second question?

Assemblywoman Neal:

If you get the deadline extension for RDA 1, are you going to be doing new projects or will you just be paying off old projects?

Scott Gilles:

Currently there are no projects in the pipeline that we have identified to spend future revenues on. We have not been in a position to identify real revenues to do projects with in this district. The agency is a debt-servicing agency right now. There are a few private sector people who have proposed projects within the district, but we have not seen those pan out. At this point, we have no agreements with anyone as to how to spend potential future tax increment. The immediate need with this bill is to give us additional years for refinancing the debt. Down the road, if the debt is paid down and RDA 1 grows, future city councils would be looking at ways to spend that to help downtown. At this point, there is nothing specific we have identified that we would use positive tax increment financing revenue on.

Assemblyman Kramer:

I think one of the downsides of redevelopment districts is that if they do not proceed exactly the way everyone anticipates with their optimistic estimates up front, the districts often get extended several times. All during the time you have this redevelopment district, you have a general fund for the county or city being denied those revenues for public safety and other purposes. You have the school district being denied the portion they get from any other part of the county or city that is not in the redevelopment district. In Washoe County we have a huge problem with the school district's budgeting and how they will come up with funding.

At this point, there is not a whole lot you can do except change your financing and come up with some savings. To do that, you have to extend the district. But how do we get more money to fund more projects when it might be how do we find the money to pay off the loan and dissolve the district as it should have been? Therefore, it allows the funds you are using to pay off these bonds to go back to the general fund and the school district. I guess from my standpoint, you have left yourselves no other choice but to extend this. But it seems like we are sending the wrong message—extend and borrow and kick it down the road. We are not allowing the proper tax system that we have set up in Nevada to work. These property taxes were supposed to go towards supporting our schools and cities. Now we are segmenting it to a particular portion of the city.

Because the plans did not work the way they were supposed to and we had a recession, we are extending. Instead of planning on how to spend the extra money, you should focus on paying off those bonds and retire the district.

Assemblyman Daly:

I understand the dilemma you are in. I do believe we have to extend it. There is not really much of a choice. It is the only real choice other than potentially defaulting, which we do not want to do. Can you refresh my memory? I believe there is a limit on the extension. Obviously the Legislature can change that. Redevelopment agencies start and they have 20- or 25-year life spans. There is a limit on the extension as I recall. Can you refresh my memory on those limits?

Scott Gilles:

The way NRS Chapter 279 is currently set up, redevelopment plans adopted prior to 1991 have a 45-year lifespan with one exception, which relates only to the City of Las Vegas, where they were allowed to extend it from 45 years to 60 years. We are asking for that similar extension and to be dropped into that section of the statute, where we would be able to extend it from 45 years, which is the current law, to 60 years. Those would be the only two municipalities able to extend to that time period. There are also provisions in the chapter for redevelopment plans adopted prior to 1991. The original language in the chapter was 30 years, I believe. There has been at least one occasion where the City of Henderson was granted authority to extend their downtown district from 30 years to 45 years.

Assemblyman Brooks:

I understand the motivation for extending the period so you can get a more favorable look at the debt, but is there anything that would keep this council or future councils from incurring new debt under the extended period of the RDA?

Scott Gilles:

I would ultimately defer to legal for a final answer, but my understanding from the chapter as written and the amendment we asked for is that no, that limitation would not exist. It would not tie the hands of future councils to incur new debt.

Chairman Flores:

Are there any other questions from the Committee? [There were none.] Is there anyone wishing to testify in favor of the bill? [There was no one.] Is there anyone wishing to testify in opposition to the bill?

Cheryl Blomstrom, Interim President, Nevada Taxpayers Association:

I understand absolutely what the city is trying to do in terms of managing their money. However, extending a debt on an asset that is depreciating pretty badly is probably not what we would say is good stewardship. The redevelopment agency was started a long time ago. Both the Great Recession and the impacts over the last 15 years of tribal gaming across the border in California have put downtown Reno in a tough spot. That condition is not changing; in fact, it is expanding. I am disinclined to think downtown Reno will see the kind of resurgence we are all hoping to see. The bond debt ultimately finishes off in 2027. The redevelopment area would expire in 2028. It would be our recommendation that as the bonds pay off the redevelopment district be dissolved. There is sufficient time between the when the bond pays off and the expiration of the district to conclude their business. We are very sympathetic to where the city is in terms of their debt, but we do not see extending the district and bonding for 15 more years as sustainable or good stewardship.

