

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON TAXATION**

**Seventy-Ninth Session  
May 25, 2017**

The Committee on Taxation was called to order by Chair Dina Neal at 5:44 p.m. on Thursday, May 25, 2017, in Room 4100 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](http://www.leg.state.nv.us/App/NELIS/REL/79th2017).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Dina Neal, Chair  
Assemblywoman Irene Bustamante Adams, Vice Chair  
Assemblyman Paul Anderson  
Assemblyman Edgar Flores  
Assemblyman Al Kramer  
Assemblyman Jim Marchant  
Assemblyman Keith Pickard  
Assemblywoman Ellen B. Spiegel

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Teresa Benitez-Thompson (excused)  
Assemblywoman Lesley E. Cohen (excused)  
Assemblyman Jason Frierson (excused)

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Michael Nakamoto, Deputy Fiscal Analyst  
Gina Hall, Committee Secretary  
Olivia Lloyd, Committee Assistant



**OTHERS PRESENT:**

Jonathan Leleu, representing International Market Centers, LP  
Randy Soltero, representing International Alliance of Theatrical Stage Employees  
Local 720  
Cheryl Blomstrom, Interim President, Nevada Taxpayers Association  
Tray Abney, Director of Government Relations, The Chamber,  
Reno-Sparks-Northern Nevada  
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro  
Chamber of Commerce  
Fran Almaraz, representing Teamsters Local No. 631 and Local 986  
Bryan Wachter, Senior Vice President, Public and Government Affairs,  
Retail Association of Nevada  
Michele W. Shafe, Assessor, Clark County

**Chair Neal:**

[Roll was taken and Committee rules and protocol were reviewed.] We will only hear Senate Bill 414 (2nd Reprint) today. We are rolling Senate Joint Resolution 14 to another day.

**Senate Joint Resolution 14: Proposes to amend the Nevada Constitution to revise certain provisions relating to property taxes. (BDR C-1123)**

[Senate Joint Resolution 14 was not heard today.] Mr. Leleu will be presenting for Senator Hammond on Senate Bill 414 (2nd Reprint). I will open the hearing on S.B. 414 (R2).

**Senate Bill 414 (2nd Reprint): Revises provisions governing the taxation of certain property owned by nonresidents. (BDR 32-935)**

**Jonathan Leleu, representing International Market Centers, LP:**

Senator Hammond is currently on the Senate floor; however, he did ask me to go ahead and move forward with the hearing today. He has given me his testimony ([Exhibit C](#)), which I will read into the record, and then open myself to questions the Committee may have.

Good afternoon, Madam Chair and members of the Committee. I am Senator Scott Hammond, representing Senate District 18 in Clark County.

I bring for your consideration today Senate Bill 414 (2nd Reprint), and with your indulgence, I will walk the Committee through the bill.

Under existing law, all personal property owned by a person who is not a resident of Nevada is exempt from taxation if the property is located in Nevada for purposes of ". . . a display, exhibition, convention, carnival,

fair or circus that is transient in nature." Recently, this exemption has been interpreted to mean every category—including displays, exhibitions, and conventions—must be "transient in nature" for the exemption to apply.

Although a simple reading of the exemption reveals otherwise, more than 250 exhibitors at the World Market Center Las Vegas—5.1-million-square-foot tradeshow facility—have been asked to file personal property tax declarations identifying their convention exhibits for assessment of personal property tax.

Senate Bill 414 (2nd Reprint) makes crystal clear Nevada will not tax convention exhibits. Senate Bill 414 (2nd Reprint) divides the existing exemption into two parts; first, personal property located in Nevada to be used as an exhibit in a tradeshow or convention, and second, personal property which is located in Nevada for the purposes of an exhibition, display, carnival, fair, or circus, and is in Nevada for no more than 30 days.

Madam Chair, this bill has wide support, and you will hear from them shortly. However, I would like to specifically thank the Clark County Assessor for working with us extensively on this bill and providing the language which we bring before you today. Despite the brevity of S.B. 414 (R2), its importance cannot be understated. Of every state with which Nevada competes for convention business, Florida and Illinois to name our two closest competitors, neither taxes the exhibitors, let alone the exhibition property. Conventions are the life blood of this state, and I can think of very few things which could adversely affect Nevada's economy more quickly than to tax conventions.

Madam Chair, Nevada's convention industry must be protected. Thank you, Madam Chair, for your indulgence. I would like to introduce Jon Leleu, who can provide you further detail and answer any technical questions you may have.

**Chair Neal:**

Are there any questions from the members?

**Assemblyman Kramer:**

Is this 30 days in one year? If they come back next year, is it a cumulative 30 days? It must be one year, right?

**Jonathan Leleu:**

It is 30 days at any time. If the property stays in Nevada for 31 days, then it is taxable under personal property tax and the exemption does not apply.

**Assemblyman Flores:**

How much money are we talking about here? Do we know what this amounts to? Have we heard complaints from exhibitors saying this is not happening anywhere else and that it is a huge issue? It would be great to get some of that feedback.

**Jonathan Leleu:**

With respect to your first question, How much money are we talking about? This is a tax which is not currently being collected. A fiscal note was put on this bill, and the fiscal note was \$700,000. If you read the fiscal note and the explanation of it, when you get to the very end, it explains that this is prospective revenue—revenue they think they could get, but they are not currently collecting. The quick answer to your first question is zero. There is no money involved. The Department of Taxation also put a fiscal note on this, and that fiscal note was derived from the fiscal note the Clark County Assessor initially assessed. Again, as I read into the record from Senator Hammond's testimony, after extensive negotiations back and forth, the language we are providing for your consideration today was given to us by the Clark County Assessor. This is what the Clark County Assessor feels comfortable with.

Your second question was with respect to the number of exhibitor issues that were out there. I can speak for World Market Center Las Vegas because that is who I represent. I can tell you that this has been an issue which has been percolating since 2012. During that time, the World Market Center Las Vegas received a number of complaints and questions from the exhibitors asking what they should do about this. When it first came to my attention, as the former general counsel of World Market Center Las Vegas in 2012, I looked up the exemption and told them the exemption here applies—it is for convention property—this tax does not apply to you and to make sure they respond to the Clark County Assessor accordingly.

There was a back and forth for a number of years. Finally, in 2015, the Clark County Assessor issued—I am going to use a round figure—around 250 personal property tax declarations. At that time I had departed from the World Market Center Las Vegas; however, they are still my client. They reached out to me and asked if I could jump in and fix this. We had several meetings with the Clark County Assessor. We reached out to the Department of Taxation for an advisory opinion and, ultimately, are seeking clarification of the existing exemption via this bill. The answer is, it is a growing number, but the last number was upwards of 250 personal property tax declarations that were given to the tenants at World Market Center Las Vegas.

**Assemblywoman Bustamante Adams:**

Has it been a problem anywhere else besides the World Market Center Las Vegas?

**Jonathan Leleu:**

Not yet, or at least not to my knowledge. I only represent the World Market Center Las Vegas, so I cannot speak to the other facilities—Sands Expo, Las Vegas Convention Center, MGM Grand Conference Center—the rest of the convention facilities we have

in Las Vegas and in Nevada. I can only speak to the one I represent. However, what I can tell you is this, the fiscal note that was provided initially by the Clark County Assessor on this particular bill does list a number of different facilities where they believe there is personal property that can be taxable despite the existing exemption. That is the reason for my answer "not yet." I do not believe it has affected them directly yet, but it has affected the World Market Center Las Vegas exhibitors.

**Assemblywoman Bustamante Adams:**

What about in other competitive states, like Florida or Illinois [Chicago]? They are our number one competitors when it comes to conventions. How do they handle this issue?

**Jonathan Leleu:**

They do not tax the convention exhibits in those states.

**Assemblyman Pickard:**

I do not want to tip my hand as to how I am going to vote on this bill, but should an amendment come up I would like to be added to it.

**Assemblywoman Spiegel:**

My understanding is that the World Market Center Las Vegas is different from some of our other convention areas because it is set up as an almost permanent exhibit space for various vendors. They come in during Market Week and have wares, then leave when they are done. My question is whether they have any property that would not be included in the exemption—anything that is here permanently—and are they in fact paying those property taxes for things that are here permanently?

**Jonathan Leleu:**

You are correct. It is very different than the normal convention business, where an exhibitor will come to town, do their convention tradeshow, and then leave. The business model at the World Market Center Las Vegas, in broad strokes, is based on leases—long-term leases for three to five years—where an exhibitor will lease their space, have that particular space for whatever the lease term is, and participate in the biannual conventions that the tradeshow facility hosts. The tradeshow at the World Market Center Las Vegas only happens twice a year, and it is for one week at a time. That is for their permanent tenants. There is another business model at the World Market Center Las Vegas—the traditional tradeshow business model. Exhibitors come to town for the tradeshow itself, set up a booth, exhibit their wares, and then leave at the end of that tradeshow. There is a third business model. That business model is called the Las Vegas Design Center. It is sort of the photo negative of the tradeshow model at the World Market Center Las Vegas. Those folks are open for 50 weeks per year and close during the tradeshow.

There are very different business models that exist under the same roof. That said, to answer your question directly, are there entities at the World Market Center Las Vegas facility that pay personal property taxes? The answer to that is yes. The answer to that is the

World Market Center Las Vegas itself has their offices there, and they pay personal property taxes. The Las Vegas Design Center folks, who have their wares there year round, pay their property taxes.