Assemblywoman Neal:

What do you suggest are other tools they would use? Let us say it is 2027 and the debt is not paid off because there is no money coming in to pay it off. What would you suggest if we do not do this extension? What other tools are at play to take the debt out of the redevelopment area?

Cheryl Blomstrom:

There is a general fund. That is a scary proposition all the way around, but tax-increment financing has limits. This is one of those cases where we are seeing the outer limits of it. It is not proving up the way it was forecast at its inception.

Assemblywoman Neal:

I understand your concerns. I had the same concerns in 2013 when the City of Las Vegas came up. They are literally mimicking what we already set as precedent for another city. Why say yes to the City of Las Vegas and say no to the City of Reno?

Cheryl Blomstrom:

As a matter of consistency, we had the same position with the City of Las Vegas extension. We did not prevail in 2013, but we did oppose the extension of time.

Assemblywoman Neal:

But now that it is out there, should we deny them the ability?

Cheryl Blomstrom:

My mother always said, Just because someone jumps off a cliff and they are your friend, do you want to go off the cliff with them? I think the City of Las Vegas has resources substantially different and larger than the City of Reno. I think their economic forecasts are distinctly different.

Assemblywoman Neal:

I did not ask them this, but what is their bond rating now?

Cheryl Blomstrom:

I do not know the answer.

Chairman Flores:

Are there any other questions from the Committee? Is there anyone wishing to testify as neutral to the bill? [There was no one.]

Scott Gilles:

I intend to work with the Committee members to see where they are moving forward.

Robert Chisel:

The 1998 Tax Allocation Bonds Series F are rated A. The 2007 Tax Allocation Bonds Series A are rated B. The 2007 Tax Allocation Bonds Series C are not rated. Those are the current bond ratings for the RDA bonds.

Chairman Flores:

At this time I will close the hearing on A.B. 80. Now I would like to entertain a motion for Committee introduction of Bill Draft Request (BDR) 19-1141 and BDR 19-755.

BDR 19-1141—Establishes "Sarah Winnemucca Day" in Nevada. (Later introduced as [Assembly Bill 435](#).)

BDR 19-755—Creates an application for mobile devices to be used as a centralized system for reporting nonemergency issues to the government.. (Later introduced as [Assembly Bill 437](#).)

Chairman Flores:

Is there a motion?

ASSEMBLYWOMAN BILBRAY-AXELROD MOVED FOR COMMITTEE INTRODUCTION OF BILL DRAFT REQUEST 19-1141 AND BILL DRAFT REQUEST 19-755.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

Chairman Flores:

Is there any discussion? [There was none.] I will entertain a vote.

THE MOTION PASSED. (ASSEMBLYMAN ELLISON WAS ABSENT FOR THE VOTE.)

Chairman Flores:

Is there any public comment? [There was none.] This meeting is adjourned [at 10:43 a.m.].

RESPECTFULLY SUBMITTED:

Isabel Youngs
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 proposed amendment for [Assembly Bill 321](#) presented by David Cherry, Communications and Intergovernmental Relations Manager, City of Henderson.

[Exhibit D](#) is a letter dated March 21, 2017, in opposition to [Assembly Bill 321](#) to Chairman Flores and members of the Assembly Committee on Government Affairs, authored and submitted by Carl Szabo, Senior Policy Counsel, NetChoice, Washington, D.C.

[Exhibit E](#) is a copy of a PowerPoint presentation titled "AB 80 Reno Redevelopment Area 1 Extension Bill," presented by Scott F. Gilles, Legislative Relations Program Manager, Office of the City Manager, City of Reno, regarding [Assembly Bill 80](#).