This bill is not intended to help all of those business models avoid the taxes. What it is intended to do is to clarify that the tradeshow exhibitors are not going to be taxed. The property that is there all the time—that property is subject to personal property tax—and that is something we have been saying since 2012.

**Chair Neal:**

Are there any additional questions? [There were none.] I will now take testimony from those who are speaking in support of S.B. 414 (R2).

**Randy Soltero, representing International Alliance of Theatrical Stage Employees Local 720:**

One of the things we do, besides represent workers in the entertainment industry, is represent workers in the convention industry. It is a very big part of what we do. What we are hearing from exhibitors and conventions that we attend, our workers who depend on coming to Las Vegas, and why this bill caught our attention is they do not tax us in Orlando. They do not tax us in Chicago, New York, or these other places, and we might have to go somewhere else. We were alerted by that and knew this was something that would help prevent that from happening—losing any business. We are in full support of S.B. 414 (R2).

**Cheryl Blomstrom, Interim President, Nevada Taxpayers Association:**

Ditto.

**Tray Abney, Director of Government Relations, The Chamber, Reno-Sparks-Northern Nevada:**

Ditto to everything that has been said before me. Obviously the convention business is very important to this state, and all the ancillary business our members get. We want to make sure to level that playing field. We support this bill.

**Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce:**

The Chamber is also in support of this, as reiterated from our friends from labor, their concerns, and why our chamber is also in support. We appreciate Senator Hammond for bringing this bill forward to help us remain competitive in the tourism industry.

**Fran Almaraz, representing Teamsters Local No. 631 and Local No. 986:**

I represent the more than 2,500 Teamsters who work in the convention industry. As Mr. Soltero said, I was getting many calls from all over the country—from convention people who come to our town. They were very worried they were going to be taxed. This does not happen in any other city in the United States.

I also wanted to say that some of our conventions bring heavy equipment—huge shows. They come from all over the world. Those people cannot always move their equipment in 30 days. They have to wait on the lowboys to haul it or wait on the containers for the overseas shipments. We really appreciate Senator Hammond for bringing this bill. To clarify, they really are transient and should not be taxed. I urge your support on this bill.

**Bryan Wachter, Senior Vice President, Public and Government Affairs,  
Retail Association of Nevada:**

We are also in support of S.B. 414 (R2). We think it is a proactive bit of legislation to make sure Nevada remains competitive in our convention field.

**Chair Neal:**

Is there anyone else speaking in support of S.B. 414 (R2)? [There was no one.] I will take testimony from those who are speaking in opposition to S.B. 414 (R2). [There was no one.] I will now take testimony from those who are neutral on S.B. 414 (R2).

**Michele W. Shafe, Assessor, Clark County:**

With me today is Briana Johnson, Assistant Clark County Assessor. This bill would clarify that an exhibit owned by an out-of-state resident and located in Nevada for the sole purpose of being used at a tradeshow or a convention is exempt from taxation.

**Chair Neal:**

Are there any questions from the members of the Committee?

**Assemblywoman Bustamante Adams:**

I want to clarify we are talking about persons who are not residents of the state. If you are a resident of the state, does this not apply? For example, if I own a vape company and I am exhibiting at the vape show, would I have to pay property tax if I am a person who is a resident of this state?

**Michele Shafe:**

Anything that stays here year round, regardless of who owns it, would be taxed. Most of the conventions are brought in, and the exhibits or whatever they bring is brought out, so that is not taxable. It would be the same for anybody locally. If they set something up and then took it down during the convention, it is not taxable.

**Assemblywoman Bustamante Adams:**

Thank you for that clarification.

**Chair Neal:**

Are there any additional questions? [There were none.] Thank you for your testimony and taking time out of your evening. Mr. Leleu, do you have any closing remarks?

**Jonathan Leleu:**

First, I would like to thank Senator Hammond for bringing this bill forward and clarifying this very important issue for our state. I would also like to thank the Clark County Assessor and the county folks here in the building for their assistance and their hard work on getting an amended version of this that we could bring forward to you.

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

**Chair Neal:**

I will close the hearing on S.B. 414 (R2). I will now open the meeting for public comment. [There was none.] I will close public comment. Seeing no further business, we are adjourned [at 6:05 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall  
Committee Secretary

APPROVED BY:

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Assemblywoman Dina Neal, Chair

DATE: \_\_\_\_\_



## **EXHIBITS**

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is written testimony authored by Senator Scott Hammond, Senate District No. 18, presented by Jonathan Leleu, representing International Market Centers, LP in support of Senate Bill 414 (2nd Reprint).

[Exhibit D](#) is written testimony, dated May 25, 2017, submitted by Lisa Logsdon, Deputy District Attorney, Office of the Clark County District Attorney, neutral on Senate Bill 414 (2nd Reprint).